

CARAT EXPLORATION INC.
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Vancouver, BC, V6C 2T5

News Release

Carat Cancels a Financing

Vancouver, July 6, 2007

Carat Exploration Inc (the “Company”) will not be proceeding with the private placement announced in its news release of May 31, 2007 as amended on June 7, 2007.

On behalf of the Board of Directors

“William 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.