

EARLY WARNING REPORT

**Made Pursuant To
Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* and
National Instrument 62-103 – *The Early Warning System and Related Take-Over bid and
Insider Reporting Issues***

**RELATING TO THE ACQUISITION OF SECURITIES IN THE CAPITAL OF
CARACARA SILVER INC.**

The undersigned hereby certifies:

1. Name and address of offeror:

Robert Disbrow
c/o Suite 700 – 200 Burrard Street
Vancouver, British Columbia V6C 3L6.

2. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file this Report, and whether it was ownership or control that was acquired in those circumstances:

On April 12, 2012, the offeror acquired ownership of 2,813,256 common shares in the capital of Caracara Silver Inc. ("Caracara") and has acquired exercise of control or direction over an aggregate 983,461 common shares of Caracara, for a total of 3,796,717 shares (the "Distribution Shares") representing approximately 7.46% of Caracara's issued and outstanding common shares.

3. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence:

After the acquisitions referred to in item 2 above, the offeror owned 5,099,256 common shares and exercised control or direction over an aggregate 1,233,461 common shares in the capital of Caracara for a total of 6,332,717 common shares or approximately 12.44% of Caracara's issued and outstanding common shares. In addition, the offeror owns warrants entitling the purchase of 150,000 common shares of Caracara and exercises control or direction over warrants entitling the purchase of an aggregate 152,133 common shares of Caracara. Assuming exercise of the warrants, these securities represent in the aggregate 6,634,850 common shares in the capital of Caracara or approximately 12.95% on a post-conversion (partially diluted) beneficial ownership basis.

4. Value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence:

Not applicable (see item 9).

5. Name of the market in which the transaction or occurrence took place:

Not applicable (see item 9).

6. The purpose of the offeror and any joint actors in effecting the transaction or occurrence, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:

The transactions giving rise to the obligation to file this Report were not a result of any action on the part of the offeror (see item 9). The offeror intends to evaluate these security holdings and to increase or decrease the investments as circumstances warrant.

7. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:

Not applicable.

8. The names of any joint actors in connection with the disclosure required herein:

Not applicable.

9. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror:

The Distribution Shares were issued as a distribution by Southern Andes Energy Inc. ("Southern Andes") to its shareholders (each, a "Southern Andes Shareholder") of all or substantially all of the common shares in the capital of Caracara held by Southern Andes. The distribution was on the basis of approximately 0.449 of a common share of Caracara for each common share of Southern Andes held by each Southern Andes Shareholder on April 10, 2012. The offeror was a Southern Andes Shareholder, as were others who received certain of the Distribution Shares in discretionary accounts over which the offeror exercises control or direction. No action was required on the part of the offeror in connection with the distribution of the Distribution Shares.

- 10. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:**

Not applicable.

- 11. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:**

Not applicable.

Dated: April 18, 2012.

(signed) "*Robert Disbrow*"

Robert Disbrow