



CARACARA SILVER'S OPTION AGREEMENT ENDED

FOR IMMEDIATE RELEASE

October 4, 2013

Toronto, ON – Caracara Silver Inc. (CSV:TSXV) (the “Company” or “Caracara”) reports that it has received notice from Stellar Mining’s subsidiary company, Inversiones Collodi SAC (“IC”) terminating its option agreement signed May 2013 with Caracara. IC is a private Peruvian mineral exploration and development company based in Lima.

During the past four months, IC carried out a 3,049-m drilling program on the Princesa silver-zinc-lead project. No drilling was carried out on Caracara’s principal Pilunani zinc-lead project and the Parcuayo project, as was originally contemplated.

Caracara did benefit from a \$250,000 option payment and the payment of all concession land fees which will allow the Company to maintain its large 23,100-hectare land position in Peru to May, 2015.

As a result of the termination of the option agreement, Caracara retains a 100% interest in these highly prospective concessions.

Princesa

Caracara and IC carried out 3,049 metres of drilling on the Princesa project. The final hole in that program, PRIN13-16 was drilled to test an induced polarization geophysical anomaly, 200 meters southeast of the main Princesa structure.

This exploration hole intersected 2.1 m grading 129.6 grams silver per tonne and 0.92% combined lead-zinc.

Princesa is located 850 kilometres south east of Lima in Puno Province and 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 can be found on the Company’s website www.caracarasilver.com and on www.sedar.com

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Pilunani

The Pilunani zinc-lead project, located 20 kilometres southeast of the Princesa project, is a high priority target with potential for hosting near surface zinc-lead mineralization.

Drilling completed by previous operators intersected high grade zinc and lead mineralization associated with a stratabound manto type deposit hosted in limestone and widespread low grade zinc and lead mineralization hosted in siltstone.

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

In 2013, Caracara and IC completed a detailed geology review, re-assessed all of the geophysical data and have received from its environmental consultant an Environmental Study which is ready to be submitted to the Peruvian authorities. Once approved by these authorities, Caracara plans to conduct a drill program in the first quarter of 2014 to follow up on the very promising historic drill results noted above.

Parcuayo

The Parcuayo project, located approximately 28 kilometres northwest of the Princesa project, is an early stage silver-lead-zinc prospect. The target at Parcuayo has been defined by surface mapping and sampling over a 200-metre by 100-metre area.

IC had originally planned to drill 1,000 metres to test a large area of surface mineralization. This program has now been postponed.

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. Parcuayo has never been drill tested.

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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