

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Caracara Silver Inc. (“**Caracara**” or the “**Company**”)
Simpson Tower
Suite 2702-401 Bay Street
Toronto, Ontario M5H 2Y4

Item 2 Date of Material Change

March 22, 2019

Item 3 News Release

A news release was disseminated on March 29, 2019 through the facilities of TheNewswire and was filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”). A copy of the news release is attached as Schedule “A” and is also available on SEDAR at www.sedar.com.

Item 4 Summary of Material Change

The Company and Xtraction Services, Inc. (“**Xtraction**”) have entered into a definitive merger agreement dated March 22, 2019 to complete their previously announced business combination (the “**Transaction**”). Upon completion of the Transaction, the combined entity (the “**Resulting Issuer**”) will carry on the business of Xtraction. The closing of the Transaction is subject to the receipt of all necessary regulatory and third-party consents and approvals, including without limitation, the listing of the common shares of the Resulting Issuer on the Canadian Securities Exchange and the concurrent delisting of the common shares of Caracara from the TSX Venture Exchange.

Item 5 Full Description of Material Change

The material change is fully described in the Company’s press release which is attached as Schedule “A” and is incorporated herein.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

This material change report is not being filed on a confidential basis.

Item 7 Omitted Information

None.

Item 8 Executive Officer

For further information, please contact Nick Tintor, President and CEO, at 416-953-4244.

Item 9 Date of Report

April 1, 2019

SCHEDULE "A"

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

CARACARA SILVER AND XTRACTION SERVICES ENTER INTO DEFINITIVE AGREEMENT FOR BUSINESS COMBINATION

Toronto, Ontario, March 29, 2019 – Caracara Silver Inc. ("**Caracara**" or the "**Company**") (NEX-SILV.H) and Xtraction Services, Inc. ("**Xtraction or XS**") are pleased to announce that they have entered into a definitive merger agreement dated March 22, 2019 (the "**Merger Agreement**") to complete their previously announced business combination (the "**Transaction**"). Upon completion of the Transaction, the combined entity (the "**Resulting Issuer**") will carry on the business of Xtraction. The closing of the Transaction is subject to the receipt of all necessary regulatory and third-party consents and approvals, including without limitation, the listing of the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") on the Canadian Securities Exchange (the "**CSE**") and the concurrent delisting of the common shares of Caracara (the "**Caracara Shares**") from the TSX Venture Exchange (the "**TSXV**").

Concurrently with the parties entering into the Merger Agreement, Xtraction completed a brokered private placement of 5,124 subscription receipts (the "**Subscription Receipts**") at a price of \$1,000 per Subscription Receipt for aggregate gross proceeds of \$5,124,000 (the "**Xtraction Offering**") through a syndicate of agents led by Canaccord Genuity Corp. and Gravitas Securities Inc. and including Haywood Securities Inc., Dominick Capital Corporation and PI Financial Corp. Each Subscription Receipt will, upon satisfaction or waiver of certain escrow release conditions on or before September 30, 2019, be automatically converted without payment of additional consideration into one 10.0% unsecured convertible debenture of Xtraction in the principal amount of \$1,000 (an "**Xtraction Debenture**"). Each Xtraction Debenture will mature on the date which is five years from issuance and be convertible, at the election of the holder thereof, at any time prior to such date, subject to earlier conversion or redemption by Xtraction, into units of Xtraction (the "**Xtraction Debenture Units**") at a conversion price of \$1.10 per unit, with each Xtraction Debenture Unit comprised of one share of Class A voting common stock in the capital of Xtraction (an "**Xtraction Share**") and one Class A voting common stock purchase warrant of Xtraction (an "**Xtraction Warrant**"). Each Xtraction Warrant will be exercisable for one Xtraction Share for a period of five years from issuance at an exercise price of \$1.50 per Xtraction Share, subject to adjustment in certain events. Xtraction also issued an additional 291 subscription receipts having identical terms as the Subscription Receipts under a non-brokered private placement completed at the same time as the Xtraction Offering (the "**Non-Brokered Subscription Receipts**").

Under the Transaction, following a consolidation of the Caracara Shares on a one post-consolidation share for every 6.262 pre-consolidation shares basis (the "**Caracara Consolidation**"), each outstanding Xtraction Share will be exchanged for one Resulting Issuer Share by way of a triangular merger among Xtraction, Caracara and a wholly-owned subsidiary of Caracara to be incorporated under the laws of Delaware. In addition, each outstanding Xtraction Debenture and Xtraction Warrant (including those issuable upon conversion of the Non-Brokered Subscription Receipts), as well as other outstanding common share purchase warrants and stock options of Xtraction, will be exchanged for debentures, warrants or options, as

applicable, of the Resulting Issuer, or will become exercisable for Resulting Issuer Shares, on equivalent terms.

As of the date hereof, prior to giving effect to the Caracara Consolidation, Caracara has outstanding: (i) 24,402,901 Caracara Shares; (ii) 16,213,333 common share purchase warrants; and (iii) nil stock options, for a total of 40,616,234 Caracara Shares on a fully-diluted basis. As of the date hereof, Xtraction has outstanding, in addition to the Subscription Receipts: (i) 32,501,238 Xtraction Shares (including certain shares of Class B voting common stock in the capital of Xtraction which will convert into Xtraction Shares automatically on their terms immediately prior to the completion of the Transaction); (ii) 965,897 common share purchase warrants; (iii) debentures convertible into 10,306,065 Xtraction Shares and 5,452,306 common share purchase warrants upon completion of the Transaction (assuming a closing date of August 31, 2019); (iv) compensation warrants convertible into 344,590 Xtraction Shares and 344,590 common share purchase warrants; (v) 1,177,272 Xtraction Shares and 1,405,319 common share purchase warrants which have been committed but not yet issued; and (v) 3,342,652 stock options, for a total of 55,839,929 Xtraction Shares on a fully-diluted basis.

Beginning on the date that is four months plus one day from the date of listing of the Resulting Issuer Shares on the CSE, the Resulting Issuer will be entitled to force the conversion of all of the principal amount plus accrued and unpaid interest thereon of the then outstanding Resulting Issuer debentures into units of the Resulting Issuer having the same terms as the Xtraction Debenture Units on not less than 30 days' notice should the daily volume weighted average trading price of the Resulting Issuer Shares be greater than \$1.80 per share for the preceding 10 consecutive trading days.

The Transaction and certain related matters require the approval of the shareholders of both Caracara and Xtraction prior to the closing of the Transaction. The Transaction is also subject to the receipt of all required regulatory and stock exchange approvals and the Resulting Issuer satisfying the initial listing requirements of the Canadian Securities Exchange.

Caracara and Xtraction will provide further details in respect of the Transaction in due course. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

Trading in Caracara Shares has been halted pursuant to the policies of the TSXV. There can be no assurance that the Transaction will be completed as proposed or at all.

About Xtraction

Xtraction Services partners with leading extraction and lab equipment manufactures to provide purchasing options for end-use customers. This allows Xtraction to supply mission critical equipment, service, and expertise, to a growing network of high-volume hemp and cannabis brands. XS is working to democratize state-of-the-art equipment by minimizing up-front costs in today's capital constrained environment. This dynamic provides recurring revenues in order to maximize returns for shareholders, as well as to provide an end-to-end solution for the largest brands in the industry.

Xtraction is currently working with a number cannabis and hemp processors, to scale their operations and quickly provide access to large scale industrial equipment to benefit from the

rapidly expanding concentrates market. Xtraction's management team has a successful track record of creating shareholder value and in scaling high growth businesses, product development, finance, and operational best practices.

For more information, please contact:

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David Kivitz
Chief Executive Officer of Xtraction Services Inc.
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Forward-Looking Information

This news release contains certain forward-looking statements that reflect the current views and/or expectations of management of Caracara and Xtraction with respect to performance, business and future events, including but not limited to express or implied statements and assumptions regarding the intention of Caracara and Xtraction to complete the Transaction. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which Caracara and Xtraction operate. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. In particular, there is no guarantee that the parties will successfully complete the Transaction contemplated herein, including that Caracara will obtain any required shareholder or regulatory approvals, including the listing of the Resulting Issuer Shares on the CSE and the concurrent delisting of the Caracara Shares from the TSXV. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. Neither Caracara nor Xtraction undertakes any obligation to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. newswire services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

All information contained in this press release with respect to Xtraction, its business and proposed corporate reorganization and financing was supplied by Xtraction for inclusion herein. Caracara has not conducted due diligence on the information provided and does not assume any responsibility for the accuracy or completeness of such information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.