



Caracara Silver Intersects 87 g silver and 3.4% combined Lead and Zinc across 2.2 metres at Princesa Project in Peru

FOR IMMEDIATE RELEASE

October 1, 2012

Toronto, ON – Caracara Silver Inc., (CSV:TSXV) (“Caracara” or the “Company”) is pleased to announce that the first hole completed on the Princesa silver-lead-zinc project located 850 kilometres south east of Lima, in Puno Department, Peru, has intersected 2.2 m grading 87.8 grams silver per tonne, 1.6% lead and 1.75% zinc in hole PRIN12-01. This intersection was within a wider 9.2 metre section assaying 47.4 grams silver per tonne, 1.47% lead and 1.1% zinc.

PRIN12-01 was drilled to verify and test for mineralization between holes PRIN 61 and PRIN 62, which were drilled by a previous company in 2007.

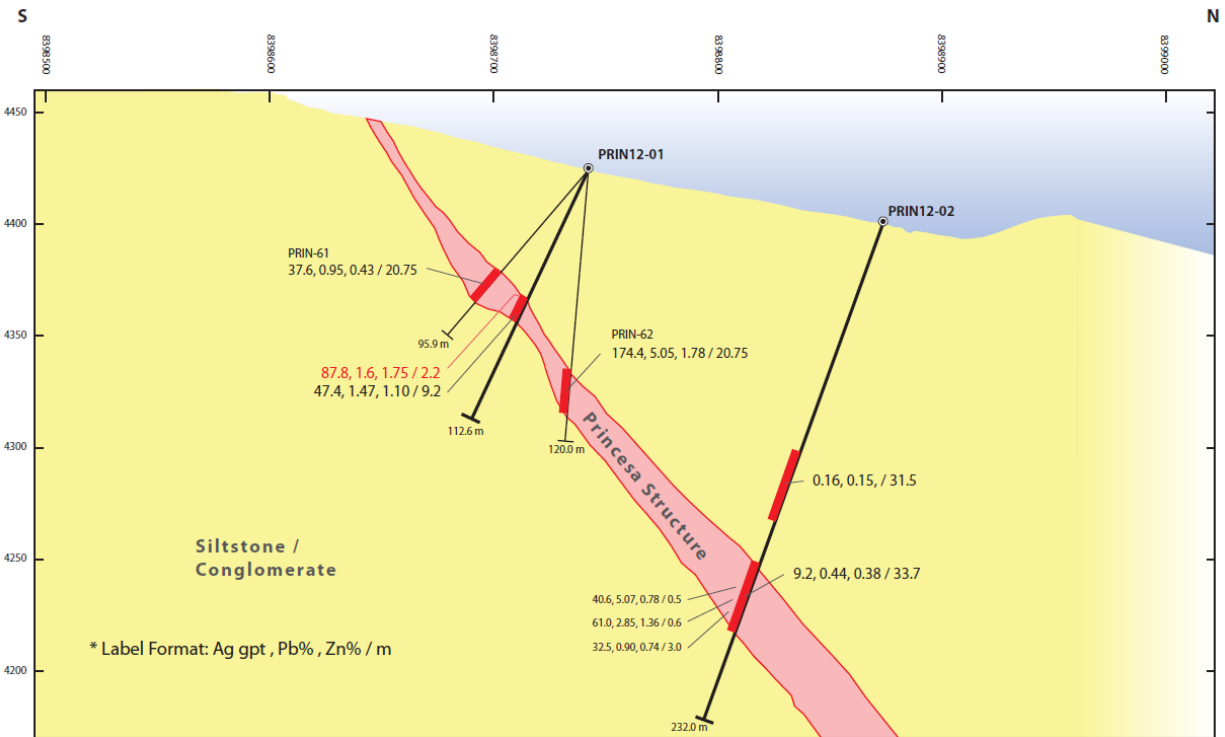
A second hole, PRIN12-02 was collared to test the Princesa zone below historic hole PRIN 62 and intersected a 33.7 metres envelope of low grade mineralization, including a higher grading intersection of 3 metres assaying at 32.5 grams silver per tonne, 0.9% lead and 0.74% zinc.

A list of the complete drill results is included in the table below.

| Hole | From (m) | To (m) | Intersection (m) ⁽¹⁾ | Grade | | |
|------------------|------------------|--------|---------------------------------|--------------|----------|----------|
| | | | | Silver (g/t) | Lead (%) | Zinc (%) |
| PRIN12-01 | 48 | 49 | 1 | 124.09 | 0.73 | 0.33 |
| | 63.8 | 73 | 9.2 | 47.4 | 1.47 | 1.1 |
| | including | | 2.2 | 87.8 | 1.6 | 1.75 |
| PRIN12-02 | 171.3 | 171.8 | 0.5 | 40.6 | 5.07 | 0.78 |
| | 180.8 | 181.4 | 0.6 | 61 | 2.85 | 1.36 |
| | 191.2 | 194.2 | 3 | 32.5 | 0.9 | 0.74 |

(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

This program is part of a drill campaign designed to explore the Princesa mineralized structure along 2.5 km of strike and to a depth to 250 meters.



Princesa Drilling Results
Date: 26 Sept 2012

Permitting and Regulatory Update

On June 6, 2012, a national decree was published which brought into law amendments to the procedures required for the granting of mineral exploration permits in Peru. This new decree requires a consultation with the Ministry of Culture to determine if native people live in the proposed exploration work areas and that no work can begin until this consultation led by government personnel has been completed.

On August 15, 2012 the Ministry of Environment and Mines (“MINEM”), although having issued to Solex Del Peru, Caracara’s Peruvian subsidiary, a valid permit to explore in March 2012, noted that Caracara must comply by the new decree issued in June.

After carefully reviewing the issued permit and the timing of the new decree for consultation with the Ministry of Culture, management determined that in order to fully comply with all Peruvian laws, drilling be halted until the consultation process has been completed.

In September management in Peru met with the Peruvian authorities and it was determined that there are no native communities in our working areas. Additionally, Caracara's Peruvian subsidiary company has valid community agreements with all of the communities in our operating areas.

As a result of the consultation with the Ministry of Culture and MINEM, Caracara has met most of the obligations of the new decree affecting exploration permitting in Peru and anticipates resuming drilling at Princesa in October.

Quality Control-Quality Assurance Program

All samples have been assayed by CIMM PERU, an association between the Mining and Metallurgical Research Center of Chile (CIMM) and Certifications of Peru (CERPER). CIMM is ISO 9001:2008 certified.

Field samples consisting of 3-5 kg of core were crushed to 90% passing through a 1.70 mm screen and a 250 gram split is pulverized to 85% passing through a 75-micron mesh. Assays are completed for 35 elements via a multi acid digestion ICP OES. Gold, silver, lead and zinc are reanalyzed once the original results exceed the limit of detection by gravimetric assay for gold and multi acid ASS for silver, zinc and lead.

The Quality Control and Quality Assurance program includes the insertion of two standards, two blanks and one duplicate sample in every batch of 25 samples.

Qualified Person

Mr. Alain Vachon, Geol. Eng, 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 34 concessions totalling 24,600 hectares in Southern Peru and is actively exploring its holdings in Peru and assessing new projects.

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

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