



**CARACARA SILVER INC. INTERSECTS 86.1 GRAMS SILVER
AND 3.3% COMBINED LEAD-ZINC ACROSS 15.2 M AT THE PRINCESA PROJECT**

FOR IMMEDIATE RELEASE

July 25, 2013

Toronto, ON – Caracara Silver Inc. (CSV:TSXV) (the “Company”) is pleased to announce that ongoing drilling at the Company’s Princesa silver-lead-zinc project in Peru has intersected 15.2 metres grading 86.1 grams silver per tonne, 2.56% lead and 0.77% zinc in hole PRIN13-07. A second hole, PRIN13-08 drilled on the same section intersected the mineralized structure at a depth of 200 m, the deepest intersection to date on the Princesa project.

The 3,000-metre drilling program is part of a \$2 million exploration campaign being managed in joint venture with SMC Solex del Perú S.A.C (“SMC”), a private Peruvian mining company based in Lima. For terms of the option agreement with SMC, please see our press release dated May 3, 2013 at www.caracarasilver.com.

Exploration Program Highlights

Princesa Program

Hole’s PRIN13-07 and PRIN13-08 were drilled on the same section to in-fill a part of the Princesa mineralized structure which has been tested by widely spaced holes completed by a previous operator.

Partial results of the drilling program are listed in the table below.

Hole	From (m)	To (m)	Intersection (m) (2)	Silver (g/t)	Lead (%)	Zinc (%)
PRIN13-04	145.0	151.9	6.9	25.5	1.26	1.53
PRIN13-06	79.9	82.9	3.0	53.1	2.10	1.50
PRIN13-07(1)	126.0	141.2	15.2	86.1	2.56	0.77
including	134.0	136.7	2.7	370	0.57	0.29
no core recovery	136.7	139.7	3.0	0	0	0
	139.7	141.20	1.5	36.9	3.15	2.31

	183.2	185.7	2.5	138	1.37	0.36
PRIN13-08	189.2	208.6	19.4	64.4	0.75	1.57

- (1) 3 m of core within the intersection from 136.7 m - 139.7 m was lost and as a result there is no assay data available for this section. A zero grade was assigned to this portion of the intersection.
- (2) Intervals represent the down hole core intersection and, until more data is available on the geometry of the mineralized zone, are not considered true widths.

Hole PRIN13-08, intersected the Princesa mineralized structure 100 metres below the intersection in hole PRIN13-07 and 200 metres below the surface, which is the deepest significant mineralized intersection to date. Silver-lead-zinc mineralization is hosted in a steeply dipping structure striking on surface for more than 1.6 kilometres and which had been drill tested by previous operators to an average depth of 160 metres.

The drill program is designed to test for strike and depth extensions to known mineralization and in fill between holes completed in previous drill campaigns with the objective of improving resource categories from inferred to indicated. The drill program will also test new targets defined by IP anomalies and splays off of the main Princesa mineralized structure.

Princesa hosts a 43-101 compliant resource estimate totalling 4.6 million tonnes in the inferred category, grading 90.88 grams silver per tonne and 1.69% zinc and 1.61% lead. The Princesa NI 43-101 Technical Report along with a detailed plan map can be found on the Company's website www.caracarasilver.com and on www.sedar.com

Parcuvo Program

A surface mapping, sampling and trenching program is scheduled to begin in August at the Parcuvo project, located approximately 28 kilometres northwest of the Princesa project.

Parcuvo is an early stage silver-lead-zinc prospect that will be tested by a 1,000-metre drill program later this year. The target at Parcuvo has been defined by surface mapping and sampling over a 200-metre by 100-metre area and IP anomalies.

Mineralization is hosted by diatreme clastic breccias and includes high grading grab samples such as 28% zinc and 18.8% lead and 16% zinc and 12.6% lead. Parcuvo has never been drill tested.

Pilunani Program

Environmental permitting is under way for a drill program on the Pilunani project located 20 kilometres southeast of the Princesa project. Pilunani is a high priority target with potential for hosting near surface zinc-lead mineralization.

Drill operating permits and community agreements are expected to be received sometime in the fourth quarter of this year with a 3,000-metre drill program scheduled to begin in early 2014.

Drilling completed by previous operators in 2006 and 2007 intersected widespread zinc and lead mineralization associated with a stratabound manto-type deposit hosted in Permian limestones and sediments including polymictic breccias.

Some of the more encouraging intersections which require follow up investigation include:

- Hole PIL-1 - 20.2 metres grading 6.54% zinc and 5.14 % lead. (1)
- Hole PIL-6 – 17.1 metres grading 5.18% zinc and 1.63% lead
- Hole PIL-9 – 18.75 metres grading 5.71% zinc and 1.11% lead
- Hole PIL-10 – 9.55 metres grading 6.8% zinc and 15.44% lead

(1) Intervals represent the down hole core intersection and, until more data is available on the geometry of the mineralized zone, are not considered true widths.

A complete list of historic drill results with corresponding cross sections and plan maps from the Pilunani project is included in a NI 43-101 technical report available on Caracara's website at www.caracarasilver.com and on www.sedar.com

Qualified Person

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

About the Company

Caracara Silver Inc. is focused on acquiring, exploring and developing silver, zinc and lead resources to meet the world's growing demand. The Company holds 43 concessions totalling 29,099 hectares in Southern Peru.

Caracara has 50,821,167 shares issued and outstanding and trades on the TSX Venture Exchange under symbol: CSV.

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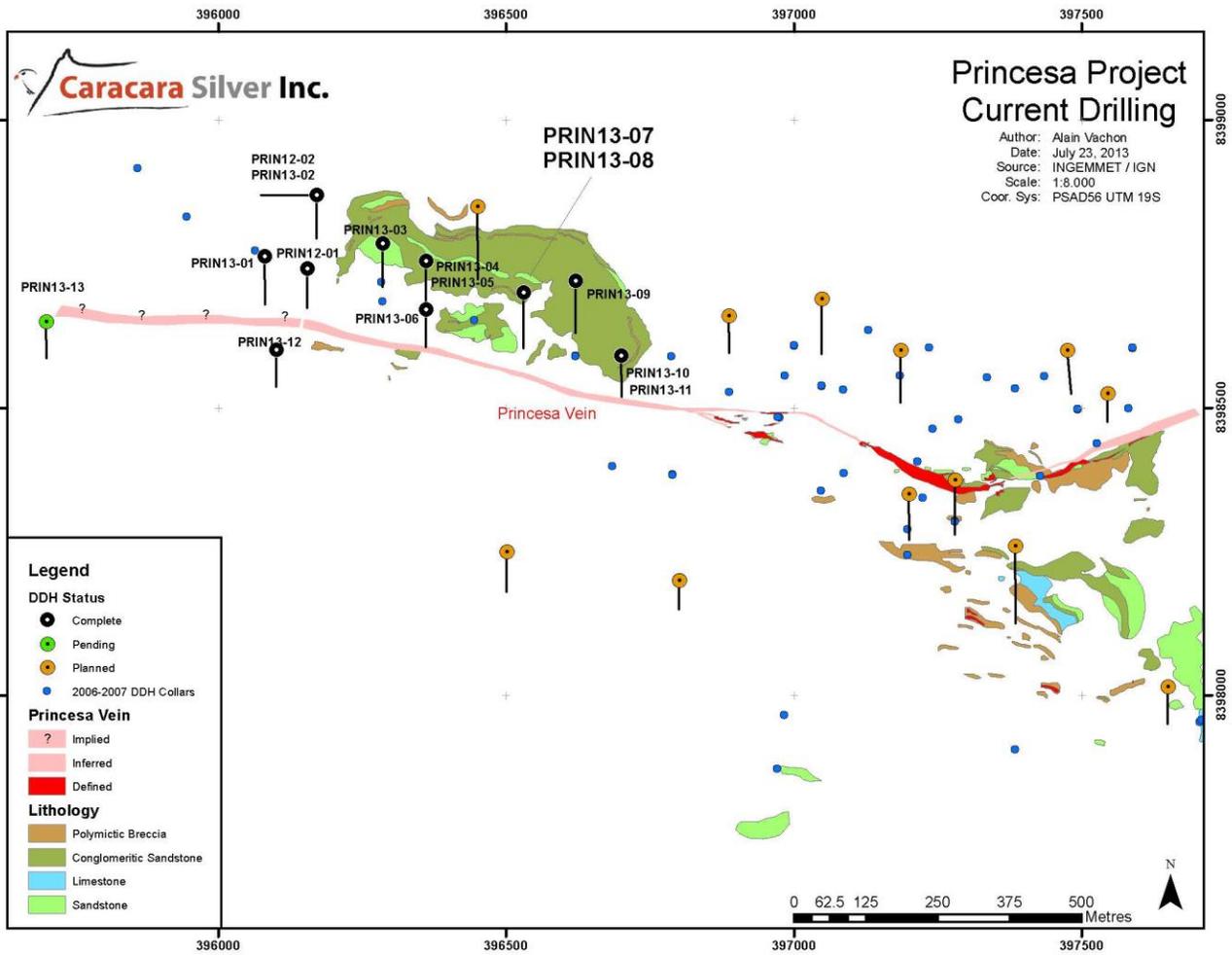
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Princesa Property Section 6530

