Caracara Silver Inc.

Interim MD&A -

Quarterly Highlights

Three months ended September 30, 2017

November 21, 2017

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This interim management discussion and analysis - quarterly highlights ("Interim MD&A") has been prepared based on information available to Caracara Silver Inc. ("Caracara" or the "Company") as at November 21, 2017. This Interim MD&A updates disclosure previously provided in the Company's Annual MD&A, up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three months ended September 30, 2017 and 2016, the Company's audited consolidated financial statements for the years ended June 30, 2017 and 2016 (the "Financial Statements"), and the Company's Annual MD&A for the year ended June 30, 2017. The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com or on its website at www.caracarasilver.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE

This document may contain or may refer to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***Risks and uncertainties***.

Corporate

At the annual general and special meeting of its shareholders held on August 29, 2016, the shareholders of the Company approved, among other items, amending the Company's articles to allow the directors of the Company to approve the subdivision or consolidation of any or all of its shares without further shareholder approval. In addition, the shareholders also approved the option agreement (the "Option Agreement") for the Company's Princesa-Pilunani mineral concessions.

As the Company has optioned its only property, it does not meet the continued listing requirements of the TSX Venture Exchange ("TSXV"). As a result, as of October 17, 2016, the Company has migrated to the NEX market, a sub-board of the TSXV, and trades under the symbol "CSV.H"

Operational

Option payment receipt

On October 11, 2017, the Company received the first anniversary option payment of $50,000, due from Alcon Exploration Corp. ("Alcon").

Alcon can exercise the option by paying the Caracara an aggregate of $250,000 (of which $100,000 has now been paid to the Company and has been recorded as a reduction to exploration expenditures) in various installments over a three-year period and issuing 2,000,000 common shares of Alcon to Caracara upon closing of a going-public transaction in accordance with the terms of the Option Agreement. If the option is exercised, Caracara shall retain a 1.5% net smelter returns royalty in the Property, subject to the right of Alcon to purchase 1% of the royalty for a payment to Caracara of USD$1,000,000.

Financing

On November 3, 2017, the Company completed a non-brokered private placement offering for total gross proceeds of $150,000. The Company issued a total of 30 million units at a price of one-half-of-one-cent per unit ("Unit"). Each Unit is comprised of one common share and one warrant exercisable at $0.005 for a period of one year. The Company also undertook to consolidate its common shares on a minimum of 1-for-10 basis prior to February 20, 2018. The Company received final TSXV approval of this financing on November 6, 2017.

As this financing was completed pursuant to a discretionary waiver (from the $0.05 minimum share price) by the TSXV, use of proceeds of the financing are restricted to the following (as set out in the Company's application for the waiver):

Purpose	**Maximum amount ($)**
Professional fees (audit, legal and accounting)	20,000
Shareholder expenses	5,000
AGM expenses	15,000
Share issuance expenses	6,000
TSXV annual fees	7,000
Maximum finders' fees	7,500
Consultant business evaluation and sourcing fees	7,500
Repayment of outstanding liabilities	20,000
General working capital	49,500
Gross proceeds	**150,000**

As of the date of this MD&A, the company has utilized $20,000 for the partial repayment of amounts outstanding to RGMI. The remainder of amounts due to RGMI, have been negotiated to zero between the parties and written off by the Company in fiscal quarter 2

Financial condition and performance

Financial condition

During the quarter ended September 30, 2017, the Company's net assets decreased by $17,510, with reductions to cash and HST recoverable of $2,707 supplemented by net increases to current liabilities of $14,803.

The Company's cash balance decreased by $2,178, as a result of cash used for operations of $14,178, offset by financing activities (related-party advances) of $12,000.

Performance

As the Company has optioned 100% of its only property, it remains on care and maintenance until it can identify and acquire a suitable project. Management is actively reviewing any opportunity that is either presented to or discovered by the Company.

Due to its cash position, the Company continues with its austerity measures to preserve its financial position. Operating expenditures for the quarter have been limited to the minimum amount necessary to meet all of its reporting and disclosure requirements. Loss for the period amounted to $17,972, the result of administrative expenditures of $17,716 plus interest expense of $2,262 offset by forex gain of $2,006.

Commitments, liquidity and capital resources

The Company does not currently have any project commitments nor space-rental commitments. Its head office and administration is provided by RG Mining Investments Inc. ("RGMI") as disclosed in its Annual MD&A (see "Related-party transaction and balances" section of this Interim MD&A).

As at September 30, 2017, the Company had cash balances totalling $555 and a working capital deficiency of $263,838.

Related-party transactions and balances

During the quarter, the Company incurred the management fees payable to RGMI in the amount of $9,000 and to the Company's directors in the amount of $5,000.

As at September 30, 2017, the amounts due to related parties includes amounts due to RGMI of $64,000 and the Company's directors equal to $25,000.