(formerly Ansue Capital Corp.)

Unaudited Interim
Consolidated Financial Statements

As at and for the three and six months ended

December 31, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Caracara Silver Inc. (formerly Ansue Capital Corp.) (“Caracara or the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim consolidated financial statements (the “Financial Statements”) have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were not complete at the statement of financial position date. In the opinion of management, the interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting and IFRS 1 - First-Time Adoption of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Nick Tintor”
President and Chief Executive Officer

“Stephen Gledhill”
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three and six months ended December 31, 2011 and 2010 have not been reviewed by the Company's auditors.

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Financial Position

(Canadian Dollars)

As at	December 31, 2011	June 30, 2011
	$	$
Assets		
Current assets		
Cash *(note 9)*	**4,599,933**	-
Accounts receivable *(note10)*	**70,933**	-
	4,670,866	-
Liabilities		
Current liabilities		
Trade and other payables and accrued liabilities *(note 11)*	**311,832**	144,230
Due to Southern Andes Energy Inc. *(note 12)*	**1,034**	1,623,273
	312,866	1,767,503
Equity		
Share capital *(note 14)*	**6,593,297**	3,973
Reserve for warrants *(note 15)*	**1,954,786**	-
Reserve for share-based payments *(note 16)*	**540,807**	-
Deficit	**(4,730,890)**	(1,771,476)
	4,358,000	(1,767,503)
	4,670,866	-

Approved by the Board on February 27, 2012:

"Robert Boaz" — Director

"Stephen Coates" — Director

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit

(except per-share information)

	3 months ended		6 months ended	
	December 31, 2011	December 31, 2010	**December 31, 2011**	December 31, 2010
	$	$	**$**	$
Administrative expenses				
Consulting and professional fees	**19,550**	-	**222,541**	-
General and administrative	**39,572**	-	**47,045**	-
Investor relations	**13,933**	-	**28,943**	-
Listing costs *(note 4)*	**-**	-	**384,380**	-
Management fees and salaries *(note 12)*	**73,700**	-	**191,125**	-
Share-based compensation *(note 13)*	**221,483**	-	**484,807**	-
Shareholder and public company expenses	**28,110**	-	**68,193**	-
Net loss before other items	**(396,348)**	-	**(1,427,034)**	-
Exploration and evaluation expenditures *(note 17)*	**(1,339,574)**	(320)	**(1,585,736)**	(320)
Foreign exchange gain (loss)	**(7,056)**	-	**(122,907)**	-
Interest and other income	**176,263**	-	**176,263**	-
Net loss and comprehensive loss	**(1,566,765)**	(320)	**(2,959,414)**	(320)
Basic and fully diluted net loss and comprehensive per share	**(0.031)**	(0.032)	**(0.080)**	(0.032)
Weighted average number of shares	**50,818,241**	10,000	**36,867,047**	10,000

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Changes in Equity

(Canadian Dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Share-based payments	Warrants	Deficit	Total
Balance at July 1, 2010, of Ansue	**2,000,000**	**100,000**	**29,855**	**-**	**(15,015)**	114,840
Initial public offering at $0.10 (net of costs)	2,000,000	121,906	-	-	-	121,906
Issuance of agent's options	-	(11,379)	-	11,379	-	-
Exercise of agent's options	60,000	6,000	-	-	-	6,000
Fair value of exercised agent's options	-	3,414	-	(3,414)	-	-
Net loss for the period	-	-	-	-	(14,844)	(14,844)
Balance at December 31, 2011, of Ansue Capital Corp.	**4,060,000**	**219,941**	**29,855**	**7,965**	**(29,859)**	**227,902**
Net loss for the period	**-**	-	-	-	(96,148)	(96,148)
Balance at June 30, 2011, of Ansue Capital Corp.	**4,060,000**	**219,941**	**29,855**	**7,965**	**(126,007)**	**131,754**
Transactions pursuant to Corporate Merger *(note 4)*:						
Ansue Capital Corp. 1 for 3 consolidation	(2,706,666)	-	-	-	-	-
Ansue Capital Corp. recapitalization	(1,353,334)	(219,941)	(29,855)	(7,965)	126,007	(131,754)
CSI Princesa Inc. deficit recapitalization	-	(375,748)	-	-	-	(375,748)
Issued to Ansue Capital Corp.	1,353,334	446,600	13,533	56,000	-	516,134
Issued to Southern Andes Energy Inc.	33,333,333	1,640,401	-	-	-	1,640,401
Solex deficit to August 19, 2011	-	-	-	-	(1,771,476)	(1,771,476)
Balance at August 19, 2011, post Corporate Merger	**34,686,667**	**1,771,253**	**13,533**	**56,000**	**(1,771,476)**	**9,311**
Offering (net of costs) *(note 14)*	14,242,501	5,971,897	-	-	-	5,971,897
Issued for property payment	1,892,000	851,400	-	-	-	851,400
Shares issued as finder's fees	100,000	45,000	-	-	-	45,000
Recapitalization of finder's-fee shares	-	(45,000)	-	-	-	(45,000)
Fair value of issued warrants	-	(1,637,888)	1,637,888	-	-	-
Fair value of issue broker warrants	-	(303,365)	303,365	-	-	-
Share-based compensation	-	-	-	484,807	-	484,807
Net loss for the period	-	-	-	-	(2,959,415)	(2,959,415)
Balance at December 31, 2011	**50,921,168**	**6,693,297**	**1,954,786**	**540,807**	**(4,730,891)**	**4,358,000**

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Caracara Silver Inc.

(formerly Ansue Capital Corp.)

Unaudited Interim Consolidated Statements of Cash Flow

(Canadian Dollars)

6 months ended	**December 31, 2011**	December 31, 2010
	$	$
Operations		
Net loss	**(2,959,414)**	(320)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share-based compensation	**484,807**	-
Shares issued for property payment *(note 14)*	**851,400**	-
Listing costs	**384,380**	-
Net change in non-cash working capital items:		
Trade and other receivables	**(70,933)**	-
Trade and other payables and accrued liabilities	**(190,476)**	-
Cash flow used in operating activities	**(1,500,236)**	(320)
Financing activities		
Issuance of common shares (net of issuance costs of $740,594 (2010 - $nil)	**5,971,896**	-
Cash flow provided from financing activities	**5,971,896**	-
Investment activities		
Cash acquired on corporate merger	**127,239**	-
Advances from Southern Andes Energy Inc.	**1,034**	320
Cash flow provided from investing activities	**128,273**	320
Increase in cash and cash at end of period	**4,599,933**	-
Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

1. General

Ansue Capital Corp. ("Ansue") was incorporated under the laws of British Columbia on December 3, 2009. Ansue was a capital pool company ("CPC") as defined by the rules of the TSX Venture Exchange ("TSXV") in Policy 2.4 of the TSXV. On July 18, 2011, Ansue announced that at the Annual Meeting of the shareholders of Ansue, all matters regarding a Qualifying Transaction with Southern Andes Energy Inc. ("SAE") were approved including the proposed name change of Ansue to Caracara Silver Inc.

The Qualifying Transaction (pursuant to TSXV Policy 2.4) with Southern Andes provided that Ansue would acquire (the "Corporate Merger") all of the issued and outstanding shares of Caracara Silver Inc. ("CSI"), Alpaca Exploraciones SAC ("Alpaca") and Solex del Peru SAC ("Solex"), thereby acquiring all of SAE's silver assets in exchange for 100,000,000 pre-Consolidation (as defined in *note 4* to these Financial Statements) common shares of Ansue. The silver assets of SAE comprise 24,600 hectares of concessions located approximately 200 kilometres north of Juliaca, Peru. On August 19, 2011, Ansue and the Company announced the closing of the Corporate Merger. Upon closing, CSI's name was changed to CSI Princesa Inc. ("Princesa") and Ansue's name was changed to Caracara Silver Inc. ("Caracara" or the "Company"). Note 4 provides further details of the Corporate Merger.

The principal business activity of the Company is the acquisition, exploration and development of mineral properties in Peru. The Company's main and registered office is located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, Canada, M5H 1T1.

2. Continuance of operations

The Financial Statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2011, the Company has not generated any revenues from operations and used $1,500,236 (2010 - $320) funds for operating activities for the 6 months ended December 31, 2011. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing may be required but will not be available on a timely basis or on terms acceptable to the Company. The Financial Statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The reader is also directed to review *note 7 (ii) - Financial instruments – Liquidity risk*.

3. Basis of Preparation

3.1 Statement of compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 *'Interim Financial* Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Financial Statements were approved by the Company's Board of Directors on February 27, 2012.

3.2 Basis of presentation

The Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in *note 5*. The comparative figures presented in these Financial Statements are in accordance with IFRS and have not been audited.

3.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments that are effective for the Company's financial year beginning on or after July 1, 2011.

- **IFRS 9 *'Financial Instruments: Classification and Measurement'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- **IFRS 10 '*Consolidated Financial Statements'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- **IFRS 11 '*Joint Arrangements'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- **IFRS 12 '*Disclosure of Interests in Other Entities'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- **IFRS 13 '*Fair Value Measurement'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

4. Corporate Merger

On April 13, 2011, Southern Andes and Ansue entered into a Qualifying Transaction (as such term is defined under TSXV Policy 2.4), pursuant to which Ansue agreed to acquire from SAE, by issuing 100,000,000 pre-Consolidation (or 33,333,333 post-consolidation) shares to SAE (as hereinafter defined), all of the issued and outstanding shares in the capital of Caracara, Alpaca, Solex and the SAE silver assets. In exchange, Ansue agreed to undertake the settlement of the intercompany debt *(note 12)* and the acceptance of obligations (of Caracara to issue 3.0 million common shares as set forth in the agreement dated as of September 27, 2010 among Cybersonic Ltd. ("Cybersonic"), Caracara and Alpaca, which will, pursuant to an amendment agreement dated as of April 8, 2011, on

completion of the Corporate Merger, become an obligation of Ansue to issue an aggregate of 8.6 million pre-Consolidation common shares) on behalf of Southern Andes and Caracara, respectively.

Immediately prior to the completion of the Qualifying Transaction, Ansue completed a 1-for-3 share consolidation (the "Consolidation") of its capital, after which, Ansue will have 1,353,334 shares outstanding.

Based on the relative ownership percentages of the combined Company by the shareholders of Southern Andes prior to the transaction and former Ansue shareholders, and the composition of the Board of Directors of the newly-combined Company, from an accounting perspective, Solex is considered to be the accounting acquirer and therefore the Corporate Merger has been accounted for as a reverse takeover. For financial reporting purposes, the Company is considered a continuation of Solex, a legal subsidiary, except with regard to authorized and issued share capital, which is that of Ansue, the legal parent. Consequently, comparative amounts in these restated Financial Statements are those of Solex only. Ansue was not considered to be an acquired business under accounting guidance as it was a CPC. Therefore, the Corporate Merger has been accounted for as a capital transaction and not a business combination. Further, under IFRS, as the transaction is not considered to be a business acquisition, *IFRS 3, Business Combination*, is not applicable, and such transactions have been accounted for pursuant to *IFRS 2, Share-based Payments*. Pursuant to *IFRS 2*, an equity-settled, share-based payment is to be measured based on the value of the goods or services received along with the corresponding increase in equity. If the value of the goods or services cannot be measured reliably, the fair value of the equity instruments given up should be used. The fair value of Caracara equity issued has been determined as follows:

	$
1,353,334[1] common shares issued to Ansue shareholders at $0.33 per share[2] *(note 14)*	446,600
133,333[1] options issued to Ansue optionholders at $0.42 per option[3] *(note 15)*	56,000
46,667[1] broker warrants issued to Ansue brokers at $0.29 per broker warrant[3] *(note 16)*	13,533
Fair value of shares issued	**516,134**

Allocated to Ansue's net assets as follows:

	$
Cash	127,112
HST receivable	4,641
Net assets	**131,753**
Listing costs	384,380
Fair value of shares issued	**516,134**

[1] Subsequent to a 1-for-3 share Consolidation.
[2] Note 13 discloses the Black-Scholes variables used to determine the fair value of the warrants ($0.12 each) included as part of the Units that were issued at $0.45 each.
[3] Note 13 discloses the Black-Scholes variables used to determine the fair value of the options and broker warrants.

On May 31, 2011, Ansue completed a private placement (the "Offering") of 14,242,501 units (each a "Unit") for aggregate gross proceeds of $6,409,125.45. Each Unit was automatically converted for no further consideration into one Company Unit on a post-Consolidation basis immediately upon completion of the Qualifying Transaction. Note 13 discloses the assumptions and variables used in

the Black-Scholes option pricing model to determine the fair value of the included 7,121,250 warrants included in the Offering. In connection with the Offering, cash costs of $437,339 were incurred. The selling group received 854,550 broker warrants valued at $303,365 (*note 13*). Each Ansue Agent's Warrant will be exercisable until May 31, 2013, for one Ansue Unit on a post-Consolidation basis at the Offering Price.

5. Summary of Significant Accounting Policies

5.1 Basis of consolidation

The Financial Statements include the financial statements of the Company and its wholly-owned subsidiaries, Solex, Alpaca and Princesa. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

5.2 Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

5.3 Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As of the date of these interim consolidated financial statements, the Company has no ARO.

5.4 Share-based payments

Share-based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

5.5 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to

compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same

taxable entity or different taxable entities that intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

5.6 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the six months ended December 31, 2011, all the outstanding stock options and warrants were antidilutive. There were no stock options outstanding as at December 31, 2010.

5.7 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

5.8 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where

appropriate, a shorter period. The Company's trade and other payables and accrued liabilities, and due to related party are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. As at December 31, 2011, the Company has not classified any financial liabilities as FVTPL.

5.9 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

5.10 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to

estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

5.11 Cash

Cash in the statement of financial position comprises cash at banks and on hand.

5.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

5.13 Related-party transactions and balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related-party transaction when there is a transfer of resources or obligations between related parties. Related-party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

5.14 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency of the Company is the Canadian Dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations.

5.15 Significant accounting judgments and estimates

The preparation of the Financial Statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates, when applicable, relate to asset retirement obligations; property, plant and equipment, recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements, when applicable, relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

These interim consolidated financial statements contain management's judgement and estimates regarding the recoverability of its accounts receivable and the calculation of share-based payments.

6. Capital management

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts and deficit, which as at December 31, 2011 totaled $4,358,000 (June 30, 2011 – deficit of $1,767,503). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company completed the Qualifying Transaction with Ansue on August 19, 2011, and intends to raise additional funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The ability of the Company to arrange such financing in the

future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews is capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six months ended December 31, 2011. The Company is not subject to externally imposed capital restrictions.

7. Financial instruments

Fair value

The Company has, designated its cash as FVTPL, which is measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost that equals fair value. Trade payables and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair values of accounts receivable and accounts payable and accrued liabilities are determined from transaction values that were derived from observable market inputs. Fair values of other financial assets are based on Level 1 measurements and the remaining financial instruments are based on Level 2 measurements.

As at December 31, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

a. **Cash** – Cash is held with major Canadian and Peruvian banks and therefore the risk of loss is minimal.

b. **Accounts receivable** – The Company is not exposed to significant credit risk as the majority of this amount is due from the Canadian government. Loss associated with amounts not due from the Canadian government is limited to $13,751.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2011, the Company had working capital of

$4,358,000 (June 30, 2011 – deficiency of $1,767,503). The long-term continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. In addition, in order to meet its longer-term working capital requirements and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

b. Currency risk

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars or Peruvian Nuevo Sols. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

c. Price risk

The Company holds no investments and is therefore not subject to price risk.

8. Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

The Company's funds are kept in Canadian and US dollars at a major Canadian financial institution. As at December 31, 2011, the Company's exposure to foreign currency balances is as follows:

Account	Foreign Currency	Exposure ($CDN)	
		December 31, 2011	June 30, 2011
Cash	US dollar	425,331	-
Accounts receivable	US dollar	5,285	-

The Company believes that a change of 10% in foreign exchange rates would not have a material effect on net loss for the period.

9. Cash

The balance at December 31, 2011, consists of $4,397,725 (June 30, 2011 - $nil) on deposit with a major Canadian bank and $202,208 (June 30, 2011 - $nil) on deposit with a major Peruvian bank.

10. Accounts receivable

The Company's trade and other receivables consist mainly of harmonized services tax ("HST") receivable due from the Canadian government taxation authorities.

Below is an aged analysis of the Company's accounts receivables:

	As at,	
	December 31, 2011	June 30, 2011
	$	$
1 – 30 days	**8,466**	**-**
30 – 60 days	**57,182**	-
61 – 90 days	**5,285**	-
Total accounts receivable	**70,933**	-

At December 31, 2011, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in *note 7*.

The Company holds no collateral for any receivable amounts outstanding as at December 31, 2011.

11. Trade and other payables and accrued liabilities

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	December 31, 2011	June 30, 2011
	$	$
Less than 1 month	**-**	-
31 – 60 days	**-**	-
61 – 90 days	**311,832**	-
Over 3 months	**-**	372,700
Total trade and other payables and accrued liabilities	**311,832**	372,700

12. Due to Southern Andes Energy Inc.

The balance of $1,034 as at December 31, 2011 (June 30, 2010 - $1,623,273), was due to Southern Andes. Such amounts were repaid to Southern Andes upon the completion of the Corporate Merger.

13. Related-party transactions

The financial statements include transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

6 months ended	**December 31, 2011**	December 31, 2010
	$	$
Management fees	**184,250**	-
Investor relations	**7,500**	-

14. Capital stock

Share Capital

(i) Authorized share capital consists of an unlimited number of common shares.

(ii) Issued and outstanding share capital:

	Number of Shares	**$**
Balance at July 1, 2010, of Ansue	**2,000,000**	**100,000**
Issued for cash:		
Initial public offering (net of costs)	2,000,000	121,906
Issuance of agent's options	-	(11,379)
Exercise of agent's options	60,000	6,000
Fair value of exercised agent's options	-	3,414
Balance at December 31, 2010 and June 30, 2011, of Ansue	**4,060,000**	**219,941**
Ansue 1 for 3 consolidation *(note 4)*	(2,706,666)	-
Ansue recapitalization *(note 4)*	(1,353,334)	(219,941)
CSI Princesa Inc. deficit recapitalization pursuant to the Corporate Merger *(note 4)*	-	(375,748)
Issued to Ansue shareholders pursuant to Corporate Merger *(note4)*	1,353,334	446,600

Issued to SAE shareholders pursuant to Corporate Merger *(note 4)*	33,333,333	1,640,401
Balance at August 19, 2011, post Corporate Merger	**34,686,667**	**1,711,253**
Issued for cash:		
Offering *(note 4 and below)*	14,242,501	5,971,896
Fair value of warrants	-	(1,637,888)
Fair value of broker warrants	-	(303,365)
Issued for property	1,892,000	851,400
Issued for finder's fees for Offering	100,000	45,000
Recapitalization of finder's-fee shares	-	(45,000)
Balance at December 31, 2011	**50,921,168**	**6,593,297**

The table above reflects the legal number of outstanding shares of Ansue but the book value associated with them for accounting purposes is based upon Caracara's share capital account as at the August 19, 2011, the date of the Corporate Merger that affected the reverse takeover transaction plus Caracara's share activity since that date. The dollar amount of the legal stated capital of Ansue therefore differs from the amounts reflected above.

Ansue initial public offering

In May 2010, Ansue completed its initial public offering in British Columbia and Alberta by issuing 2,000,000 common shares at a purchase price of $0.10 per share for gross proceeds to Ansue of $200,000. Financing costs totaled $78,094. Mackie Research Capital Corporation acted as agent in respect of the offering and received a cash commission of $20,000, an administration fee of $10,000 and an option to acquire an aggregate of 200,000 common shares for a period of two years from the date of the listing of the common shares of the Company on the TSX Venture Exchange at an exercise price of $0.10 per common share. In August 2010, 60,000 agent's options were exercised for gross proceeds to Ansue of $6,000, leaving a balance of 140,000 agent's options outstanding.

Offering

On May 31, 2011, 14,242,501 Ansue subscription receipts were issued to subscribers pursuant to the Offering for aggregate gross proceeds of $6,409,125.45. Each Ansue subscription receipt sold at the offering price of $0.45 (the "Offering Price"), consisted of 1 Ansue common share and one-half on one Ansue share-purchase warrant (a "Unit"). Each Unit was automatically converted for no further consideration into one common share of the Company and one-half of one share purchase warrant (a "Warrant") on a post-Consolidation basis immediately upon completion of the Qualifying Transaction. Each whole Warrant is exercisable for one common share at an exercise price of $0.60 (post-Consolidation basis) until May 31, 2013, provided that, if after the date that is four months and a day from May 31, 2011, the weighted average closing price of the Company's common shares, 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 Warrant expires within 30 days after notice of such event is mailed to the warrantholders.

In connection with the Offering, agents and selling group members appointed by the agents received a cash commission of $384,547.53. Additional cash costs of the Offering totaled $52,682, for total

aggregated cash costs of $437,229. The agents and selling group members appointed by the agents also received 854,550 broker warrants (each a "Broker Warrant"). Each Broker Warrant is exercisable until May 31, 2013, for one Unit on a post-Consolidation basis at the Offering Price.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the Warrant and Broker Warrant fair values:

	Warrants	**Broker Warrants**[1]
Number of warrants granted	7,121,250	854,550
Weighted average information		
Exercise Price	$0.60	$0.60
Risk-free interest rate	2.7%	2.7%
Expected life	2.0 years	2.0 years
Expected volatility	171%	171%
Vesting	100%	100%
Expected dividends	-	-
Fair value	**$1,637,888**	**$303,365**

[1]Exerciseable into 1 common share and one-half of one Warrant.

Shares issued for property payment

The Company issued 1,892,000 common shares in consideration of a property payment pursuant to the amended Purchase Agreement with Cybersonic *(note 17)*.

(iii) Escrowed shares:

On January 18, 2010, the Ansue issued 2,000,000 common shares at $0.05 per share to its directors and officers for cash proceeds of $100,000. These shares are subject to an escrow agreement, are held by the Ansue's (and now, the Company's) escrow agent, and are to be released in accordance with the TSX Venture Exchange CPC policy guidelines. Pursuant to Exchange policies, all seed shares issued at a price lower than the price of the Initial Public Offering shares and all securities acquired by non-arm's length parties to Ansue, and all securities acquired by a Control Person are held in escrow and will be released over a period of three years from the acceptance of the Company's Qualifying Transaction.
On August 19, 2011, the Corporate Merger (and thereby, the Qualifying Transaction) was completed. Final TSXV approval of the Corporate Merger was received effective the start of trading on August 25, 2011. Subject to the policies of the TSX Venture Exchange, the following table summarizes the common shares of the Company (both shares issued pursuant to the Offering and shares issued in exchange for old Ansue shares pursuant to the Corporate Merger) that were issued subject to under escrow and the dates of release therefrom:

		Release date			
Issuance	**Total**	**Aug. 25, 2011**[1]	**Feb. 25, 2012**[1]	**Aug. 25, 2012**	**Feb. 25, 2013**
Ansue initial public offering	666,665	166,666	166,666	166,666	166,667
Offering	33,333,333	8,333,333	8,333,333	8,333,333	8,333,334
Total escrowed common shares	**33,999,998**	**8,499,999**	**8,499,999**	**8,499,999**	**8,500,001**

[1] These common shares were released to shareholders.

Outstanding issued warrants

The outstanding issued warrants balance at December 31, 2011, is comprised of the following items:

Date of Expiry	Type	No. of Warrants	Exercise Price $	Fair Value $
May 31, 2013	Broker Warrant	854,550	0.60	303,365
May 21, 2012	Agent Warrant	46,667[1]	0.30	13,533
May 31, 2013	Warrant	7,121,250	1.00	1,637,888
Total		**8,022,467**		**1,954,786**

[1] Reflects a 1-for-3 share Consolidation.

Options

Caracara has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at December 31, 2011, the Company had 2,058,784 (June 30, 2011 – nil) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	December 31, 2011		June 30, 2011	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options[1]
	$		$	
Outstanding at beginning of year	**-**	**-**	-	-
Transactions during the period/ year:				
Granted	**0.50**	**2,900,000**	-	-
Granted pursuant to the Corporate Merger *(note 4)*	**0.30**[1]	**133,133**[1]	-	-
Expired	**-**	**-**	-	-
Outstanding at end of period	**0.49**	**3,033,333**	-	-

[1]Reflects the 1-for-3 Consolidation. The options, when exercised, are subject to the escrow provisions as noted above.

The following table provides additional information about outstanding stock options at December 31, 2011:

Range of Exercise Prices	No. of Options Outstanding	Fair Value	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
$0.000 - $0.300	133,333[1]	56,000	3.4	0.30
$0.310 - $0.500	2,900,000	484,807	4.7	0.50
$0.000 - $0.500	3,033,333	540,807	4.6	0.49

[1] Reflects a 1-for-3 share Consolidation.

The fair value of the stock options granted for the six months ended December 31, 2011, was $957,000 (2010 – $Nil), or $0.33 (2010 - $nil each). Share-based compensation that has vested during the 6 months ended December 31, 2011, totaled $484,807 (2011 - $Nil), with such amount expensed in the interim consolidated statements of operations.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the option fair values:

Number of options granted	2,900,000
Weighted average information	
Exercise Price	$0.50
Risk-free interest rate	1.44%
Expected life	5.0 years
Expected volatility	102%
Vesting (25% immediately, 25% in 6 months, 25% in 12 months and final 25% in 18 months)	various
Expected dividends	-
Fair value	**$957,000**

15. Reserve for warrants

A continuity of the changes in the Company's reserve for warrants for the six months ended December 31, 2011 and the period from September 1, 2010 (date of incorporation) to June 30, 2011, is set out below:

	Number	$
Balance at July 1, 2010, of Ansue	-	-
Issuance of agent's warrants	200,000	11,379
Agent's warrants exercised	(60,000)	(3,414)
Balance, December 31, 2010 and June 30, 2011, of Ansue	**140,000**	**7,965**
1-for-3 Consolidation *(note 4)*	(93,333)	-
Ansue recapitalization and Consolidation *(note 4)*	(46,667)	(7,965)
Issued to Ansue warrant holders	46,667	13,533
Balance, August 19, 2011, post Corporate Merger	**46,667**	**13,533**

Warrants issued pursuant to Offer	7,121,250	1,637,888
Broker warrants issued pursuant to Offer	854,550	303,365
Balance, December 31, 2011	**8,022,467**	**1,954,786**

16. Reserve for share-based payments

A continuity of the changes in the Company's reserve for share-based payments for the six months ended December 31, 2011 and the period from September 1, 2010 (date of incorporation) to June 30, 2011, is set out below:

	Number	$
Balance, June 30, 2010, December 31, 2010 and June 30, 2011, of Ansue	**400,000**	29,855
1 for 3 Consolidation *(note 4)*	(266,667)	-
Ansue recapitalization and Consolidation *(note 4)*	(133,333)	(29,855)
Issued to Ansue warrant holders	133,333	56,000
Balance, August 19, 2011, post Corporate Merger	**133,333**	**56,000**
Share-based compensation	2,900,000	484,807
Balance. December 31, 2011	**3,033,333**	**540,807**

17. Exploration and evaluation expenditures

The evaluation and exploration expenses for the Company are broken down as follows:

	Three months ended December 31, 2011	Three months ended December 31, 2010	**Six months ended December 31, 2011**	Six months ended December 31, 2010[1]	Cumulative to December 31, 2011
	$	$	**$**	$	$
Acquisition costs	**851,400**	-	**971,400**	-	1,100,742
Exploration costs:					
Drilling	**104,105**	-	**104,105**	-	104,105
Database	**-**	-	**-**	-	20,000
Environmental and community relations	**-**	-	**-**	-	101,857
Assaying and sampling	**15,500**	-	**16,613**	-	84,610
Field and camp supplies	**27,500**	-	**32,310**	-	99,745
Consulting and professional fees	**265,169**	-	**298,804**	-	572,358
General exploration expenditures	**75,900**	320	**162,504**	320	1,278,943
	488,174	320	**614,336**	320	2,261,618
Exploration and evaluation expenditures	**1,339,574**	320	**1,585,736**	320	3,362,360

Princesa project

The Princesa project is located approximately 1,000 km southeast of Lima, the capital of Peru, within the administrative department of Puno. It consists of 8 mining concessions covering an area totalling 5,400 hectares that are held by Solex, a wholly-owned Peruvian subsidiary of the Company.

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.

On September 27, 2010 (amended April 8, 2011), Caracara signed an agreement (the "Purchase Agreement") with Cybersonic, to acquire an extensive mineral exploration database including technical data and results from regional exploration throughout the Princesa-Pilunani trend. This database was used to map stake approximately 10,000 hectares of land proximal to the Princesa project area thereby consolidating the Princesa-Pilunani trend.

Commitments

The terms of the amended agreement provide for the following:

i) Payment of US$30,000 upon execution of the letter of intent (paid by SAE, July 16, 2010);
ii) Payment of US$65,000 upon execution and closing of the Purchase Agreement (paid by SAE, September 28, 2010)
iii) Payment of US$120,000 upon the 1st anniversary of the closing of the Qualifying Transaction;
iv) Payment of US$280,000 upon the 2nd anniversary of the closing of the Qualifying Transaction;
v) Issuance of 1,892,000 common shares of the Company upon the closing of the Qualifying Transaction (issued October 6, 2011);
vi) Issuance of 974,666 common shares of the Company upon the 1st anniversary date of the closing of the Qualifying Transaction.

18. Segmented information

Operating Segments

At September 30, 2011 the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Peru. The Company's corporate division only earns revenues (interest income) that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in **IFRS 8 *'Operating Segments'*.** As the operations comprise a single reporting segment, amounts disclosed in these restated unaudited interim consolidated financial statements also represent operating segment amounts.

Geographic Segments

Caracara is in the business of mineral exploration and production in Canada and Peru. As such, management has organized the Company's reportable segments by geographic area. The Peru segment is responsible for that country's mineral exploration and production activities while the

Canadian segment manages corporate head office activities. Information concerning Caracara's reportable segments is as follows:

	Three months ended December 31, 2011	Three months ended December 31, 2010	**Six months ended December 31, 2011**	Six months ended December 31, 2010
Consolidated net loss	**$**	$	**$**	$
Canada	**(537,870)**	-	**(693,563)**	-
Peru	**(1,028,895)**	(320)	**(2,265,851)**	(320)
	(1,566,765)	(320)	**(2,959,414)**	(320)

6 months ended	**December 31, 2011**	December 31, 2010
Significant non-cash items	**$**	$
Canada		
Share-based payments	**263,324**	-
Shares issued for property payments	**851,400**	-
	1,114,724	-

As at	**December 31, 2011**	**June 30, 2011**
Identifiable assets	**$**	$
Canada	**54,463,373**	-
Peru	**207,493**	-
	4,670,866	-