



CARACARA SILVER INC. BEGINS DRILLING ON PERUVIAN PROJECTS TSXV Approval Received for Option Agreement

FOR IMMEDIATE RELEASE

June 10, 2013

Toronto, ON – Caracara Silver Inc. (CSV:TSXV) (the “Company”) is pleased to announce that drilling has started on the Company’s Princesa silver-lead-zinc project in Peru. This program is being managed in joint venture with SMC Solex del Perú S.A.C (“SMC”) (1), a private Peruvian mining company based in Lima, under the terms of an option agreement which was signed last month.

Exploration Program Highlights

Princesa Program

A 3,000 metre drill program is under way at the 100%-owned Princesa project located 850 kilometres south east of Lima in Puno Province. 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 can be found on the Company’s website www.caracarasilver.com and on www.sedar.com

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.

Silver-lead-zinc mineralization is hosted in a steeply dipping structure striking on surface for more than 1.6 kilometres metres and which has been drill tested to a depth of 150 metres.

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Parcuvo Program

A surface mapping, sampling and trenching program is scheduled to begin in July 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.

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 another company 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

Exploration Option Agreement

The TSX Venture Exchange has issued its final approval for the option agreement signed with SMC last month. Under the terms of the agreement, SMC will have the right to earn a 65% interest in all of Caracara's concessions in Peru by making exploration expenditures totalling US\$12.5 million over a four-year period. SMC can earn an additional 5% interest by funding all of the costs of a prefeasibility study. SMC must also make cash payments to Caracara's wholly-owned affiliate company in Peru, totalling \$1.85 million plus VAT taxes. Caracara has received the first \$250,000 payment owing. (Please see Caracara press release dated May 3, 2013 at www.caracarasilver.com)

- (1) SMC Solex del Perú S.A.C was formerly called Inversiones Collodi S.A.C, which is the signatory to the option agreement with Caracara's Silver's Peruvian subsidiary.

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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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release and has in no way passed upon the merits of the qualifying transaction and has neither approved nor disapproved of the contents of this press release.

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