



Stateside Report



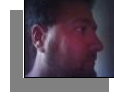
“A Unique Report Service for the Intelligent Resource Investor”



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January 2010

Company Updates and New Ideas

January 21, 2010

Summary:

As we enter 2010, I thought it would be a good time to update readers on all companies profiled since September 2009 and offer my thoughts on recent company developments. I also include a short list of other companies I have recently purchased (but have not issued a report on) and offer my reasons for those purchases. Even though this week we are seeing a correction in the resource stocks as has happened frequently during this 9 year bull market, the stocks profiled here have done relatively well over the last 5 months and I look for 2010 to be the year of the junior exploration company. As always, please feel free to contact me at stateside@statesidereport.com with any comments or questions.

Colt Resources (GTP) - \$.295/share

http://www.statesidereport.com/Colt_Resources_Initial_Report.pdf

Since recommending Colt Resources to readers in September at \$.10, Colt's share price currently sits at \$.295 for a gain of nearly 200%. Investors are beginning to appreciate Colt's two prong high-grade tungsten and high-grade gold approach to success. The Coffin brothers continue to follow this story and should be impressed by the high-grade tungsten drill results announced January 20th. Reports from other tungsten juniors indicate the Chinese come calling once a nice hole is pulled and this high-grade hole may draw such interest. Since the average grade of producing tungsten mines is 0.5% WO₃, anything higher is considered high grade and will grab investors attention. The press release is shown below:

Colt Resources drills 18.8 m of 0.73% WO₃ at Tabuaco

2010-01-20 08:51 ET - News Release

Mr. Nikolas Perrault reports

COLT RESOURCES INC. REPORTS ON DIAMOND DRILLING RESULTS ON THE TABUACO TUNGSTEN PROJECT NORTHERN PORTUGAL

Colt Resources Inc. has provided the first assay results from the diamond drilling program on its 100-per-cent-owned Tabuaco tungsten project. The initial hole successfully confirmed significant historical tungsten results over a wide interval. The current drill program objective is to confirm and expand on the historical resource (non-NI 43-101-compliant).

Located on the 436.81-square-kilometre Armamar-Meda concession in northern Portugal, the Tabuaco tungsten project is situated about 100 km east of the coastal city of Porto. Past exploration in the Tabuaco area in the early 1980s led to the discovery of significant tungsten mineralization at Sao Pedro das Aguias.

Mineralization consists of fine- to coarse-grained disseminations of scheelite within thick (up to 19 metres) shallow-dipping skarn horizons in metasedimentary rocks adjacent to a major intrusive unit. Limited widely spaced drilling at the Sao Pedro das Aguias zone produced significant historic drill results including 19.35 m grading 1.18 per cent WO₃. A non-NI 43-101-compliant historical resource of one million tonnes grading 0.87 per cent WO₃ was calculated by the S95PE-BRGM joint venture in the early 1980s.

The goal of the current diamond drilling program by Colt Resources at Sao Pedro das Aguias is to verify historical drilling results and to confirm and expand the historical resource. Drilling is also planned to test lateral southeast and northwest extensions of the main skarn horizon, as well as newly discovered lower skarn horizons, located about 40 m below the main skarn horizon.

To date, Colt has completed two shallow drill holes, DHT-01B and DHT-02; a third hole is under way. Hole DHT-01B, total depth of 59.85 m, intersected two shallow skarn horizons at 7.10 m to 11.85 m and at 19.15 m to 21.25 m and then cut the main skarn horizon at 24.18 m to 37.95 m. The skarn horizons are well mineralized with generally coarse-grained scheelite mineralization (visible under ultraviolet light).

Average grade results from hole DHT-01B show two major intervals: an upper interval of 4.75 m grading 0.52 per cent WO₃; and a lower interval, which includes the main skarn horizon, of 18.80 m grading 0.73 per cent WO₃. The lower interval includes 13.77 m grading 0.84 per cent WO₃, which includes zones of 3.00 m grading 1.14 per cent WO₃ and 6.32 m grading 0.99 per cent WO₃. These wide and high-grade results confirm and compare well with nearby historical drill hole results of 19.35 m grading 1.18 per cent WO₃.

Hole No.	Depth (m)	From (m)	To (m)	Interval (m)	% WO ₃ * (calc.)
DHT-01B	59.85	7.10	11.85	4.75	0.52
		19.15	37.95	18.80	0.73
includes		19.15	21.25	2.10	1.01
includes		24.18	37.95	13.77	0.84
includes		24.18	27.18	3.00	1.14
includes		29.18	35.50	6.32	0.99

*calculated

Hole DHT-02, total depth of 90.30 m, located 100 m southeast of hole DHT-01B, intersected an early mixed skarn horizon at 52.60 m to 54.80 m and then the main skarn horizon at 54.80 m to 65.25 m. As in hole DHT-01B, skarn horizons contain coarse-grained scheelite mineralization (visible under ultraviolet light). This core has been sampled and shipped for analysis: results are pending.

Colt is extremely encouraged by the significant widths and grades encountered in hole DHT-01B and in the scheelite mineralization encountered in hole DHT-02 (results pending). Hole DHT-03, located approximately 100 m southeast of hole DHT-02, is currently being drilled.

Additional drilling is planned to test strike extensions of the main skarn horizon and newly discovered lower skarn horizons located about 40 m below the main skarn horizon. Mapping and local surface sampling in these poorly exposed areas returned very encouraging tungsten results extending over a strike length of over one km.

Colt believes that the combination of the following favourable factors may indicate the presence of a tungsten deposit with world-class potential.

Location:

Project is located in a mining friendly, stable state, member of the European Union.

Project area has an excellent, established infrastructure and road access.

Project is situated in close proximity (tilde), 100 km, to coastal port facilities.

Mineralization potential:

Original historical resource estimation was very preliminary, being based on six shallow drill holes and channel sampling. The areal extent of blocks used in the estimation was less than 300 m by 180 m. This covers less than half of the potential area of the exposed main skarn horizon at Sao Pedro das Aguias.

Extensions of the Sao Pedro das Aguias main skarn horizon over a strike length of nearly one km, as well as recently discovered skarn zones located about 40 m below the Sao Pedro das Aguias main skarn horizon, remain poorly explored and have never been drill tested.

The region surrounding the project area contains several encouraging tungsten occurrences and remains largely underexplored.

Elements suggesting mining potential at Sao Pedro das Aguias include the following:

Local relatively high tungsten grades in the order of 0.5 per cent WO₃ and higher.

Skarn horizons are relatively thick, five to 20 m, and gently dipping, 5 degrees to 25 degrees.

Mineralization consists of fine- to coarse-grained disseminations of scheelite.

Mineralized skarn horizons are generally devoid of sulphides.

Colt will be giving priority to the Tabuaco tungsten project with the aim of fast tracking development.

Sample intervals are reported as metres (m) downhole and as such do not represent true width. The actual dip of the skarn-controlled mineralization is generally shallow.

All samples were analyzed at OMAC Laboratories Ltd., Galway, Ireland, an ISO 17025 accredited facility. Samples were analyzed using a metaborate fusion followed by ICP-MS. Assay results for tungsten are reported by the laboratory as W per cent. WO3 values are calculated using a conversion factor of 1.261.

Quality control

A set of standards, duplicates and blanks is employed by Colt in its sample stream as well as the laboratory's own standards and duplicates. Results to date are well within the accepted norm.

The technical portions of this news release have been prepared and approved by J.W. Murton, PEng, a qualified person as defined by National Instrument 43-101. Mr. Murton is a director of Colt.

Colt recently completed a small private placement and management is hosting a property tour this week with analysts and potential institutional investors. Even with the current share price of \$.25, this is still a company with a tiny market cap under \$10 million.



Lovitt Resources (LRC) - \$.68/share

http://www.statesidereport.com/Lovitt_Resources_-_Initial_Report.pdf

Since recommending Lovitt Resources to readers in early November at \$.37, Lovitt's share price currently sits at \$.68 for a gain of 84%. After some initial excitement on the release of my report which drove the share price over \$1, the shares have settled in the \$.65-\$.70 range recently. However, I expect things to start moving again as management just announced a private placement (see below) to begin a feasibility study to consider direct shipment of their high-grade gold ore and to begin an exploration program on their Lovitt and recently acquired Matthews property. Management is ramping up their marketing initiatives by attending the Vancouver show this week, the Phoenix show in February, several Howe Street Money Shows in February and is also planning an analyst tour in March on their properties. The current market cap is still less than \$4 million which is a steal considering their 400,000 high grade gold ounce (non-43-101) Lovitt property which may start generating cash flows within 3 months and their high grade Matthews property with significant exploration upside.

Lovitt arranges 1.2-million-share private placement

2010-01-19 07:35 ET - News Release

An anonymous director reports

LOVITT BOARD ANNOUNCES PRIVATE PLACEMENT

Lovitt Resources Inc., subject to regulatory approval, has arranged a non-brokered private placement of up to 1.2 million units for 60 cents per unit. Each unit will consist of one common share and one non-transferable warrant to purchase one additional common share for 60 cents. The warrants will have term of nine months from the closing date. Net issue proceeds will be used to complete an internal feasibility study to consider shipping ore for custom milling, begin an exploration program on the mineral interest controlled by the company on the Wenatchee gold belt and improve the working capital position of the company. A finder's fee may be paid in cash on any portion of finances raised, as long as such placement is arranged in accordance with policies of the TSX Venture Exchange.



New Dimension Resources (NDR) - \$.25/share

http://www.statesidereport.com/New_Dimension_Resources_-_October_2009_Alert.pdf

Since recommending New Dimension to readers in late October at \$.18, New Dimension's share price currently sits at \$.25 for a gain of 39%. At the time, I recommended investors wait until the price came down to \$.15 before taking a position as a private placement had just come off hold. True to form, those taking in the private placement sold the stock down hard with nearly 15 million shares trading hands during the last few months of 2009. As it turns out, the private placement sellers were short sighted and have seen shares double since they dumped shares in mass at \$.13-\$15 missing out on a potential 100% gain.

Management, to their credit, has now changed their focus from their Nevada play to their much more exciting Peruvian Cenepa project less than 10 km south and on trend to the Kinross Fruta Del Norte project in Ecuador. New Dimension recently received 2 more titles to their Cenepa concession making a total of 6 received to date and the final 4 are expected shortly. In addition, they recently began the process of starting their exploration planning (see press release below) and also just did a private placement at a very favorable price (\$.25 and at the recent high trading range). I expect NDR to follow in the footsteps of neighbors Dorato Resources (DRI) and Ecometals (EC) whose share price both exceeded \$1 even before a drill was put in the ground.

New Dimension scouts Cenepa project

2010-01-18 10:02 ET - News Release

Mr. Fred Hewett reports

NEW DIMENSION PROVIDES UPDATE ON CENEPA GOLD PROJECT, PERU

New Dimension Resources Ltd. has begun exploration work at the Cenepa gold project in northern Peru. The project covers the very attractive geological terrain adjacent to the Kinross Gold Corp. Condor project and Fruta del Norte gold deposit in Ecuador.

During the first week of January, Tom Burkhart, vice-president of exploration for New Dimension, participated in several meetings in Lima, Peru, with various parties and stakeholders currently active in northern Peru along the border with Ecuador. Mr. Burkhart reports that results of the meetings were very positive and provided the company with significant insight on how best to address several key issues including exploration logistics, social networking, various planning and access options to the Cenepa project. Mr. Burkhart also reports that he was successful in establishing contact with a local community leader from the Cenepa region who was very helpful in providing essential information on the area and the communities that reside within the Cenepa boundaries.

The company has engaged this community leader and his associates to serve as a scouting party to enter the Cenepa claims with the objective of identify access routes into the claims and locating possible mineral occurrences. These individuals have prospecting experience and will obtain samples from any mineralized areas that are identified. The individuals left for the property on Jan. 12, 2010. This development with the local community is an important step in developing community relations and gaining key information for the company's short-term course of action on advancing its Cenepa project.

The Cenepa project is comprises 10 mining concessions totalling approximately 9,000 hectares in northern Peru along its border with Ecuador. The concessions, staked by Minera NDR Peru in 2006, cover the projection of a 20-kilometre-long north-south trending mineral belt that includes Kinross's Condor project and the Fruta del Norte gold discovery. The company has verified title for six concessions and anticipates title for the remaining four concessions shortly.

The Condor project is situated in Ecuador near the Peruvian border and was acquired by Kinross in September, 2008, through the acquisition of Aurelian Resources Inc. The Kinross property includes an NI 43-101 compliant inferred mineral resource at Fruta del Norte consisting of 58.9 million tonnes grading 7.2 grams per tonne gold and 11.8 grams per tonne silver containing 13.7 million

ounces of gold and 22.4 million ounces of silver. Kinross currently have four drill rigs active on the project and intend to complete a prefeasibility study in 2010.

Also within the Condor project is the Aquas Mesas Sur prospect, which includes an announced drill intercept of 51.06 grams per tonne gold over 9.2 metres. This prospect is the southern most known gold occurrence within this newly emerging gold belt and is located only five kilometres north, and on trend with, NDR Peru's Cenepa concessions. Although there has been very limited exploration work in Peru where the mineral trend crosses the border, the company believes the area is geologically highly permissive for the discovery of significant gold deposits.

The technical information in this news release has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 and reviewed by Thomas Burkhart, the company's vice-president of exploration, a director and a qualified person under NI 43-101.

Kinetex Resources (KTX) - \$.24/share

http://www.statesidereport.com/Stateside_Report_Holiday_2009_Kinetex.pdf

Since recommending Kinetex to readers just a few short weeks ago in early January at \$.17, Kinetex share price has already moved nicely higher and stands at \$.24 for a 41% gain in just a few short weeks. The share price is moving higher as investors realize the tremendous revenue growth the company will experience in the 4thQ of 2009 from their Colombian and Canadian operations and, based on projections, throughout 2010. After averaging \$3.3 million in revenues during the first three quarters of 2009, I'm estimating (based on information provided in press releases) they will generate \$9 million revenue in the 4th quarter of 2009 and will average over \$10 million in revenues each quarter during 2010. Kinetex became profitable for the first time during the 2nd quarter of 2009 due to cost reductions and profitability will move considerably higher in 2010. Kinetex is forecasting gross margins in the 40-45% range for 2010 and based on other cost forecasts, should generate close to \$10 million in cash flows for 2010. Considering that their peers trade for multiples of 5-10 times cash flow, a \$50-\$100 million market cap is not out of the question by the end of 2010 or a share price of \$1.25 to \$2.50. With Kinetex share price at a still depressed \$.25, I see the potential for a dramatic increase as we move forward into 2010 and as they report their financials.

It should be noted that their share price was in the \$1.25 range in 2007 before the financial crisis and with forecasts much lower than what is expected for 2010. Kinetex has an extremely tight share structure with management/insiders owning over 10 million shares. Other than a small private placement done a few months ago, management had not issued stock since 2007 so there are no cheap warrants that would cause headwinds in the stock price. In fact, management recently lowered the outstanding warrants down to the \$1 level and I fully expect those prices to be hit in 2010. For those interested in what the prospects were in 2007 for Kinetex, Bob Moriarty did a write-up that is shown below:

A few years back, my brother, the lawyer, invited Barb into a gas deal with a multi-million dollar drilling cost. Barbara might have had a few percentage points of the deal. Based on the very best technology available today, 3-D Seismic, the drillers went right where they aimed. And found a 100 foot section of sand. No oil, no gas. Just sand. It was as if Barbara had taken hundred dollar bills out on the lawn and burned them. One minute they were there. The next minute, she owned a patch of useless sand 11,000 feet deep.

Dry holes really get expensive. And I've had geos tell me 95% of drill core is a waste of both time and money.

The conventional standard in the oil patch for locating prospective structures is 3-D seismic and it's expensive. But it's a lot cheaper than a dry hole. The process actually goes back 40 years to 1967 when Exxon first used the process at an oil project near Houston, Texas. Seismic processing itself can be traced back to a German invention first used in WW I to locate enemy artillery.

The first 3-D seismic test took only a month to acquire the data. The speed of computing back then was so slow that it took over 2

years to process the data. But Exxon had poked enough holes in the project that they could correlate the 3-D data to known underground structures. And 3-D has been around ever since.

Other than a lot lower cost of processing and being far faster, 3-D seismic hasn't advance much in 40 years. A crew consists of as many as 50 people. You poke the sensors into the ground like a stick and they are wired together in series. Believe it or not, crews spend 50% of their time fixing broken wires. Since they are in series, a break anywhere downs the entire circuit. So they have to run around with continuity testers trying to locate the break. It's pretty primitive.

3-D seismic generates an analog signal which must then be converted to digital for processing. That may have worked 40 years ago but with the tiny cost of computing today, it makes no sense.

There is a company called Firstgrowth Capital [FGC-V] using a technology called VectorSeis® Firstgrowth (the first thing to do is change the name of the company, that just doesn't hack it) doesn't make the device, a Texas company named I/O makes a new 3-D seismic sensor which has been updated for today's technology. It doesn't use wiring in series so there are far fewer line breaks. They are currently working on installing capability so there will be no wiring breaks. The new sensor processes both P-Wave or vertical signals just as the older 3-D seismic did but it also processes S-Wave or horizontal signals. This allows for greater accuracy.

The device not only can differentiate oil from water or sand (Anyone out there want to buy a section of beach 11,000 feet deep in Texas? Barbara will make you a real good price.) But even better yet, it can locate coal and even uranium. It's not just a technology for the oil patch, it's an exciting new technology for mining and has been used to map diamondiferous kimberlite pipes and uranium.

The signal quality of this advanced 3-D is up to 300% greater than analog 3-D. It requires only about 15% of the sensors as does standard 3-D and uses only 12 people per crew compared to 30 in analog 3-D. Wire breaks are a non-issue.

Firstgrowth bought an oilfield services company using the technology called Kintex, Inc, based in Calgary, Alberta. The five year old company is profitable and on the way to \$17 million dollars in sales for 2007. The Canadian geophysical market is between \$500 million and \$700 million and Kinetex has about 2% of the market. The worldwide geophysical market is a whopping \$5 billion. And currently Kinetex is deriving 30% of their revenue from mining. This is a high growth area because there is currently no 3-D market in mining, so it's virgin ground.

I said earlier that FGC was selling for about 25% of what it's worth. Here's how I figured that out. On September 6, 2006, Northern Securities published a report on Energy Services and they analyzed the purchase by Compagnie Generale de Geophysique (CGG) of Veritas (VTS on the). Here are the metrics.

CGG paid 3.7 times sales for VTS. If you accept \$17 million in sales in 2007 for Kintex (FGC) that gives them a reasonable market cap of \$62.9 million. And CGG paid 14.5 times EBITDA for VTS. For 2007, FGC estimates \$5.6 million for EBITDA for a reasonable market cap of \$81.2 million. CGG paid 29.1 times profit for VTS and that works out to 29.1 times net earnings (based on estimates) of \$4.352 million or a reasonable market cap of \$126.6 million.

As of today, FGC has a market cap of about \$24.46 million. If you were happy with an average of the three methods of determining value, a reasonable market cap for FGC based on 2007 estimates of sales, EBITDA and would indicate a cap of \$90.23. Myself, I like the higher figure of \$126 million, you have sales and profits growing at 40% a year and that's worth a premium. Today FGC sells for about \$24.4 million and it sure looks to me as if anywhere between \$90 million and \$126 million is a far more reasonable figure.

While FGC only uses the seismic sensors, they have developed techniques for using the devices and their own software which is priopitary. They have a francise and that's very important. Others can buy the hardware but they don't have the experience. Anyone currently in the 3-D seismic market place would have to dump \$20 million dollars worth of equipment and purchase another \$20 million dollars worth of equipment just to begin. And then they face a 3-4 year learning curve.

Clearly Firstgrowth has a significant competitive edge in advanced 3-D seismic. In the mining area, they have no competition at all. I met with the President and CEO of the company, Gil Schneider, and he really impressed me. He knows the technology and he knows the problems for mining and oil services and he knows he has a solution.

Firstgrowth is going to be an advertiser. I have bought shares on the open market and I am participating in a private placement. Do not for even a minute believe I am unbiased. I am as biased as I can be and this is the best opportunity for investors I have seen in five and a half years. Do your own .

Firstgrowth Capital Inc
FGC-V \$1.06 Canadian (Feb 7, 2007)
23.2 million shares
Firstgrowth website

*Bob Moriarty
President: 321gold
Archives*

Kinetex is the perfect way to play the Colombian exploration boom and even though the stock price has moved up to the \$.24 level, most investors won't take notice of the much improved fundamentals until the 4th quarter 2009 results come out sometime during the next few months. In the meantime, I continue to accumulate shares as I don't expect the share price to remain at these depressed levels for much longer.



Other Recommended Stocks

I continue to wait for news on 3 stocks I wrote about in December:

Mala Noches Resources (MLA) – currently \$.19 – recommended at \$.17

ICN Resources (ICN) – currently \$.19 – recommended at \$.24

http://www.statesidereport.com/December_2009_Stateside_Investor_Alert.pdf

I am extremely high on Mala Noches Resources as the people involved in this shell are the top financiers in the Canadian PM market. Some retail investors who have expected an immediate 200% return have sold over the last few weeks and now is an opportune time to get in before management announces their acquisition plans.

ICN is currently drilling their Nevada project and drill results are due out shortly.

Black Panther Resources (BPC) – currently \$.20, recommended at \$.25

http://www.statesidereport.com/Black_Panther_Mining_-_Initial_Report.pdf

Currently drilling a platinum prospect in Thunder Bay. Platinum prices have been sky rocketing but the juniors are still dormant. Drill results should be out shortly.



Recently Purchased Stocks

For those interested in some other stocks I have recently purchased within the past month but have not done a recent write-up on (but may in the near future):

Altai Resources (ATI) – Utica Shale gas play - \$.55/share

- horizontal wells being drilled nearby and any hit will move the share price considerably higher.

Delta Uranium (DUR) – Uranium play - \$.07/share

- After listening to Rick Rule this weekend, he is beginning to warm to these uranium plays that have been dead money for 18-24 months. I like the management here and they will be drilling property on potential strike to Dennison Mines new high grade uranium discovery.

Pershimco Resources (PRO) – Panamanian gold deposit - \$.19/share

- If they get the financing, they are looking at a nice size near-term gold producer. Share price has been moving higher which leads me to believe they have the financing lined up.


Gold Hawk Resources (GHK) – Large cash balance/15% equity interest - \$1.05/share

- They have 13 million shares outstanding, 15 million cash in the bank and a 15% equity interest in a June 2010 gold producer that will throw off \$2 million/year net to Gold Hawk which should be valued at \$20 million. Recently a takeover target but the deal still undervalues them and I expect a competing offer.

Imris (IM) – This is the next Intuitive Surgical which went from \$5 to \$400 - \$5.95/share

- My only non-resource play. I bought Intuitive Surgical in the US at \$5 in 2004-2005 and sold at \$15 thinking I was a genius. Over the next 3 years, the stock went to \$400...some genius. Won't let it happen again. You can buy this stock now and lock it away until 2015 and be amazed at the share price gain.

SilverCrest Mines – Fully funded to start production mid 2010 - \$.82/share

- They have over \$30 million in the bank and have begun construction on their Santa Elena mine in Mexico. If they were called GoldCrest Mines their shares would probably be in the \$1.50 range as very few realize 75% of their revenues will come from their gold production. They are currently trading between 1-2 times their expected first full year cash flows vs their peer level in the 5-10 range leaving plenty of room for this junior to run as they near production. Only in the junior Canadian sector do you have analysts who don't look forward a year to project current share prices. Unlike their counterparts in the US in all other sectors that are valued based on 2010/2011 multiples, SilverCrest is valued as a lowly exploration company with no future revenues. Only in this sector can you profit tremendously with only a miniscule amount of financial acumen due to the laziness of most analysts who pretend to cover this sector.
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Disclosures

I have shares in every company mentioned in this report (why should I recommend a stock if I don't believe in their prospects enough to own it myself) and I also provide investor awareness services for Colt Resources on a monthly fee basis. I have not participated in any private placements of the stocks mentioned nor do I have options in any stock mentioned. I also will not sell any stock mentioned in my initial reports for at least 21 days after the report is issued.

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