

CARAT EXPLORATION INC.
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Vancouver, BC, V6C 2T5

News Release

Carat Grants Stock Option

Vancouver, July 5, 2007

Carat Exploration Inc. (the Company) has granted an incentive stock option to purchase up to 75,000 shares at a purchase price of \$ 1.18 per share exercisable up to June 1, 2008. The option has been granted to Axino AG.

Carat Exploration Inc.

On behalf of the Board of Directors

Per: "W. E. Schmidt"

William E. Schmidt, CFO

This document contains certain forward looking statements which involve known and unknown risks, delays, and uncertainties not under the corporations control which may cause actual results, performance or achievements of the corporation's to be materially different from the results, performance or expectation implied by these forward looking statements.

This release has been prepared by management – TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.