

# **ANSELL CAPITAL CORP.**

## **Management's Discussion and Analysis**

**For the Three-month Period Ended**

**October 31, 2008**

## **INTRODUCTION**

This discussion and analysis of financial position and results of operation concerning Ansell Capital Corp. (the "Company" or "Ansell") is prepared as at December 22, 2008 and should be read in conjunction with the audited financial statements as at July 31, 2008 and the unaudited financial statements for the three-month period ended October 31, 2008. Those financial statements have been prepared in accordance with Canadian generally accepted accounting policies. All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. Additional information related to the Company, including its press releases and quarterly and annual reports, is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute "forward-looking statements". Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under **RISK AND UNCERTAINTIES** in this MD&A.

Risk factors that could affect the Company's future results include, but are not limited to, risks inherent in mineral exploration and development and mining activities in general, volatility and sensitivity to market prices for base and precious-metals, political risk arising from operating in Paraguay, changes in government regulation and policies including environmental regulations and reclamation requirements, receipt of required permits and approvals from governmental authorities, competition from other companies, ability to attract and retain skilled employees and contractors, and changes in foreign currency exchange rates. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the Company's filings with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

## **DESCRIPTION OF BUSINESS**

Ansell Capital Corp. (the "Company") was incorporated under the Business Corporations Act (BC) on July 26, 2006 and is classified as a Capital Pool Company as defined in TSX Venture Exchange "TSX-V") Policy 2.4. The principal business of the Company is 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.

## **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.

Management does not believe the Company is exposed to significance financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as its' operations are primarily in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

## **OPERATIONS REVIEW**

Ansell Capital Corp. ("Ansell" or "the Company") has signed a letter of intent dated May 7, 2008, with Fury Explorations Ltd. ("Fury") and its wholly owned Mexican subsidiary Fury Explorations Mexico, S. de R.L de C.V., pursuant to which Ansell can acquire in an arm's-length transaction a 70-per-cent undivided interest in and to five mineral exploration concessions located in Jalisco state, Mexico, 200 kilometres west of Guadalajara and approximately five km south of San Felipe de Hajar. The terms of acquisition are subject to TSX Venture Exchange approval and if approved the acquisition will constitute Ansell's acquisition of a significant asset as a qualifying transaction as that term is defined in the CPC listings policy of the exchange. Fury is a reporting company having its shares posted and called for trading on the TSX Venture Exchange.

The Guijoso project consists of five mineral exploration concessions encompassing approximately 5,080 hectares of mineral prospective lands located at the southern end of the Sierra Madre Occidental (SMO) metallogenic province, a large mid-Tertiary volcanic field which is one of the world's largest epithermal precious metal terranes hosting a majority of Mexico's gold and silver deposits. Rocks in the area around San Felipe de Hajar consist of Cretaceous rhyolite tuff, volcanoclastic and other fine and coarse shallow marine units of the Guerrero terrane intruded by similar-aged granite to diorite plugs and stocks. These older rocks are overlain by younger Pliocene-Pleistocene polymict conglomerates, and basalt flows, which were then covered by Quaternary andesite and basalt flows. Tertiary pyroclastic rhyolite tuffs and interbeds of andesite trending northwest dominate the Guijoso project. Complex intersecting north-south, northwest, northeast and east-west structures cut the central part of the project area.

The Guijoso project is located within a belt of low sulphidation epithermal precious and base metal deposits extending through much of western Mexico. All mineralization discovered to date at the Guijoso project is associated with pervasive, vein and stockwork silicification and adjacent argillic alteration within rhyolite tuffs. Silicification as presently known has been recognized over an area approximately six kms in length by and 1.5 kms in width.

Fury commenced a sampling and mapping program in January 2007 investigating several targets including Area Guijoso, Cerro Guijoso, and Arroyo Higuieritas. The Area Guijoso target has been extensively rock geochemical sampled. Results of vein sampling of three principal veins accruing two kms in strike indicated encouraging silver-gold mineralization to a maximum of 712 g/t Ag and 4.7 g/t Au. Drill results were significantly lower than surface sample results from veins due to poor recoveries and abandoned holes arising out of ground conditions and other factors. The most prospective zone of mineralization is believed to lie at significantly deeper depths (+ 400 m) than the relatively shallow zone (< 150 m) tested by Fury core holes. At the Area Guijoso target, silica textures including chalcedonic > crystalline quartz, cockscomb textures, banding, vuggy, recrystallized, and brecciation suggest that the "top" of the system is intact.

Between March 2, 2007 and March 1, 2008 Fury expended US\$445,269 in the organization and evaluation of the Guijoso project. Work included regional and target-specific geochemical rock sampling, grid rock sampling, mapping, and drilling of 13 core drill holes (DDH 001 through DDH 013) accruing 2,017 m. A geological report and summary of field examination on the Guijoso project dated June 2, 2008 has been prepared by R.A. Lunceford M.Sc., CPG, a Qualified Person for the purpose of preparing a compliant report under National Instrument 43-101. In his report, Mr. Lunceford concludes that further exploration of the Guijoso project is recommended and justified since the drill program undertaken by Fury did not adequately test the potential mineralization in the area covered by the claims.

Mr. Lunceford has recommended a 2-phase exploration program on the lands which includes an initial program consisting satellite imagery, geologic mapping, sampling, petrography, and possibly geophysics leading to a second program to include 5,000 meters of drilling. The 2- phase program is estimated to cost of US\$1,115,000.

The Qualifying Report of Mr. Lunceford will be filed on Sedar after Ansell receives confirmation that the report is in a form acceptable to the TSX Venture Exchange demonstrating the merits of the Guijoso project as a Qualifying Transaction.

### **Terms of Acquisition**

Under the terms of the letter agreement entered into with Fury, Ansell can earn a 70% undivided right, title and interest in and to the exploration concessions by paying to Fury the sum of US\$275,000, (\$25,000 paid) by issuing and allotting to Fury 1,300,000 fully paid non-assessable shares of Ansell and by incurring expenditures on the concession lands in the aggregate amount of US\$2,000,000 in instalments over a 3 year period ending March 2nd, 2011.

Fury acquired its interest in and to the exploration concessions on March 2, 2007 under an option agreement entered into with the registered concession holders.

**OPERATIONS REVIEW (Cont'd...)**

**Terms of Acquisition (Cont'd...)**

In order for Fury to acquire a 100% interest in and to the concessions (subject to a 2.5% net smelter return royalty), Fury must make payments to the registered owners of the concessions in the amount of US\$300,000, issue 300,000 common shares of its capital stock and incur exploration expenditures on the concessions in the amount of US\$1,500,000 on or before March 2, 2011.

Fury has reserved a "Back-In Option" which may be exercised by Fury once Ansell has earned its 70% interest in and to the concessions. Fury can exercise its Back-In Option by spending the additional sum of US\$1,000,000 in exploration expenditures on the concession lands on or before March 2, 2014. If the Back-In Option is exercised, Fury's interest in the concession lands will be increased from a 30% undivided interest to a 49% undivided interest.

A finder's fee is due and payable to an arms length person in connection with the transaction subject to Exchange approval. The terms of the agreement are subject to Ansell completing a financing concurrently with the completion of its Qualifying Transaction and the terms of acquisition being accepted by the TSX Venture Exchange as Ansell's Qualifying Transaction on or before January 31, 2009.

**Brokered Equity Financing**

In order to fund the proposed exploration program on the Guijoso concessions, Ansell has negotiated with Bolder Investment Partners, Ltd. (the "Agent") a brokered private placement of 8,000,000 units at a price of \$0.15 per unit for gross proceeds of \$1,200,000. Each unit of Ansell will consist of one common share and one-half of one non-transferable common share purchase warrant, with each whole warrant entitling the subscriber to purchase one additional common share in the capital of Ansell at a price of \$0.25 for a period of 12 months from the closing of the private placement subject to accelerated expiry provisions. The accelerated expiry provisions will provide that if Ansell's shares trade at or above a weighted average trading price of \$0.50 for 20 consecutive trading days then Ansell may give notice that the warrants will expire 30 days after such notice is given.

As compensation for its services, the Agent will receive an 8% cash commission calculated on the gross proceeds of the private placement. In addition, the Agent will receive non-transferable warrants equal to 10% of the number of units sold under the private placement. Each Agent's Warrant will entitle the holder, on exercise, to purchase one additional common share of Ansell at a price of \$0.15 per share at any time until the close of business on the day which is 12 months from the date of the closing of the private placement.

The Agent will also receive a work fee of \$7,500, plus GST and a corporate finance fee comprised of 100,000 corporate finance units. Each corporate finance unit will be comprised of one common share and one-half of one share purchase warrant, with each whole warrant being exercisable at a price of \$0.25 to purchase one additional common share for period of 12 months from the completion of the private placement.

The private placement is subject to Exchange approval.

Proceeds of this private placement will be primarily used for property costs and the commencement of exploration and drilling on the Guijoso Property as well as for general corporate purposes.

**SUMMARY**

Our Company's Board comprises a highly qualified team of professionals with essential experience in resource acquisition, exploration, and development, finance and marketing. We are committed to building a highly valued asset base and a strong, loyal shareholder following.

**LIQUIDITY AND CAPITAL MARKETS**

The Company has financed its operations to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	October 31, 2008	July 31, 2008
Working Capital	\$ 261,441	\$ 348,903
Deficit	(292,530)	(235,068)

The decrease in working capital for the three-month period ended October 31, 2008 of \$87,462 was due to the net cash used by operating activities for the period of \$97,286, adjusted for non-cash items and changes in accounts receivable.

Net cash used by operating activities for the three-month period ended October 31, 2008 was \$87,462 compared to \$6,361 for the prior year. The cash used by operating activities for the current year consists primarily of an operating loss of \$57,462 (2007 - \$3,986) adjusted for non-cash items, and changes in accounts receivable, payable and accruals.

There was no cash used in investing activities in the current period or in the same period of the prior year.

Net cash provided by financing activities for the Three-month period ended October 31, 2008 was \$nil, compared to \$nil provided in the prior year.

**SUMMARY OF QUARTERLY RESULTS**

	October 31/08	July 31/08	April 30/08	January 31/07	October 31/07	July 31/07	April 30/07	January 31/07
(a) Net sales or total revenues	\$ nil	\$ nil	\$ nil	\$ nil	\$ nil	\$ nil	\$ nil	\$ nil
(b) Income (loss) before extraordinary items								
- total	(57,462)	(56,126)	(24,497)	(16,791)	(3,986)	(34,273)	(9,938)	(47,742)
- per share undiluted	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
- per share diluted	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
(c) Net income (loss)								
- total	(57,462)	(56,126)	(24,497)	(16,791)	(3,986)	(34,273)	(9,938)	(47,742)
- per share undiluted	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
- per share diluted	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)

**SELECTED ANNUAL FINANCIAL INFORMATION**

The following selected financial information was obtained directly from or calculated using the Company's financial statements for the years ended July 31, 2008, 2007 and 2006:

<b>Years ended July 31</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Results of Operations:</b>			
Total Revenues	\$ nil	\$ nil	\$ nil
Net loss for the year	(101,400)	(123,961)	(9,707)
Basic and diluted loss per share	(0.02)	(0.03)	(0.00)
<b>Financial Position:</b>			
Working Capital	\$ 348,903	\$ 475,701	\$ 81,293
Total assets	390,335	485,908	109,000
Total shareholders' equity	374,301	475,701	90,293

**RESULTS OF OPERATIONS**

For the three-month period ended October 31, 2008, the Company incurred a net loss of \$57,462, compared to a net loss of \$3,986 during the same period in the prior year. The current period's loss consisted of general and administrative expenses of \$45,768 (2007 - \$7,793) and business investigation costs of \$13,313 (2007 - \$2,000). These expenses were partially offset by interest income in the current year of \$1,619 compared to \$5,807 in the prior year.

**DIVIDENDS**

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

**OUTSTANDING SHARE DATA**

The following details the common shares, stock options, and warrants outstanding as of the date of this MD&A

**Common Shares**

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares, without par value			
Issued			
Shares issued for cash – founders' shares	2,000,000	\$ 100,000	
As at July 31, 2006	2,000,000	100,000	
Shares issued for cash – private placement	3,200,000	320,000	
Shares issued for cash – initial public offering	2,000,000	200,000	
Cost of share issue	-	(52,211)	
Stock Based Compensation	-	-	41,580
Agent's Warrants	-	( 8,585)	8,585
As at July 31, 2007 and 2008 and October 31, 2008	7,200,000	\$ 559,204	\$ 50,165

**Stock options**

Number Of Options	Exercise Price	Expiry Date
650,000	0.10	September 8, 2011

**Warrants**

Number Of Warrants	Exercise Price	Expiry Date
200,000	\$ 0.10	October 5, 2008

**RELATED PARTY TRANSACTIONS**

During the three-month period ended October 31, 2008 the Company paid or accrued rent of \$3,750 (2007 - \$3,750) and office services of \$150 (2007 - \$150) to a company controlled by a director of the Company.

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.

**CHANGES IN ACCOUNTING POLICIES**

The Canadian Institute of Chartered Accounts issued the following standards effective for the fiscal years beginning on or after October 1, 2006: Accounting Standards Section 1530 "Comprehensive Income", Accounting Standards Section 3855 "Financial Instruments –Recognition and Measurement" Accounting Standard Section 3861 "Financial Instruments – Presentation and Disclosure" and Accounting Standards Section 3865 –"Hedges". These sections require certain financial instruments and hedge transactions to be recorded at fair value. The standards also introduce the concept of comprehensive income and accumulated other comprehensive income.

The Company has adopted these standards effective August 1, 2007 on a prospective basis without retroactive restatement of prior periods. Under the new standard, financial instruments designated as "held for trading" and "available for sale" will be carried at their fair value while financial instruments designated as "loans and receivables", "financial liabilities" and those classified as "held to maturity" will be carried at their amortized cost. All derivatives will be carried on the consolidated balance sheet at their fair value. Mark-to-market adjustments on these instruments will be included in net income. Transaction costs incurred to acquire financial instruments will be included in the underlying balance.

Upon adopting these new standards, the Company designated its cash as held-for-trading, which are measured at fair value. Receivables are classified under loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

There was no significant effect on the financial statements as a result of adopting these policies.

**CHANGES IN ACCOUNTING POLICIES (Cont'd...)**

**New accounting pronouncements**

*Assessing going concern*

The 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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

*Financial instruments*

The Canadian Accounting Standards Board (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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB 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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

*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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

*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.

**CHANGES IN ACCOUNTING POLICIES (Cont'd...)**

*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.

**RISKS AND UNCERTAINTIES**

**Limited Operating History**

The Company has now completed two full fiscal years, but has not yet commenced active operations. As a result, it is difficult to evaluate the Company's prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

**History of Losses**

The Company has incurred net losses since inception and as of October 31, 2008, had an accumulated deficit of \$ 292,530.

**No History of Dividends**

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

**Dilution**

The Company does not generate any revenues and does not have sufficient financial resources to undertake by itself all of its planned expenditures. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further expenditures will depend on the Company's ability to obtain additional financing which may not be available under favourable terms, if at all.

**Capital and Liquidity Risk**

The amount of financial resources available to invest for the enhancement of shareholder value is dependant upon the size of the treasury, profitable operations, and willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

**Dependence on Key Personnel**

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for a professional is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

**MD&A PREPARATION**

This MD&A was prepared as of December 22, 2008. This MD&A should be read in conjunction with our latest audited financial statements as at July 31, 2008 and the unaudited financial statements for the three-month period ended October 31, 2008. This MD&A is intended to assist the reader's understanding of Ansell Corporation and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at [www.sedar.com](http://www.sedar.com)

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that they are operating effectively.

Ansell's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee receives a report from the independent auditors annually, and is free to meet with them throughout the year.