

ANSELL CAPITAL CORP.

FINANCIAL STATEMENTS

JULY 31, 2009

AUDITORS' REPORT

To the Shareholders of
Ansell Capital Corp.

We have audited the balance sheets of Ansell Capital Corp. as at July 31, 2009 and 2008 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

November 24, 2009



ANSELL CAPITAL CORP.
BALANCE SHEETS
AS AT JULY 31

	2009	2008
ASSETS		
Current		
Cash	\$ 819,988	\$ 359,343
Receivables	8,218	5,594
Prepays	<u>1,485</u>	<u>-</u>
	829,691	364,937
Furniture and equipment (Note 3)	3,151	-
Mineral properties (Note 4)	285,351	-
Deposit (Note 4)	<u>-</u>	<u>25,398</u>
	<u>\$ 1,118,193</u>	<u>\$ 390,335</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ <u>69,100</u>	\$ <u>16,034</u>
Shareholders' equity		
Capital stock (Note 5)	1,404,107	559,204
Contributed surplus (Note 5)	126,382	50,165
Deficit	<u>(481,396)</u>	<u>(235,068)</u>
	<u>1,049,093</u>	<u>374,301</u>
	<u>\$ 1,118,193</u>	<u>\$ 390,335</u>

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Jevin Werbes" Director _____
"Barry Sheahan" Director

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

ANSELL CAPITAL CORP.
STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
YEARS ENDED JULY 31

	2009	2008
EXPENSES		
Amortization	\$ 166	\$ -
Business investigation costs	32,140	54,103
Consulting fees	2,344	-
Management fees	18,833	-
Office and miscellaneous	3,054	4,921
Professional fees	53,209	26,839
Regulatory and filing fees	27,755	7,300
Rent	16,750	15,000
Shareholder communications	2,076	-
Stock-based compensation (Note 5)	82,614	-
Transfer agent fees	<u>12,834</u>	<u>8,814</u>
	(251,775)	(116,977)
OTHER ITEMS		
Interest income	2,936	15,577
Recovery of costs (Note 4)	<u>2,511</u>	<u>-</u>
Loss and comprehensive loss for the year	(246,328)	(101,400)
Deficit, beginning of year	<u>(235,068)</u>	<u>(133,668)</u>
Deficit, end of year	<u>\$ (481,396)</u>	<u>\$ (235,068)</u>
Basic and diluted loss per common share	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>8,708,525</u>	<u>4,717,000</u>

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

ANSELL CAPITAL CORP.
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (246,328)	\$ (101,400)
Items not affecting cash		
Amortization	166	-
Stock-based compensation	82,614	-
Changes in non-cash working capital items		
Decrease (increase) in receivables	(2,624)	5,978
Decrease (increase) in prepaids	(1,485)	-
Increase in accounts payable and accrued liabilities	<u>16,301</u>	<u>5,827</u>
Net cash used in operating activities	<u>(151,356)</u>	<u>(89,595)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties, net of recoveries	(164,128)	-
Furniture and equipment	(3,317)	-
Deposit	<u>-</u>	<u>(25,398)</u>
Net cash provided by investing activities	<u>(167,445)</u>	<u>(25,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of capital stock	894,200	-
Share issue costs	<u>(114,754)</u>	<u>-</u>
Net cash provided by financing activities	<u>779,446</u>	<u>-</u>
Change in cash during the year	460,645	(114,993)
Cash, beginning of year	<u>359,343</u>	<u>474,336</u>
Cash, end of year	<u>\$ 819,988</u>	<u>\$ 359,343</u>
Supplemental disclosure with respect to cash flows:		
Cash paid for interest during the year	\$ -	\$ -
Cash paid for income taxes during the year	\$ -	\$ -

Significant non-cash financing and investing transactions for the year ended July 31, 2009 consisted of the Company:

- a) issuing 348,700 shares for finders fees at a value of \$41,844 recorded as share issue costs;
- b) issuing 488,000 shares valued at \$59,060 for mineral properties;
- c) transfer of \$6,397 from contributed surplus to share capital on exercise of options;
- d) mineral property expenditures of \$36,765 included in accounts payable; and
- e) mineral property expenditures of \$25,398 through the application of deposits

There were no significant non-cash financing and investing transactions for the year ended July 31, 2008.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Ansell Capital Corp. (“Company”) was incorporated under the Business Corporations Act (BC) on July 26, 2006 and was classified as a Capital Pool Company (“CPC”) as defined in TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company was the identification and evaluation of a Qualifying Transaction and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

During the year ended July 31, 2009, the Company completed its Qualifying Transaction to acquire mineral property concessions (Note 4).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The Company has not earned any revenue to date and is considered to be in the development stage.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has a history of losses and no current source of revenue. Continued operations of the Company are dependent on the Company’s ability to complete equity financings or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management is monitoring its cash flow and will attempt to compete future equity financings.

		2009		2008
Working capital	\$	760,591	\$	348,903
Deficit		(481,396)		(235,068)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Areas requiring use of significant estimates include the carrying value of mineral properties, stock-based compensation and future income taxes. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments – recognition and measurement

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Subsequent measurement and changes in fair value will depend on the financial instrument classification. Held-for-trading financial instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables, and other financial liabilities are measured at amortised cost.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

Comprehensive income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

The Company does not have any elements of comprehensive income.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company does not have any significant asset retirement obligations.

Furniture and equipment

Furniture and equipment is recorded at cost less accumulated amortization. Amortization is recognized using the declining balance method at a rate of 20%.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development and future profitable production or proceeds from the disposition thereof.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

Stock-based compensation

The Company uses the fair value based method for recognizing compensation costs over the related vesting period for the granting of stock options and direct awards of stock using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options is credited to capital stock.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Changes in accounting policies

Effective August 1, 2008, the Company adopted the following accounting policies during the 2009 fiscal year.

Assessing going concern

The Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern.

Financial instruments

The AcSB issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges.

The AcSB also issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed.

There were no significant effects on the financial statements as a result of adopting these policies other than additional disclosures in Notes 1, 6 and 7.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future accounting changes

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning June 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company does not believe the adoption of these policies will have a significant impact on the financial statements.

International financial reporting standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

ANSELL CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

3. FURNITURE AND EQUIPMENT

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 3,317	\$ 166	\$ 3,151	\$ -	\$ -	\$ -
	\$ 3,317	\$ 166	\$ 3,151	\$ -	\$ -	\$ -

4. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

2009	Nevada	Mexico	Total
Balance, beginning of year	\$ -	\$ -	\$ -
Acquisition costs	18,741	183,090	201,831
Exploration costs	<u>3,748</u>	<u>102,261</u>	<u>106,001</u>
	<u>22,489</u>	<u>285,351</u>	<u>307,840</u>
Recoveries during the year	<u>22,489</u> <u>(22,489)</u>	<u>285,351</u> <u>-</u>	<u>307,840</u> <u>(22,489)</u>
Balance, end of year	\$ -	\$ 285,351	\$ 285,351

Guijoso Property, Mexico

The Company has entered into an agreement with Fury Explorations Ltd. ("Fury"), pursuant to which the Company can earn 70% of Fury's interest in the Guijoso Property which consists of exploration concessions located near Guadalajara in Jalisco State, Mexico. The interest can be earned by paying Fury a non-refundable deposit of US\$25,000 (paid \$25,398), making further cash payments of US\$250,000 (paid \$30,482); issuing 1,800,000 common shares of the Company (issued 400,000 shares valued at \$48,000) and by spending an aggregate of US\$2,000,000 in exploration expenditures in installments over a three year period ending March 2, 2011. The agreement was subsequently amended to allow the Company the option to pay cash at current trading value in lieu of shares to be issued. The Company paid \$50,000 in lieu of the second installment of 400,000 shares, leaving 1,000,000 shares, or the cash equivalent, to be paid.

4. MINERAL PROPERTIES (cont'd...)

Guijoso Property, Mexico (cont'd...)

The Company has agreed to issue up to 386,000 common shares (issued 63,000 shares valued at \$7,560) as a finders fee over three years.

This earn-in agreement has served as the Company's Qualifying Transaction (Note 1).

Following the Company's exercise of the earn-in option, Fury may exercise a back-in-right for an additional 19% by expending a further US\$1,000,000 on or before March 2, 2014.

Nevada Properties, U.S.A.

- a) In April 2008, the Company entered into an agreement to secure a lease with an option to acquire a 100% interest in and to the Redrock Property located in Lander County, Nevada. The aggregate consideration payable under the option is US\$2,000,000 (an advance gross production royalty ("GPR"), 1,100,000 common shares of the Company and exploration expenditures to be incurred over 10 years in the amount of US\$2,000,000, with US\$10,000 due and payable upon signing (paid \$12,193) and US\$15,000 in exploration expenditures to be incurred within the first year of the signing of the agreement.

The property is subject to a GPR of 2% where the Company has the right to purchase half of the GPR for US\$2,000,000 net of advance GPR's paid.

- b) The Company also entered into an agreement to acquire a 100% interest in the North Battle Mountain Property. The aggregate consideration payable under the option is US\$1,500,000 (an advance GPR), 1,000,000 common shares of the Company and exploration expenditures to be incurred over 10 years in the amount of US\$1,900,000 with US\$7,500 of exploration expenditures required in the first year after signing of the agreement. The Company paid US\$2,500 (\$3,048) and issued 25,000 common shares valued at \$3,500 upon signing the agreement.

The property is subject to GPR of 2%, where the Company has the right to purchase half of the GPR for US\$1,000,000 net of advance GPR's paid.

Subsequently, the Company entered into a Letter of Agreement dated July 22, 2009 with Challenger Deep Capital Corp. ("Challenger") pursuant to which the Company has agreed to assign its interests in the Redrock and Battle Mountain Properties to Challenger, subject to a retained back in right to participate to the extent of a 25% undivided interest in the further development of either or both properties after Challenger has fulfilled its obligations under the agreement. As consideration, the Company received \$25,000 as reimbursement of costs and Challenger must incur US\$210,000 of expenditures within two years. Challenger has also agreed to assume all of the Company's obligations in the underlying agreements with the property vendors. An amended agreement was signed to extend the closing date to November 27, 2009.

ANSELL CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

5. CAPITAL STOCK

	Number of Shares	Share Amount	Contributed Surplus
Authorized			
Unlimited common shares, without par value			
Issued			
As at July 31, 2007 and 2008	7,200,000	\$ 559,204	\$ 50,165
Shares issued for mineral property	488,000	59,060	-
Shares issued for cash – private placements	7,368,332	884,200	-
Shares issued for finder's fees	348,700	41,844	-
Share issue costs	-	(156,598)	-
Exercise of options	100,000	16,397	(6,397)
Stock-based compensation	-	-	82,614
As at July 31, 2009	15,505,032	\$ 1,404,107	\$ 126,382

In the 2009 fiscal year, the Company completed two private placements:

- a) a non-brokered private placement of 2,548,332 units at a price of \$0.12 per unit for aggregate gross proceeds of \$305,800. Each unit consists of one common share of the Company and one-half share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.20 to purchase one additional common share at any time before 12 months from the effective date subject to early acceleration provisions applicable under certain circumstances, whereby if the Company's common shares trade at or above a weighted average trading price of \$0.40 for 20 consecutive trading days, then the Company may give notice that the share purchase warrants will expire 30 days after such notice is given. The Company issued finder's fees which were paid through the issuing of 121,200 shares valued at \$14,544.
- b) a non-brokered private placement of 4,820,000 units at a price of \$0.12 per unit for aggregate gross proceeds of \$578,400. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase an additional common share of the Company at a price of \$0.20 for a period of one year from the closing of the private placement. The Company issued finder's fees which were paid through the issuing of 227,500 units valued at 27,300.

As at July 31, 2009, 2,310,300 shares are subject to an escrow agreement and will be released from escrow in accordance with regulatory requirements.

Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of 5 years and vest as determined by the board of directors. The exercise price of each option may not be less than the fair market value of the common shares.

ANSELL CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

5. CAPITAL STOCK (cont'd...)

Stock options (cont'd...)

As at July 31, 2009, the following stock options are outstanding:

Number Of Options	Exercise Price	Expiry Date
325,000	\$0.10	September 8, 2011
850,000	\$0.12	May 14, 2014

Stock option transactions outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance, July 31, 2007 and 2008	650,000	\$ 0.10
Granted	850,000	0.12
Exercised	(100,000)	0.10
Cancelled	(225,000)	0.10
Balance, July 31, 2009	1,175,000	0.11
Number of options currently exercisable	1,175,000	\$ 0.11

Warrants

As at July 31, 2009, the following warrants are outstanding:

Number Of Warrants	Exercise Price	Expiry Date
1,274,166	\$0.20	March 27, 2010
5,047,500	\$0.20	July 3, 2010

ANSELL CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

5. CAPITAL STOCK (cont'd...)

Warrants (cont'd...)

Warrants transactions outstanding are summarized as follows:

	Number Of Warrants	Weighted Average Exercise Price
Balance, July 31, 2007 and 2008	-	\$ -
Granted	<u>6,321,666</u>	<u>0.20</u>
Balance, July 31, 2009	<u>6,321,666</u>	<u>0.20</u>
Number of warrants currently exercisable	<u>6,321,666</u>	<u>\$ 0.20</u>

Stock-based compensation

During fiscal 2009, the Company granted 850,000 incentive stock options with a fair value of \$82,614 which was recorded as stock-based compensation and contributed surplus. The weighted average fair value of stock options granted was \$0.10 per option.

The fair value of options and compensatory warrants granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating fair value are as follows:

	July 31, 2009
Risk-free interest rate	2.28 %
Expected option or warrant life in years	5 years
Expected stock price volatility	197.66 %
Expected dividend yield	0.00 %

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

6. FINANCIAL INSTRUMENTS (cont'd...)

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is primarily held in large Canadian financial institutions. The Company's receivables consist mainly of GST receivable due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to cash and receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2009, the Company had cash totaling \$819,988 (2008- \$359,343) to settle current liabilities of \$69,100 (2008- \$16,034). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

While the Company is in Canada and its capital is raised in Canadian dollars, the Company is conducting a significant portion of its business in the United States and Mexico, whose currencies are the United States dollar and Mexican Peso, respectively. As such, it is subject to risk due to fluctuations in the exchange rates for the United States dollar, Mexican Peso and Canadian dollar. The Company does not enter into derivative financial instruments to mitigate its exposure to foreign currency risk as management considers the risk to be insignificant at this time.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

7. CAPITAL MANAGEMENT

The Company defines its capital as cash and shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

8. RELATED PARTY TRANSACTIONS

During the 2009 fiscal year, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$12,833 (2008 - \$nil) to a company controlled by an officer and director, and accounting fees of \$4,000 (2008 - \$nil) to a company controlled by an officer of the Company.
- b) Paid or accrued rent of \$16,750 (2008 - \$ 15,000) to a company with a director in common and management fees of \$6,000 (2008 - \$nil) to a company controlled by the same director.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2009	2008
Loss for the year	\$ (246,328)	\$ (101,400)
Expected income tax (recovery)	\$ (74,411)	\$ (35,105)
Items not deductible for tax purposes	24,744	-
Share issue costs	(10,087)	(3,615)
Unrecognized benefit of non-capital losses	<u>59,754</u>	<u>38,720</u>
Total income tax recovery	<u>\$ -</u>	<u>\$ -</u>

ANSELL CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

9. INCOME TAXES (cont'd...)

The significant components of the Company's future income taxes assets are as follows:

	2009	2008
Future income tax assets:		
Non-capital loss carryforwards	\$ 78,000	\$ 63,833
Share issue costs	<u>28,000</u>	<u>8,145</u>
	106,000	71,978
Valuation allowance	<u>(106,000)</u>	<u>(71,978)</u>
Net future income tax asset	<u>\$ -</u>	<u>\$ -</u>

The Company has available for deduction against future taxable income non-capital losses of approximately \$311,000. These losses, if not utilized, will expire through to 2029. Future tax benefits which may arise as a result of these non-capital losses and share issue costs have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

10. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. Geographical information is as follows:

	2009	2008
Capital assets		
Canada	\$ 3,151	\$ -
Mexico	<u>285,351</u>	<u>-</u>
	<u>\$ 288,502</u>	<u>\$ -</u>