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**ZAB RESOURCES INC.**  
(formerly Bronx Ventures Inc.)

**FINANCIAL STATEMENTS**

**NINE MONTH PERIOD ENDED September 30, 2007**

*(Expressed in Canadian dollars)*

*(Unaudited – Prepared by Management)*

**(These interim financial statements have not been reviewed by the Company's Auditor)**

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**ZAB RESOURCES INC.**  
**Balance Sheets**  
**September 30, 2007 and December 31, 2006**  
**(unaudited – prepared by Management)**

	September 30 2007 (unaudited)	December 31 2006 (audited)
<b>Assets</b>		
<b>Current</b>		
Cash and term deposits	\$ 75,818	\$ 57,144
Accounts receivable	8,280	1,436
Marketable securities (note 5)	1,323,701	1,575,498
Receivable from related parties (note 9)	0	5,196
<b>Total Current Assets</b>	<b>1,407,799</b>	<b>1,639,274</b>
<b>Mineral Properties</b> (note 7)	<b>254,099</b>	<b>318,520</b>
<b>Reclamation Deposit</b>	<b>10,000</b>	<b>10,000</b>
<b>Furniture and Equipment</b> (note 6)	<b>3,156</b>	<b>3,671</b>
<b>Total Assets</b>	<b>\$ 1,675,054</b>	<b>\$ 1,971,465</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	\$ 80,022	\$ 73,117
Payable to related parties (note 9)	8,930	22,567
<b>Total Liabilities</b>	<b>88,952</b>	<b>95,684</b>
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 8)	\$ 22,809,642	\$ 22,769,784
<b>Subscription Shares</b>	125,651	0
<b>Contributed Surplus</b> (note 8)	213,850	213,850
<b>Deficit</b>	(21,563,041)	(21,107,853)
<b>Total Shareholders' Equity</b>	<b>1,586,102</b>	<b>1,875,781</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,675,054</b>	<b>\$ 1,971,465</b>

Commitments and Subsequent events (notes 11 & 12)

On behalf of the Board,

"Bedo H. Kalpakian"

Director

"J. Wayne Murton"

Director

See notes to financial statements

**ZAB RESOURCES INC.**  
**Statements of Operations and Deficit**  
**Nine Months ended September 30**  
**(unaudited – Prepared by Management)**

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
<b>Income</b>				
Revenue	\$ 0	0	\$ 0	219,160
	0	0	0	219,160
<b>Expenses</b>				
Accounting & audit	2,559	3,792	3,587	15,191
Amortization	163	200	515	631
Commission fees	0	0	0	55
Consulting and professional fees	5,355	2,559	5,580	20,108
Directors' fees	0	7,503	15,006	22,509
Finance, interest and foreign exchange	2,789	447	4,038	1,699
Legal	33,095	0	44,766	53
Management fees	90,000	90,000	270,000	270,000
Office and miscellaneous	5,265	2,827	15,650	12,201
Regulatory and transfer fees	1,486	858	9,975	6,186
Rent	3,300	1,500	10,300	4,500
Salaries and benefits	8,723	15,881	30,543	49,339
Shareholder communication	0	375	2,690	2,088
Travel, meals and entertainment	374	0	374	1,746
Telephone	212	1,307	644	5,384
	\$ 153,321	127,249	\$ 413,668	411,690
<b>Gain/(loss) before other items</b>	(153,321)	(127,249)	(413,668)	(192,530)
<b>Other items</b>				
Gain/(loss) on sale of marketable securities	0	0	50,311	1,598
Interest	0	0	321	58
Write down of marketable securities	0	0	(92,137)	(1,055,160)
Loss on write-off of mineral property	0	0	(15)	0
Gain (loss) on three card games software	0	0	0	2,401,200
	0	0	(41,520)	1,347,696
<b>Net gain (loss) for the period</b>	(153,321)	(127,249)	(455,188)	1,155,166
<b>Deficit, beginning of period</b>	(21,409,720)	(20,793,144)	(21,107,853)	(22,075,559)
<b>Deficit, end of period</b>	(21,563,041)	(20,920,393)	(21,563,041)	(20,920,393)
<b>Weighted average number of shares</b>	22,515,017	19,189,700	22,515,017	19,189,700
<b>Basic net earnings /(loss) per Common share</b>	\$ (0.01)	(0.01)	\$ (0.02)	0.06

See notes to financial statements

**ZAB RESOURCES INC.**  
**Statements of Cash Flow**  
**Nine Months ended September 30**  
**(unaudited – Prepared by Management)**

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Cash provided by (used for)				
Operating				
Net (loss)/profit	\$ (153,321)	(127,249)	\$ (455,188)	1,155,166
Amortization	163	200	515	631
Write down (up) of marketable securities	0	0	92,137	0
	(453,158)	(127,049)	(362,536)	1,155,797
Change in non-cash operating working capital				
Receivables	705	3,564	(6,844)	(22,537)
Receivables from related parties	0	0	5,196	213,447
Payables and accruals	2,425	80,226	15,835	(12,508)
Payable to related parties	0	0	(22,567)	(9,202)
	3,130	83,790	(8,380)	169,200
	\$ (150,028)	(43,259)	\$ (370,916)	1,324,997
Investing				
Mineral properties	(1,713)	23,860	(64,349)	(109,180)
Option payment from Colt	0	0	128,770	0
Proceeds from sale of marketable Securities	0	0	209,971	0
Gain (loss) from sale of marketable Securities	0	(2,491,200)	(50,311)	(78,484)
Purchase of marketable securities	0	90,000	0	0
Purchase of three card games Software	0	2,401,200	0	0
	(1,713)	23,860	224,081	(187,664)
Financing				
Issuance of common shares	0	10,000	15,000	27,000
Shares for Debt	37,166		37,166	
Share issue costs	(12,308)	0	(12,308)	0
Subscription shares	125,651	0	125,651	0
	150,509	10,000	165,509	27,000
Increase (decrease) in cash and cash equivalents	(1,232)	(9,399)	18,674	(150,544)
Cash and cash equivalents, beginning of period	77,050	36,747	57,144	177,892
<b>Cash and cash equivalents, end of period</b>	<b>\$ 75,818</b>	<b>27,348</b>	<b>\$ 75,818</b>	<b>27,348</b>

See notes to financial statements

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
**Nine Months ended September 30, 2007**  
**(unaudited – Prepared by Management)**

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**1. NATURE OF OPERATIONS**

The Company was incorporated on August 24, 1984 in British Columbia. The principal business of the Company is the acquisition, exploration and, if warranted, the development of natural resource properties.

The Company had an investment in software for online gaming, which it sold during 2006. All the revenues were derived from this investment.

On January 17, 2005, Lucky 1 Enterprises Inc. changed its name to Bronx Ventures Inc. The Company then consolidated its capital stock on the basis of 35 (old) common shares for 1 (new) common share and its authorized capital stock was increased to an unlimited number of common and preferred shares without par value.

Effective January 24, 2005, the common shares of Lucky 1 Enterprises Inc. were de-listed from trading on the OTC Bulletin Board in the USA. The common shares of Bronx Ventures Inc. then commenced trading on the OTC Bulletin Board under the trading symbol "BRXVF".

On March 19, 2007, the Company changed its name to Zab Resources Inc. The Company then subdivided its capital stock on a 1 (old) share for 50 (new) shares basis. As a result, the shares of Bronx Ventures Inc. were de-listed from trading and the shares of Zab Resources Inc. commenced trading on the OTC Bulletin Board in the USA under the symbol "ZABRF" on March 22, 2007.

**2. GOING-CONCERN**

These financial statements have been prepared on the basis of accounting principles applicable to a "going-concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Apart from the last two fiscal years, the Company has incurred significant operating losses, it sold its only source of revenue during 2006 and it has periodically had a working capital deficiency. Management's efforts are directed at pursuing opportunities of merit in the mining sector. It is the Company's intention to pursue equity and debt financings in order to conduct its operations without interruption.

These financial statements do not reflect adjustments that would be necessary if the "going-concern" assumptions were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions.

If the "going-concern" assumptions were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

**3. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and are stated in Canadian dollars.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
**Nine Months ended September 30, 2007**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include valuation of marketable securities, mineral properties assessments for impairment, accrued liabilities, assumptions of the determination of fair value of stock-based compensation expense, rates of amortization for equipment and determination of valuation allowance for future income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and would impact future results of operations and cash flows.

(c) Marketable securities

Marketable securities are carried at market value at the balance sheet date.

(d) Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property is sold or the Company's mineral rights are allowed to lapse.

All capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company's assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such, options are exercisable entirely at the discretion of the optionee and the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

Capitalized costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the applicable mineral rights are allowed to lapse.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(e) Amortization

Furniture and equipment are recorded at cost. The Company amortizes the costs of these assets on a declining-balance basis as follows:

Furniture and equipment	- 20%
Computer equipment	- 30%

(f) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of the fair value can be made. The carrying amount of the long-lived asset is increased by the same amount as the liability. No obligation has been recognized.

(g) Income taxes

The Company follows the asset and liability method based on the accounting recommendations for income taxes issued by the Canadian Institute of Chartered Accountants. Under the liability method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted income tax rates at each balance sheet date. Future income tax assets can also result by applying unused loss carry-forwards and other deductions. The valuation of any future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

(h) Revenue recognition

Until May 2006, the Company earned revenues from customers of Las Vegas from Home.com Entertainment Inc. ("Las Vegas"), a company related by certain common directors and officers, in accordance with an agreement, which entitled the Company to 40% of revenues that were generated by Las Vegas from certain online games. The Company recognized these revenues as they were reported and received by Las Vegas.

(i) Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and consultants, including awards that are direct awards of stock and call for settlement in cash or other assets or stock appreciation rights that call for settlement by issuance of equity instruments.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(i) Stock-based compensation (Continued)

Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

As a result of this accounting policy, the 2004 opening deficit was restated on a retroactive basis to show the effect of compensation expense associated with stock options granted to employees and directors from January 1, 2003 to December 31, 2003, which amounted to \$64,122 and an increase in contributed surplus from \$3,460 to \$67,582.

(j) Earnings (loss) per share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other instruments. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rates. Stock options and warrants that are anti-dilutive are not included in the calculation.

(k) Flow-through common shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

(l) Foreign currency translation

The functional currency of the Company is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:



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**Notes to the Interim Financial Statements**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(l) Foreign currency translation (Continued)

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange for the year.

Gains and losses arising from this translation of foreign currency are included in the determination of net income (loss) for the year.

**4. FINANCIAL INSTRUMENTS**

(a) Fair value

The fair values of cash and term deposits, amounts receivable from related parties, accounts payable and accruals, and amounts payable to related parties approximate their carrying amounts because of their short term to maturity. The fair value of marketable securities approximate quoted market values, as disclosed in note 5.

(b) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(c) Credit risk

The Company is not exposed to significant credit risk with respect to its cash and term deposits because the funds are held in a recognized financial institution.

(d) Market risk

The Company is exposed to significant market risk with respect to marketable securities due to the adverse fluctuations in their market value and the possibility of the marketable securities being delisted from public trading.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
**Nine Months ended September 30, 2007**  
**(unaudited – Prepared by Management)**

**5. MARKETABLE SECURITIES**

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
Marketable securities (market values: September 30, 2007 - \$1,323,701; December 31 2006 - \$1,575,498)	\$ 1,323,701	\$ 1,575,498

The Company owns 7,564,006 shares (7.4%) of the total outstanding shares in the capital of Las Vegas, a publicly traded related party, (September 30, 2006: 8,363,506 shares or 8.2%), 6,670,000 of these shares were acquired through the sale of the three card game software (note 9(e)). The market value was determined based on the closing trading price at September 30, 2007 and December 31, 2006.

**6. FURNITURE AND EQUIPMENT**

<b>September 30, 2007</b>			
	Cost	Accumulated Amortization	Net
Furniture and equipment	\$ 126,494	\$ 123,338	\$ 3,156
<b>December 31, 2006</b>			
	Cost	Accumulated Amortization	Net
Furniture and equipment	\$ 126,494	\$ 122,823	\$ 3,671

**7. MINERAL PROPERTIES**

Extra High Property

On March 26, 2004, the Company entered into an Option Agreement with an arm's length party (the "Optionor") in respect to certain mineral claims, which are situated in the Kamloops Mining Division in British Columbia (the "Extra High Property"). Pursuant to the terms of the Option Agreement as amended on March 8, 2005, the Company has the right to acquire a 100% interest in the Extra High Property, subject to a 1.5% net smelter returns royalty, by making staged cash payments totalling \$150,000 and incurring exploration expenditures on the Extra High Property totalling \$500,000 over a period of three years. Upon the Company earning a 100% interest in the Extra High Property, the Company may at any time purchase 50% of the net smelter returns royalty by paying to the Optionor the sum of \$500,000 leaving the Optionor with a 0.75% net smelter returns royalty.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
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**7. MINERAL PROPERTIES (Continued)**

Extra High Property (Continued)

On September 12, 2006, the Company and the Optionor amended the Option Agreement by entering into an Amending Agreement whereby the Company was granted an extension period until June 26, 2007 to make the balance of cash payments to the Optionor and incur the remaining exploration expenditures on the Extra High Property. The Company and the Optionor further amended the Property Option Agreement and entered into an Amending Agreement on April 16, 2007 with respect to the Extra High Property, whereby the Company was required to and has made a cash payment of \$60,000 to the Optionor thereby earning a 100% undivided interest in the Extra High Property, subject to a 1.5% net smelter returns royalty payable to the Optionor.

On September 8, 2006, the Company entered into an Option Agreement with Colt Resources Inc. (formerly Colt Capital Corp.) ("Colt"), a related company, whereby the Company granted Colt the right to acquire a 50% undivided interest, subject to a 1.5% net smelter returns royalty payable to an arm's length party, in the Extra High Property by incurring exploration expenditures of \$240,000 on the Extra High Property by no later than February 28, 2007 and by making cash payments to the Company totaling \$133,770 by no later than March 26, 2007. On September 22, 2006, the Company entered into an Amending Agreement (the "First Amending Agreement") whereby the Joint Venture net smelter returns royalty (the "JV NSR Royalty") was amended from 0.05% to 0.5%. On October 31, 2006, the Company and Colt entered into a Second Amending Agreement (the "Second Amending Agreement") whereby Colt was granted an extension period until June 26, 2007 to incur exploration expenditures on the Extra High Property and to make the cash payments to the Company.

On June 14, 2007, the Company entered into a Third Amending Agreement (the "Third Amending Agreement") with Colt, with respect to the Extra High Property whereby the parties amended the September 8, 2006 Option Agreement, the First Amending Agreement and the Second Amending Agreement. Pursuant to the Third Amending Agreement, Colt paid Canadian \$60,000 to the Company and exercised the Option granted by the September 8, 2006 Option Agreement thereby acquiring a 34% right, title and interest in the Extra High Property, subject only to the 1.5 % net smelter returns royalty payable to an arm's length party. As a result of the Third Amending Agreement, the September 8, 2006 Option Agreement was terminated and Colt and the Company are deemed to have entered into a joint venture for the purposes of further exploration and development of the Extra High Property. Henceforth, each party is required to contribute its proportionate share of expenditures on the Extra High Property. If any party's interest is diluted to less than a 10% interest, then that party's interest will be deemed to have been forever converted into a 0.5% (one half of one percent) JV NSR Royalty.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
**Nine Months ended September 30, 2007**  
**(unaudited – Prepared by Management)**

**7. MINERAL PROPERTIES (Continued)**

Investment in the Extra High Property consists of costs incurred as follows:

	<b>Cumulative to September 30, 2007</b>	<b>Cumulative to December 31, 2006</b>
Acquisition (property option payments)	\$ 150,000	\$ 90,000
Staking	3,639	3,639
Assessment and miscellaneous	10,310	10,310
Geological, geochemical, trenching and drilling	275,815	273,463
Property option payment received from Colt	(193,770)	(65,000)
<b>Total</b>	<b>\$ 245,994</b>	<b>\$ 312,412</b>

**Blunt Mountain Property**

During 2006, the Company staked 22 mineral tenures located in the Omineca Mining Division of British Columbia (the "Blunt Mountain Property") for an acquisition cost of \$3,974 and spent \$4,131 in exploration related expenses for a total of \$8,105. The original Blunt Mountain property that had been acquired in 2006 was allowed to lapse on the anniversary dates in April and May of 2007. A decision was made to re-stake a portion of the original property and was acquired for a total cost of \$1,322. The new name for the claims and property is Mt. Blunt.

**Whiteman Property**

During 2006, the Company staked five mineral tenures located in the Vernon Mining Division of British Columbia (the "Whiteman Property") for an acquisition cost of \$695 and spent \$4,162 in exploration related expenses for a total of \$4,857. At year-end, this amount was written off as the Company decided to abandon the property.

**8. CAPITAL STOCK**

(a) Authorized

Unlimited number of common and preferred shares without par value of which there are no preferred shares issued

(b) Issued

	<b>Number of Common Shares</b>	<b>Amount</b>	<b>Contributed Surplus</b>
Balance, December 31, 2005	18,910,550	\$ 22,680,846	\$ 213,850
Exercise of flow-through warrants	1,875,000	75,000	0
Income tax effect on flow-through share renunciation	0	(46,062)	0
Private placement	1,200,000	60,000	0

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
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**(unaudited – Prepared by Management)**

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**8. CAPITAL STOCK (Continued)**

(b) Issued (Continued)

Balance, December 31, 2006	21,985,550	\$	22,769,784	\$	213,850
Exercise of flow-through warrants	300,000		15,000		0
Computershare Trust Company					
Share adjustment	(5,250)		0		0
Balance, June 30, 2007	22,280,300		22,784,784		213,850
Issuance of Shares for Debt	743,320		37,166		0
Share Issue Costs re: private placement announced on September 18, 2007	0		(12,308)		0
Balance, September 30, 2007	23,023,620	\$	22,809,642	\$	213,850

All common shares and per share amounts have been restated to give retroactive effect to the 1:50 share subdivision, which took effect on March 19, 2007 and, the 35:1 share consolidation, which took effect on January 17, 2005 (note 1).

During 2006, the Company issued 1,200,000 flow-through share units of the securities of the Company to individuals, one of whom is a director of the Company, at the purchase price of \$0.05 per unit for total proceeds to the Company of \$60,000. Each unit consisted of one flow-through common share and one flow-through common share purchase warrant exercisable at \$0.05 per share for a period of twelve months. During the three month period ended March 31, 2007, 300,000 flow-through warrants were exercised by a director at \$0.05 per share for total proceeds to the Company of \$15,000.

During 2005, the Company issued 1,875,000 flow-through share units of the securities of the Company to directors at the purchase price of \$0.04 per unit for total proceeds to the Company of \$75,000. Each unit consisted of one flow-through common share and one flow-through common share purchase warrant exercisable at \$0.04 per share for a period of twelve months. During 2006, all 1,875,000 flow-through warrants issued were exercised at \$0.04 per share for total proceeds to the Company of \$75,000.

There was an adjustment made by the Company's Transfer Agent and Registrar, Computershare Trust Company of Canada ("Computershare"), pursuant to the forward split of the Company's issued and outstanding shares on March 19, 2007 whereby Computershare made an adjustment by decreasing the number of issued and outstanding shares for the Company by 105 shares (pre-split) or 5,250 (post-split) of Zab Resources Inc. The decrease occurred as a result of Computershare over estimating the amount of shares that were needed for the transaction.

During the nine month period ended September 30, 2007, the Company entered into share for debt settlement agreements dated July 12, 2007 with two directors of the Company for unpaid directors' fees for the period up to June 30, 2007. The Company has issued an aggregate of 743,320 common shares at \$0.05 per share to the two directors in lieu of the directors' fees payable totaling \$37,166.

**ZAB RESOURCES INC.**  
**Notes to the Interim Financial Statements**  
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**(unaudited – Prepared by Management)**

**8. CAPITAL STOCK (Continued)**

(c) Warrants

The following summarizes the warrants that have been granted, exercised, cancelled or expired during the nine month period ended September 30, 2007 and the years ended December 31, 2006 and 2005:

	Number of Shares	Exercise Price
Balance, December 31, 2005	4,732,100	\$ 0.04 to \$ 0.14
Issued	1,200,000	\$ 0.05
Exercised	(1,875,000)	\$ 0.04
Expired	(2,857,100)	\$ 0.14
Balance, December 31, 2006	1,200,000	\$ 0.05
Exercised	(300,000)	\$0.05
Balance September 30, 2007	900,000	\$0.05

At September 30, 2007 and December 31, 2006, the following warrants were outstanding and exercisable. The warrants entitle the holder to purchase the stated number of common shares at the exercise price with the following expiry dates.

Expiry Date	Exercise Price	Number of Shares	
		September 30, 2007	December 31, 2006
December 31, 2007	\$ 0.05	900,000	1,200,000
Balance, end of period	\$ 0.05	900,000	1,200,000

(d) Stock options

The Company's 2004 Stock Option Plan, reserves for granting to directors, officers, employees and consultants up to 20% of the issued and outstanding common shares of the Company calculated from time to time on a rolling basis. The terms of the options are determined at the date of grant.

The following summarizes the employee and director stock options that have been granted, exercised, cancelled and expired during the nine month period ended September 30, 2007 and the year ended December 31, 2006.

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**8. CAPITAL STOCK (Continued)**

(d) Stock options

	Number of Shares	Exercise Price
Balance, December 31, 2006	0	N/A
Balance, June 30, 2007	4,456,060	\$ 0.05
Balance, September 30, 2007	4,456,060	\$ 0.05

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted to employees, and accordingly, compensation expense in the amount of \$0 (2006 - \$0) was recognized as salaries expense, and compensation expense of in the amount of \$0 (2006 - \$0) was recognized as consulting expense in 2007.

**9. RELATED PARTY TRANSACTIONS**

The Company shares office space with Las Vegas, a company related by common management, officers and certain directors.

	September 30, 2007	December 31, 2006
Receivable from related parties		
Receivable for payroll expenses charged To Las Vegas	\$ 0	\$ 5,196
	\$ 0	\$ 5,196
Payable to related parties		
Payable for rent charged from Las Vegas	\$ 1,590	\$ (530)
Director's fees payable to two directors	0	(21,560)
Geological services payable to a company owned by a director	7,340	(477)
	\$ 8,930	\$ (22,567)

Cash held on behalf of Las Vegas of \$0 (2006 - \$670) is without interest and payable on demand.

Related party transactions during the nine month period ended September 30, 2007:

- (a) Geological services of \$10,683 (December 31, 2006: \$33,750) were provided by a company owned by a director.
- (b) Management fees of \$270,000 (December 31, 2006: \$360,000) were paid to a company related by common management and directors.

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**9. RELATED PARTY TRANSACTIONS (Continued)**

- (c) The Company received revenue of \$0 (December 31, 2006: \$219,160) from Las Vegas, a related party, in respect to the Company's investment in the three card games software. The revenue was recorded as reported by Las Vegas.
- (d) On January 7, 2005, the Company acquired 1,250,000 units of Las Vegas, a related party, at a price of \$0.20 per unit. Each Las Vegas unit consists of one Las Vegas common share and one-half of one warrant. One whole warrant is required to purchase one Las Vegas common share at \$0.25 per common share for a period of 24 months. In January 2006, the Company exercised 600,000 of its half warrants. In January 2007, the remaining 650,000 half warrants expired.
- (e) On November 4, 2002, the Company entered into a Licensing Agreement with Las Vegas, a related company, for the joint development of certain gaming software consisting of three card games (the "three card games software"), as a result of which the three card games software was equally owned by the Company and Las Vegas. On May 5, 2006, the Company sold its interest in the three card games software to Las Vegas for a consideration of 6,670,000 fully paid and non-assessable common shares of Las Vegas at a deemed price of \$0.36 per share, as valued by an independent third party, for a total amount of \$2,401,200. The 6,670,000 common shares of Las Vegas, which have been issued to the Company, were restricted from trading until May 1, 2007. The carrying value of these shares at September 30, 2007 is at their quoted market value of \$1,167,250.
- (f) Directors' fees of \$15,006 (September 30, 2006 - \$22,509) (December 31, 2006: \$30,012) were paid to two directors.
- (g) During 2005 and 2006, the Company acquired, through Private Placement financings, an aggregate of 2,500,000 shares in the capital of Colt for a total cost to the Company of \$25,000. During the nine months period ended September 30, 2007, the Company sold all of its 2,500,000 shares of Colt and realized a gain of \$49,011.
- (h) **Paid to Las Vegas**  
  
Effective as of March 1, 2007, the Company pays the sum of \$1,500 per month plus G.S.T. to Las Vegas, a related party, for providing office space, telephone and photocopy services, office supplies, reception, accounting, secretarial and other miscellaneous services for as long as such services are required by the Company. For the nine month period ended September 30, 2007, the Company paid \$11,500 to Las Vegas (2006: \$4,500).
- (i) Pursuant to the Option Agreement dated September 8, 2006, as amended on September 22, 2006, October 31, 2006 and June 14, 2007, between the Company and Colt, Colt has earned a 34% right, title and interest in the Extra High Property subject only to a 1.5% net smelter returns royalty payable to an arm's length party. Henceforth the Company and Colt are deemed to have entered into a joint venture, and each party is required to contribute its proportionate share of expenditures on the Extra High Property. If any party's interest is diluted to less than a 10% interest, then that party's interest will be deemed to have been forever converted into a 0.5% (one half of one percent) net smelter returns royalty (the "JV NSR Royalty")(see note 7).



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**10. INCOME TAXES**

The Company has available approximate non-capital losses of \$1,200,000 that may be carried forward to apply against future income for Canadian tax purposes. The losses expire in 2010. The benefit of these losses has not been recorded in these financial statements.

The Company has available approximate resource-related deductions of \$2,753,395 that may be carried forward indefinitely.

Future income tax assets and liabilities are recognized for temporary differences between the carrying amounts of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

**11. COMMITMENTS**

The Company has a management services agreement with Kalpakian Bros. of B.C. Ltd., a company that is owned by two directors. The remuneration for the services provided is \$30,000 plus GST per month. The agreement expires in October 2007 and is renewable.

**12. SUBSEQUENT EVENTS**

On October 9, 2007, the Company has closed a non-brokered Private Placement Financing and has issued a total of 2,400,000 Units in the securities of the Company at the price of US \$0.05 per Unit for total proceeds to the Company of US \$120,000 (Cdn \$125,651). Each Unit consists of one common share in the capital of the Company and one warrant to purchase an additional common share in the capital of the Company at a purchase price of US \$0.10 per common share for a period of twelve months. The shares and warrants have a hold period expiring at midnight on February 9, 2008.

In respect to this transaction, a finder's fee of 10% of the gross proceeds was paid in cash.

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**FORM 52-109F2**  
**CERTIFICATION OF INTERIM FILINGS**

I, Bedo H. Kalpakian, President, C.E.O. and C.F.O. of **Zab Resources Inc.**, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of **Zab Resources Inc.**, (the Issuer) for the interim period ending **September 30, 2007**;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings;
4. The Issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Issuer, and we have:
  - a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared; and
  - b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP; and
  - c) evaluated the effectiveness of the Issuer's disclosure controls and procedures as of the end of the period covered by the interim filings and have caused the Issuer to disclose in the interim MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the interim filings based on such evaluation; and
5. I have caused the Issuer to disclose in the interim MD&A any change in the Issuer's internal control over financial reporting that occurred during the Issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.

Date: November 2, 2007

"Bedo H. Kalpakian"

Bedo H. Kalpakian  
President, CEO & CFO