

**CARAT EXPLORATION INC.**  
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October 26, 2007

Symbol: CRZ: TSX – V

**NEWS RELEASE**

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**Vancouver, B.C. – CARAT EXPLORATION INC. (the “Company”)** is pleased to announce that on October 22, 2007, it has entered into an Investor Relations Agreement with Pacific Imperial Capital Corporation (principal, Vare Grewal) who will perform investor relations activities for the Company.

The Company has granted an incentive stock option to Pacific Imperial Capital Corporation to acquire up to 200,000 shares of the Company’s shares (100,000 shares exercisable at \$0.40 per share and 100,000 shares exercisable at \$0.60 per share) for a period of one year.

These agreements are subject to TSX Venture Exchange approval.

**On behalf of The Board of Directors of Carat Exploration Inc.**

*“Harry Katevatis”*  
Harry Katevatis, President & Director

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.

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*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.*