

PRESS RELEASE

This press release is issued 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*.

Vancouver, British Columbia – January 7, 2013 – On November 19, 2012, Robert Disbrow of 700, 200 Burrard Street, Vancouver, British Columbia, acquired ownership of 46,000 common shares in the capital of Caracara Silver Inc. (“Caracara”) and acquired exercise of control or direction over 46,000 common shares of Caracara, for a total of 92,000 shares representing approximately 0.2% of Caracara’s then issued and outstanding common shares; and on January 4, 2013, Mr. Disbrow acquired ownership of 730,000 common shares in the capital of Caracara and acquired exercise of control or direction over 100,000 common shares of Caracara, for a total of 830,000 shares representing approximately 1.6% of Caracara’s then issued and outstanding common shares.

After the acquisitions on November 19, 2012, Mr. Disbrow owned 6,190,756 common shares and exercised control or direction over an aggregate 1,329,961 common shares in the capital of Caracara for a total of 7,520,717 common shares or approximately 14.5% of Caracara’s issued and outstanding common shares. In addition, Mr. Disbrow owned warrants entitling the purchase of 150,000 common shares of Caracara and exercised control or direction over warrants entitling the purchase of an aggregate 152,133 common shares of Caracara. Assuming exercise of the warrants, on November 19, 2012, these securities represented in the aggregate 7,822,850 common shares in the capital of Caracara or approximately 15% of Caracara’s issued shares on a post-conversion (partially diluted) beneficial ownership basis.

After the acquisitions on January 4, 2013, Mr. Disbrow owns 7,253,256 common shares and exercises control or direction over an aggregate 1,512,961 common shares in the capital of Caracara for a total of 8,766,217 common shares or approximately 16.9% of Caracara’s issued and outstanding common shares. In addition, Mr. Disbrow 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 9,068,350 common shares in the capital of Caracara or approximately 17.4% of Caracara’s issued shares on a post-conversion (partially diluted) beneficial ownership basis.

These shares were acquired through the facilities of the TSX Venture Exchange at a per share price of \$0.06 and were acquired for investment purposes by Mr. Disbrow and for investment purposes on behalf of beneficial holders through various discretionary accounts over which Mr. Disbrow exercises control or direction. These security holdings will be evaluated and the investments increased or decreased as circumstances warrant.

A report in this regard will be filed electronically with the Alberta and British Columbia Securities Commissions and will be available for viewing through the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under Caracara’s issuer profile.

(signed) “Robert Disbrow”

Robert Disbrow