

**CARAT EXPLORATION INC.**  
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August 22, 2008

Symbol: CRZ: TSX – V

**NEWS RELEASE**

**CARAT HAS CLOSED THE FIRST TRANCHE OF A PRIVATE PLACEMENT**

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**Vancouver, B.C. – CARAT EXPLORATION INC. (“Carat”)**, is pleased to announce the closing of the first tranche of the previously announced (July 16) non-brokered private placement of 612,500 Units at a price of \$0.40 per Unit on August 19, 2008.

Each Unit consists of one common share and one-half share purchase warrant. Each warrant is exercisable to purchase shares at a price of \$0.65 per share for a period of twelve months from closing. The warrants have an accelerated feature so that, if the shares of the Company trade at a price of \$0.90 per share or higher for a period of 10 consecutive trading days, and upon notice, the placee will have a further 15 trading days to exercise its warrants. If warrants are not exercised in that period, they shall be cancelled.

A finders fee of \$17,150 and 42,875 finders warrants have been paid. The securities are subject to restrictions on resale for a period of four months from the closing date, ie. until December 19, 2008.

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

*“Ioannis (Yannis) Tsitos”*  
President and CEO

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.*