

Caracara Silver and Xtraction Services Enter into Binding Letter of Intent for a Business Combination

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Toronto, August 13, 2018 - [Caracara Silver Inc.](#) ("Caracara" or the "Company") (NEX-SILV.H) and Xtraction Services, Inc. ("Xtraction") are pleased to announce that they have entered into a binding letter of intent ("LOI") to complete a business combination (the "Transaction"). Upon completion of the Transaction, the combined entity (the "Resulting Issuer") will continue to 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 or the NEO Exchange (an "Exchange") and the concurrent delisting of the common shares of Caracara (the "Caracara Shares") from the TSX Venture Exchange (the "TSXV").

About Xtraction

Xtraction has emerged as the premier oil processing solutions company, providing mission critical equipment, staffing, service, and expertise, to a network of high volume hemp and cannabis manufacturers around the globe. Xtraction's proprietary technologies reduce waste and improve production yields for customers, while its in-house financing solutions, including royalty and leasing programs, provide access to its industry leading technology, with little upfront cost. This dynamic seeks to provide recurring revenues in order to maximize returns for shareholders, as well as to provide an end-to-end solution for the largest companies in the industry.

Xtraction is currently working with a number of multi-state cannabis and hemp processors as well as co-operatives, 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 with over 150 years of collective experience in scaling high growth businesses, product engineering and development, finance, and operational best practices.

Terms of the Transaction

As of the date hereof prior to giving effect to the Consolidation (as defined below), Caracara has the following securities issued and outstanding: (i) 24,402,916 Caracara Shares; (ii) nil stock options; and 20,116,819 common share purchase warrants, for a total of 44,519,735 Caracara Shares on a fully-diluted basis. As of the date hereof, Xtraction has the following securities issued and outstanding: (i) 37,109,571 common shares of Xtraction ("Xtraction Shares") (inclusive of all common shares issuable upon conversion of US\$2,765,000 principal amount of outstanding convertible debentures of Xtraction, which will convert automatically on their terms immediately prior to the completion of the Transaction); (ii) 840,250 common share purchase warrants (the "Xtraction Warrants") and (iii) 3,717,893 stock options (the "Xtraction Options"), for a total of 41,667,714 Xtraction Shares on a fully-diluted basis.

On or immediately prior to the completion of the Transaction, it is anticipated that Caracara will consolidate the Caracara Shares on a basis to be agreed between the parties, which is currently anticipated to be on the basis of one "new" Caracara Share for every eleven (11) "old" Caracara Shares (the "Consolidation").

The Transaction is expected to be completed by way of a triangular merger between Xtraction, Caracara and a wholly-owned subsidiary of Caracara to be incorporated under the laws of Delaware, pursuant to which all of the issued and outstanding Xtraction Shares will be converted into Resulting Issuer Shares on the basis of one Resulting Issuer Share (as presented on a post-Consolidation basis) for each Xtraction Share (the "Xtraction Exchange").

The terms of the Transaction will also provide that each issued and outstanding Xtraction Warrant and Xtraction Option will be exchanged for a warrant or option, as applicable, of the Resulting Issuer on equivalent terms after having given effect to the Transaction.

In connection with the Transaction, Xtraction intends to complete a brokered private placement of

subscription receipts (the "Subscription Receipts") to accredited investors priced in the context of the market for aggregate gross proceeds of up to CAD\$10,000,000 (not including any over-allotment option granted to Xtraction's agents) (the "Subscription Receipt Financing"). Xtraction has engaged Canaccord Genuity Corp., a leading Canadian independent investment dealer, to act as bookrunner in connection with the Subscription Receipt Financing. The Subscription Receipts are proposed to be exchanged for Resulting Issuer Shares and warrants to purchase Resulting Issuer Shares in connection with the Transaction. In addition, Xtraction intends to undertake an arm's length non-brokered private placement of approximately US\$3,000,000 of convertible debentures (the "Non-Brokered Financing" and together with the "Subscription Receipt Financing", the "Financings").

If required, a meeting of Caracara shareholders will be held prior to the closing of the Transaction to obtain shareholder approval for (i) the Transaction; (ii) the concurrent delisting of the Caracara Shares from the NEX Board of the TSXV and the listing of the Caracara Shares on the Exchange; (iii) the Consolidation; and (iv) the changing of the name of Caracara to "Xtraction Services Inc.", or such other name jointly agreed to by Caracara and Xtraction.

Board and Management

The board of directors of the Resulting Issuer shall be reconstituted to consist of five board members, who are expected to be:

David Kivitz, President, Chief Executive Officer and Director: Mr. Kivitz brings over 15 years of investment and operations experience in high growth businesses. He was previously a Managing Partner at the Alta Verde Group, a company he co-founded to acquire distressed real estate assets resulting from U.S. the housing market crash in 2008. Mr. Kivitz successfully grew the Alta Verde Group to over US\$50 million in annual sales and in 2015 it was recognized as the #3 Fastest Growing Private Company in Los Angeles by The LA Business Journal. During his tenure at the Alta Verde Group, Mr. Kivitz also structured and closed in excess of US\$250 million of land financing, debt, and equity to achieve scale for the company.

Dwayne Dundore, Chief Technology Officer and Director: Dr. Dundore is an accomplished electrical and thermal dynamics engineer with a background in commercial and industrial design, and large-scale installations. Dr. Dundore holds over 15 patents and has in-depth knowledge of alternative energy, control, automation, and supercritical fluids. Prior to his role at Xtraction, Dr. Dundore was the Director of Technology for Eco Ventures Group, Inc., a company he co-founded to design and build a Perseus metal recovery system, which successfully went public in 2014. Previously, Dr. Dundore held senior roles with Raptor Technology Group, General Atomics, and the Department of Defense.

Tim Rotolo, Finance Director and Director: Tim Rotolo was the Managing Partner and founder of Lloyd Harbor Capital Management, LLC ("LHCM") a private special opportunities investment firm focused on niche sectors with high barriers to entry. Prior to LHCM, he was previously a Vice President at Sandalwood Securities, Inc. a US\$1.25 billion fund of hedge funds focused on distressed, credit and event-driven strategies. Mr. Rotolo oversaw the day-to-day management of the Sandalwood Opportunity Fund which focused on alternative credit strategies such as middle market high yield, asset backed securities and novel long/short credit strategies. During his time managing the fund it grew from US\$20 million to over US\$250 million and was ranked in the top quartile of its peer universe.

Xtraction will name two (2) additional independent directors prior to completing the Transaction.

In addition to Messrs. Kivitz, Dundore and Rotolo, the following additional two individuals are expected to be senior officers of the Resulting Issuer:

Brooke Hayes, Chief Financial Officer: Mr. Hayes was previously a Partner and COO at Milestone Partners, a middle market private equity firm focused on the financial services, tech-enabled solutions and tech-driven manufacturing sectors. During his 15+ years at Milestone, the firm managed over US\$650 million of original capital commitments and closed over 30 platform investments. Prior to Milestone, Mr. Hayes held finance and investment banking roles at JP Morgan, The Stratum Group and First Fidelity.

Antony Radbod, Chief Marketing Officer: Mr. Radbod is a marketing executive turned entrepreneur responsible for launching a series of successful startups since 2010. Mr. Radbod co-founded a wide range of businesses in the corporate and technology landscape, including companies focused on digital content marketing, Software as a Service ("SaaS") technologies and growth consulting for emerging markets. Strategies he crafted while overseeing operations of those companies grew aggregate revenues to over US\$260 million. Prior to his entrepreneurial endeavors, he was a Marketing Director for a private wealth management firm in Washington, D.C. and as VP of Product Marketing for a SaaS technology company.

Other Terms

The Transaction and certain related matters require the approval of the shareholders of Xtraction prior to the closing of the Transaction.

The Transaction terms outlined in the LOI are binding on the parties and the LOI is expected to be superseded by a definitive agreement (the "Definitive Agreement") to be signed between the parties on or before September 28, 2018.

The Transaction is subject to regulatory approval, and the satisfaction of customary closing conditions, including:

the approval of the Definitive Agreement and the Transaction by the boards of directors and, as required, the shareholders of each of Caracara and Xtraction;

the completion of due diligence investigations to the satisfaction of each of Caracara and Xtraction;

the receipt of all required regulatory and stock exchange approvals;

the completion of the Financings for minimum aggregate gross proceeds of US\$5,000,000; and

the Resulting Issuer being in compliance with the initial listing requirements of the Exchange.

Further Information

Caracara and Xtraction will provide further details in respect of the Transaction including a summary of financial information and the Financings in due course once available by way of press release. 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.

Unless the TSXV is satisfied that a satisfactory alternative market exists for the Caracara Shares, the TSXV will require majority of the minority shareholder approval of Caracara for the delisting application. Unless Caracara receives conditional approval for the listing of the Caracara Shares from an alternative market satisfactory to the TSXV so that the Caracara Shares may be delisted from the TSXV prior to the completion of the Transaction, the TSXV will require majority of the minority shareholder approval of Caracara for the delisting application.

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 the securities of Caracara should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

For more information, please contact:

Nick Tintor, President of [Caracara Silver Inc.](#)

Tel: +1 (416) 987-0855

David Kivitz, Chief Executive Officer of Xtraction

Tel: +1 (866) 822-2662

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 negotiate for or complete the Transaction and the Financings. 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 negotiate and enter into the Definitive Agreement or complete the Transaction contemplated herein, that Caracara's due diligence will be satisfactory or that Caracara will obtain any required shareholder or regulatory approvals, including the listing of the Resulting Issuer Shares on an Exchange 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 of 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.

Trading in the securities of Caracara should be considered highly speculative. 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.

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