

GATORZ INC.

(GTZ.S: TSX-V - \$0.24)

THIRD QUARTER REPORT

Gatorz Inc. (“Gatorz” or the “Company”), a player in the high-performance, action sunglasses and lifestyle segment of the multi-billion dollar nonprescription eyewear industry, reported that sales to its new distribution channels, American Airlines and Delta Airlines, exceeded 10% of third-quarter sales - this despite the airlines having been signed only partway through the quarter.

The Company also reported that it had acquired, for nominal cost, 50% of the intellectual property, trademarks and goodwill rights to Santa Cruz Surfing Club Inc.

COMMENT: *This acquisition seems to have a strong brand fit and could assist with the opening up of new distribution channels for both brands.*

Gatorz said that it was moving forward on the distribution front, and that it had been directly engaged in discussions with a major U.S. national retail chain during the third quarter. It also announced that it had improved its manufacturing model with its long-standing partner and that it had added a Canadian manufacturer.

Year-to-date sales were slightly lower than those in the same period of 2006, as a result of lower sales to Australian and European distributors in the third quarter. The Company said that European sales had suffered as a result of unseasonably poor weather in the quarter.

The Company reported a loss of US\$0.01 per share for Q3/07, and a loss per share of US\$0.03 for the nine months. Excluding one-time costs incurred in the first quarter, which affect the year-to-date figures, the nine-month loss is US\$0.02.

RECOMMENDATION

We initiated coverage of Gatorz Inc. in October 2007, with a “Speculative Buy” Recommendation, a 12-month Target Price of \$0.43 and a 5-year Target Price of \$1.85, all of which are being maintained. As the Company attempts to find its niche, there is huge upside potential if management successfully executes its game plan.

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