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NEWS RELEASE

FINAL RESULTS OF 2007 COMBARBALÁ EXPLORATION

Vancouver, B.C. – CARAT EXPLORATION INC. (the “Company”) is pleased to provide an update on the final results obtained during its 2007 exploration program at the Combarbalá property in Chile. The Company is now in receipt of a report from its geological consultants outlining the results and interpretations of the 2007 work along with recommendations for future work at Combarbalá.

The 2007 exploration program at Combarbala included:

- Drilling of 2,104 metres (7 drillholes) of diamond drillcores from March to September 2007
- Interpretation of previous geophysical surveys
- Preliminary geological mapping and litho-geochemical sampling
- Heavy mineral geochemical stream sediment survey (60 samples collected)
- Soil geochemical survey (149 samples collected)
- Prospecting and rock geochemistry (52 samples collected for assay)

Diamond Drilling of the Historical “Area of Interest”

As reported in the news release of November 27, 2007, a seven hole diamond drilling program was completed in 2007. The drilling was conducted entirely within a zone exploration focus (the “Area of Interest”) that had attracted the Company to the property in 2006. Targets were defined by the previous operator of the property and later confirmed by the Company.

Strong geophysical anomalies occur within areas of intense argillic alteration and pyrite mineralization at surface. However, drilling did not intersect any base or precious metal-enriched mineralization of note. Observations and information gained from the re-logging of the drill core in October 2007, coupled with the surface geological surveys, suggests that the alteration observed at surface and in the drillcores represents a barren argillized “lithocap” that is likely too high in the volcanic hydrothermal system to be prospective for near-surface porphyry-related copper mineralization. The 2007 drilling did not advance to great enough depths to penetrate this cap, and most holes ended within intense alteration. It is possible, albeit speculative given existing knowledge, that this cap may overlie an as yet untested, deeper-seated porphyry system.

Furthermore, analysis of aerial photographs has identified ring-like structures in the vicinity of the argillic alteration suggesting the presence of a volcanic caldera, thus favouring the potential for a porphyry-related or epithermal mineralizing system at depth.

Surveys Extended beyond the “Area of Interest”

Given the fact that the 2007 drilling did not intersect significant mineralization, the Company’s focus shifted away from the northern “Area of Interest” in an effort to assess the potential of the property as a whole to host copper or gold mineralization.

Prospecting and Soil Sampling

Disseminated native copper mineralization was discovered in outcrop by surface prospecting in the southern parts of the property, as part of the extended program. While this has been a very interesting discovery, the true nature of the mineralization and its genesis was not well determined due to the limited scope of the 2007 field program. Further work will enhance the understanding of this new zone.

To follow-up this discovery and to assess its potential aerial extents, an initial soil geochemical sampling program was carried out. A total of 149 samples were collected from a 1 km x 0.3 km area. The results of the survey outlined a broad enrichment in copper that suggests the mineralization is more widespread in the subsurface and is not confined to just the discovery outcrop. The anomalous area was not constrained by the 2007 survey and remains open in all directions. Further soil sampling should be carried out to determine the extents of the native copper mineralization.

Heavy Mineral Geochemical Survey

A total of 60 heavy mineral samples were collected in October 2007. This orientation survey had two goals: 1) to test the prospectivity of the Combarbalá property for base and precious metal mineralization, and 2) to test the effectiveness of the sampling technique on the property. At least one sample was taken from almost all major drainages on the property giving a near complete coverage. For each of the 60 samples taken, three different non-magnetic fractions (-35 +60 mesh, -60 +100 mesh and -100 mesh) were separated and submitted for analysis.

This survey was quite successful in achieving both objectives: 1) the sampling outlined broad new areas of geochemical anomalies and 2) the style of survey was shown to be a valid exploration method in this type of terrain. More specifically, the southern part of the property showed widespread copper and gold anomalies, reaching very high magnitudes of response.

These anomalies were detected in all three of the different size fractions analysed. Interestingly, the drainages adjacent to the newly discovered zone of native copper mineralization responded well and showed strong copper anomalies. Conversely, the Area of Interest around the argillic alteration did not respond well and showed no copper or gold anomalies, thus emphasizing the observed lack of mineralization at surface there and justifying the downgrading of that area as a shallow sub-surface drill target.

Two Phase Program of Exploration Recommended for 2008

The Company’s geological consultants have recommended a two-phase exploration program to follow-up on these results. The first phase would focus on the south of the property. Proposed is an expansion of the soil sampling survey and detailed geological mapping. Additionally, prospecting and rock sampling will be conducted in the source areas of the heavy mineral geochemical anomalies. A budget of about \$175,000 CDN has been proposed for phase one. Concurrent with the first phase surface work would be a diamond drilling program of \$325,000 that would test deep targets in the inferred

caldera structure. Contingent on the results of this first phase, a second phase involving additional diamond drilling and a budget of about \$650,000 CDN would be conducted.

The content of this News Release has been reviewed and approved by Paul McGuigan, P. Geo., the Qualified Person for the Company.

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

Ioannis (Yannis) Tsitos.
CEO, President & Director

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