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SOUTHERN ANDES ENERGY INC.

FOR IMMEDIATE RELEASE

## **Southern Andes Energy Inc. and Ansue Capital Corp. Announce the Closing of the Ansue Capital Corp. Subscription Receipt Financing**

TORONTO, ON, June 1, 2011 – Southern Andes Energy Inc. (“**Southern Andes**” TSXV SUR) and Ansue Capital Corp. (“**Ansue**” or the “**Corporation**”) TSXV ASU.P) are pleased to announce that Ansue has closed its previously announced financing (the “**Offering**”) by issuing 14,242,501 subscription receipts (“**Subscription Receipts**”) raising gross proceeds of approximately \$6,409,125. BayFront Capital Partners Ltd. (“**BayFront**”) and Haywood Securities Inc. acted as brokers for the Offering Upon the occurrence of the Release Event (as hereinafter defined), each Subscription Receipt will be automatically exercised without further action on the part of the holder thereof for one unit (a “**Unit**”) of the Corporation. Each Unit will be comprised of one common share (each a “**Unit Share**”) in the capital of the Corporation and one-half of one common share purchase warrant, on a post consolidated basis (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire one additional common share in the capital of the Corporation (each a “**Warrant Share**”) at a price of \$0.60 until May 31, 2013 (the “**Expiry Date**”) provided that, if after the date that is four months and a day from May 31, 2011, the weighted average closing price of the common shares of Ansue, as traded on the TSXV equals or exceeds \$0.90 per common share, subject to adjustment, for any period of 20 consecutive trading days, the right to exercise the Warrants expires within 30 days after notice of such event is mailed to the warrant holder. The TSX Venture Exchange (“**TSXV**”) has conditionally approved the listing of the common shares and warrants of the Corporation issuable upon exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the requirements of the TSXV.

The gross proceeds from the Offering (the “**Escrowed Proceeds**”) are being held in escrow in accordance with the provisions of a subscription receipt agreement (the “**Subscription Receipt Agreement**”) entered into between the Corporation, BayFront and Computershare Trust Company of Canada. Upon satisfaction of the Escrow Release Conditions (as defined below) (the “**Release Event**”), the Escrowed Proceeds, after deducting the agents’ fee, will be released to the Corporation and the agents’ fee will be released to BayFront, on its own behalf and on behalf of the other Agents (as defined below). In the event that the Release Event has not occurred on or before 5:00 pm (Toronto time) on August 28, 2011 (the “**Escrow Deadline**”), the Escrowed Proceeds together with any interest earned thereon will be automatically returned *pro rata* to each holder of Subscription Receipts and all outstanding Subscription Receipts will be cancelled. “**Escrow Release Conditions**” means (i) The receipt of all regulatory approvals required to complete the qualifying transaction whereby Ansue will purchase all of the issued and outstanding shares of Caracara Silver Inc. (“**Caracara**”), Alpaca Exploraciones SAC, as well as all of the issued and outstanding shares of Solex del Peru SAC from Southern Andes (the “**Acquisition**”) (including without limitation the conditional approval of the TSXV or if applicable, the Toronto Stock Exchange); (ii) Southern Andes and the Corporation having confirmed that all conditions under the definitive agreement in respect of the Acquisition have been satisfied; (iii) The Unit Shares of the Corporation to be issued upon exercise of the Subscription Receipts will, subject to requisite escrow requirements of

regulatory authorities related to insiders of the Corporation, only be subject to the statutory hold period of four months plus one day; and (iv) the delivery of the release certificate to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement.

The net proceeds from the Offering will be used to further explore and develop the Princesa-Pilunani properties, which form part of the Acquisition and for general corporate and working capital purposes.

Prior to the closing of the Acquisition, Ansue will call and hold a special meeting of shareholders to consider and approve, among other things, a consolidation of the shares of Ansue currently anticipated to be on a three (pre-consolidation shares) for one (post-consolidation share) basis (the “**Consolidation**”) as well as a name change of Ansue to a name selected by Southern Andes and approved by requisite regulatory authorities. As the majority shareholder of Ansue, Southern Andes will vote its shares in favour of the Consolidation and the name change. The Subscription Receipts sold pursuant to the Offering were sold on a post-consolidation basis.

After giving effect to the Offering, it is anticipated that after completion of the Consolidation and the Acquisition and the issuance of the first tranche of shares to Cybersonic Ltd. (“**Cybersonic**”) pursuant to the Acquisition, Southern Andes will own approximately 65.59% of the issued and outstanding shares of Ansue, places under the Financing will own approximately 28.02% of the issued and outstanding shares of Ansue, Cybersonic will own approximately 3.72% of the issued and outstanding shares of Ansue and former shareholders of Ansue will own approximately 2.66% of the issued and outstanding shares of Ansue. The foregoing calculations were made on an undiluted basis.

Ansue is a capital pool company and intends for the Acquisition to constitute the “Qualifying Transaction” as such term is defined in the policies of the Exchange. The Acquisition is an arm’s length transaction and upon completion thereof it is anticipated that Ansue will be a Tier 2 Mining Issuer.

### **Properties of Caracara**

Caracara controls more than 24,000 hectares of land along the Princesa-Pilunani mineralized trend located 210 kilometres north of Juliaca, in Southern Peru. On the key Princesa silver-zinc-lead project, historic drilling of 6,889 metres led to the estimation of NI 43-101 compliant inferred mineral resources of 4.6 million tonnes grading 90.88 grams silver per tonne, 1.69% zinc and 1.66% lead along a zone striking for 1.5 kilometres and to a depth of 150 metres.

The potential to increase resources at Princesa is deemed to be good as the main mineralized zone remains open along strike and at depth.

Mr. Alain Vachon, P.Geo, Vice President – Exploration and Caracara’s Qualified Person as defined by National Instrument 43-101, has reviewed and approved the contents of this press release.

### **About Southern Andes Energy Inc.**

Southern Andes Energy Inc. is focused on exploring and developing uranium resources to meet the world’s growing demand for clean energy. The Company is the largest landowner in the emerging Macusani Uranium District in Peru with holdings of more than 100,000 hectares of land. The Company also owns a 7% interest in Macusani Yellowcake Inc., which controls two advanced stage uranium projects in the district. Southern Andes owns a 100% interest in Caracara Silver Inc., which has been created to advance and develop the Company’s extensive silver and zinc projects in Peru.

*This news release may contain forward-looking statements that are based on Southern Andes Energy Inc.’s or Ansue’s expectations, estimates and projections regarding its business and the economic environment in which it operates.*

*These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Statements speak only as of the date on which they are made, and Southern Andes undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances, unless otherwise required to do so by law.*

*Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release and has in no way passed upon the merits of the Acquisition and has neither approved nor disapproved of the contents of this press release.*

***The securities described in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to a U.S. person absent an available exemption from the registration requirements of such Act. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States.***

*Completion of the Acquisition is subject to a number of conditions including but not limited to TSXV acceptance (in respect of each of Southern Andes and Ansue) and if applicable pursuant to the Exchange requirements, majority of the minority shareholder approval. Where applicable, the Acquisition cannot close until the required shareholder approval is obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.*

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