



# Stateside Report



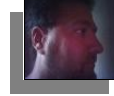
*“A Unique Report Service for the Intelligent Resource Investor”*



Vince “Stateside” Marciano, MBA, CPA

Email: <mailto:stateside@statesidereport.com>

Website: <http://www.statesidereport.com>



**Introducing:**



*“A high-grade gold property for free.....you gotta Lovitt”*

*A high grade gold deposit with only 5 million shares outstanding*

**November 2009**

**Name: Lovitt Resources**

**Trades on: Canada-TSX Venture LRC  
US – Over the Counter LRCFF**

**Issued Outstanding Shares: 5.1 million  
Total Fully-Diluted Shares: 5.1 million  
Warrants and Options: None**

**Current Share Price (10/30/09): \$.37/share CAD  
Fully Diluted Market Cap: \$ 1.8 million**

**President: Lorne Brown  
Email: [lorne@lovittresources.com](mailto:lorne@lovittresources.com)  
Phone: 604-725-9952**

**Primary Geographic Region: Washington, USA  
Primary Resource: Gold/Silver  
Website: <http://www.lovittresources.com>**

## Summary

As most long-time readers know, I like to keep these stories simple and easy to understand. The bullet points below highlight why Lovitt Resources (LRC) is “simply” an exciting, unknown story that presents an enticing investment opportunity at the current market price:

- **Only 5.1 million shares outstanding with no options or warrants issued**
- **Non 43-101 compliant resource of approximately 400,000 ounces of gold (historical) at ~ 7 g/t**
- **No deep drilling on the Lovitt property but plans to deep drill it over the next few months**
- **Cannon Mine less than a mile away on trend produced 1.25 million ounces high grade gold**
- **Prior production at Lovitt Mine of 400,000 high grade gold ounces in the 1950's and 1960's**
- **In 1982, Breakwater went from \$.18 to over \$40 over the next few years on the Cannon discovery**
- **Current replacement cost of Lovitt Mine infrastructure and data would exceed \$40 million**
- **Real estate and high tech processing equipment worth Lovitt's current market cap – gold for free**
- **Near-term production from high grade areas by hauling out material for milling**
- **Minimal capital cost of \$1-\$2 million....Kinross Buckhorn plant in Washington has excess capacity**
- **No prior promotion or marketing means this is a truly undiscovered story**
- **Current market cap of \$1.8 million....private sales of this type have gone for over \$10 million**
- **Safe jurisdiction with water, power, labor and other requirements available locally**
- **Patented claims 100% owned by Lovitt Resources with no exploration permitting required**
- **With gold at the \$1,000 level and the junior market heating up, investors will be looking for high grade gold exploration companies with a ultra-tight share structure for the most leverage**
- **Recent exhibiting at the Toronto Resource Show was the “coming out party” - building awareness**

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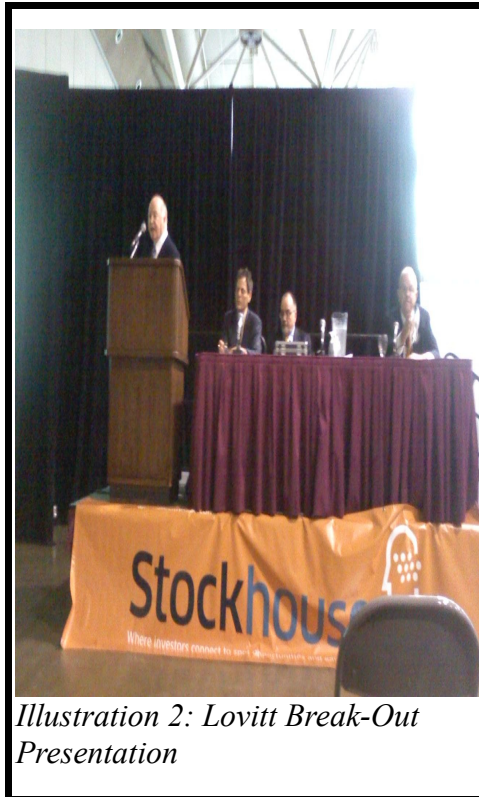
## Why Lovitt Resources?

Excellent question. Being a research hound and always scouring the daily press releases made by Canadian junior resource companies, I was initially introduced to Lovitt Resources in early September when they announced the filing of their 43-101 on the Lovitt Mine. I had never heard of Lovitt Resources so I decided to check out their website (<http://www.lovittresources.com/>) and was amazed with both the amount and depth of information on the Lovitt Mine available to read. In researching Canadian junior research companies over the past 6 years, I had not come across a company whose website contained as much useful information as the Lovitt website ([http://www.lovittresources.com/properties/lovitt\\_mine/](http://www.lovittresources.com/properties/lovitt_mine/)). As I read further, I came to realize that this company was perfectly positioned like few companies are to capitalize on the upcoming gold rush in the junior gold explorers. With gold at \$1,000 and the seasonally favorable period for gold and the exploration companies upon us, Lovitt Resources has picked a perfect time for a coming out party. Where else can you find a company with 5.1 million shares with a market cap under \$2 million with a historical resource of 400,000 high grade gold ounces with an upcoming deep drilling program to explore where none have gone before?

I had the chance to speak with President Lorne Brown several times in September to get more information on the company and its plans for the next 6 months and during this time, I purchased shares of Lovitt several times on the open market in small increments. The ultra-tight share structure of 5.1 million shares with no warrants or options makes it difficult to purchase a significant amount of shares without the share price moving higher but the tiny \$1.8 million current market cap and severe undervaluation compared to its peers provides plenty of room for price appreciation. Most recently, I had the opportunity to talk with Lorne at the Toronto Resource show where he was exhibiting and also gave a presentation on Lovitt Resources immediately following a talk by John Kaiser of Bottom-Fish Report fame. A few pictures of the show are shown below:



*Illustration 3: Lovitt Exhibition Booth*



*Illustration 2: Lovitt Break-Out Presentation*



*Illustration 1: Lovitt Power Point*



### **History of the Lovitt Mine (from the Lovitt website)**

Chinese working on the US transcontinental railway discovered gold on the Lovitt Mine property in 1865. They made ladders to reach the veins in the cliffs, then panned their rock chippings for gold in Squilchuk Creek in the valley below. Apparently they did well, because there are hundreds of pits in the cliffs of D reef as silent witness to their activity.

The mine property was first staked in the 1890's and a small gold operation was run for about three years prior to 1900, about one thousand feet from the main ore body.

The property changed hands several times prior to Ed Lovitt appearing on the scene in 1949. Lovitt immediately recognized the potential of the property and in 1950 he raised the financing required to take the property to production. For eight years the company shipped ore grade rock averaging .5 to .9 oz of gold per ton to the Asarco smelter in Tacoma.

Lovitt employed contract miners who shared in the profits. In 1959, the miners discovered "Nellie's Room" a very rich pocket of ore in a room of 15x15x20 feet. In today's dollars, about \$ 30 million in gold and silver

was recovered and the company was raided by the IRS before any payouts could be paid out to the miners. The Lovitt Mine mineralization is mostly epithermal micron gold, much like that found in the Carlin trend in Nevada, and a local Wenatchee World newspaper article quotes Ed Lovitt saying “the gold is so fine that it can’t be seen, even at 100 oz. per ton”.

However, there were occasional zones of very high grade like Nellie’s Room where the gold was visible and Lovitt made a side business of selling the gold and electrum specimens discovered in the mine.

In 1960, Lovitt entered into a joint venture agreement with the Day brothers of Idaho, who were experienced mill operators. Lovitt felt that he could do better by milling the ore, then delivering the resulting concentrate to a smelter. The partnership was known as L-D Mines and the partnership was in effect until the mine suspended operations in 1967, with gold fixed at 34.00 per oz. and expenses rising.

Historic records show production of 410,480 oz of gold and 625,850 oz of silver between 1951 and 1967.

After the mine closed Cypress Anvil optioned the property, and spent about three years exploring for gold in the area. They were interested in developing the open pit potential of the Lovitt Mine, and they completely missed the potential of the Cannon Mine, which adjoins the Lovitt Mine to the north and produced over 1.1 million ounces of gold in the late 1980’s early 90’s.

The Cannon Mine was optioned by a Vancouver mining promoter in 1982, as a proximity play to the Lovitt Mine, and by 1984 they were achieving diamond drill results which indicated a possible gold camp. One diamond drill hole intersected 60 feet of over 1 oz gold per ton and the gold rush was on. Breakwater’s stock had closed at around 3.50, and after release of the news of the spectacular drill intersection, it opened around 16.00 the following day. Breakwater brought in Asamera Minerals Inc., a more senior company with deep pockets to finance the infrastructure required to take the mine to production. Ultimately Breakwater owned 49% of the Cannon Mine, and Asamera owned 51%.

Breakwater is a candidate for the best gold mine promotion of all time, since the stock rose from 18 cents as a VSE shell to over \$ 40.00 per share as a NYSE listed company, and this was accomplished in a falling gold market. At market highs, the price of Breakwater implied a value for the Cannon Mine and related Wenatchee gold belt assets at around \$ 1,400,000,000. Over its seven year production life, the Cannon Mine produced around 1.2 million oz of gold and about 600,000 oz of silver.

Back to the Lovitt Mine.....Since the Cannon mine diamond drilling indicated a possible gold camp, mining major Teck Corporation became interested in the Wenatchee area and used the Vancouver company Grange Gold Corporation, to finance a minority interest in the Lovitt Mining Company. Once again, the focus was upon developing an open pit resource. Teck spent several millions to finance an exploration program in the 80’s and in a follow up effort Asamera spent several millions exploring the Lovitt Mine property from between 1985 and 1996. BP Oil bought Asamera, and disbanded Asamera Minerals Inc. after the Cannon mine closed. Other well known mining companies explored the Lovitt Mine after operations were suspended, including Cyprus Anvil, United Mining, Newmont Mining and Tenneco. The data assembled by these companies is a major asset of Lovitt Resources Inc.

In 1994, consulting geologist A.A. Burgoyne wrote a non-compliant 43-101 summary of the Lovitt Mine mining data and concluded that the Lovitt Mine had a geological resource of over 400,000 oz of gold. Also Wright Engineers prepared multiple summary reports for Teck Corporation and Asamera between 1982 and 1992. It would be impossible to duplicate the 7 miles of tunnels, over one thousand engineering drawings, diamond drill data and scores of engineering reports without a budget in excess of 40 million dollars.

In 2008 the Lovitt Mining Company commissioned an updating report by Watts Griffis and McQuat of Toronto, released in July 2009, available on our home page.

Lovitt Mine data shows a terrific blue sky potential, since the history of the mine indicates numerous high grade gold pockets. There are hundreds of narrow veins that were never sampled. All early exploration involved long hole drilling of typically 80 feet, and most post 1967 drilling was directed to collect open pit information. The Lovitt hydro-thermal gold deposit is also open to depth, since the exploration focus post-1967

was mainly to develop broad shallow reserves. The current focus is on high grade gold and silver zones offering bonanza potential.

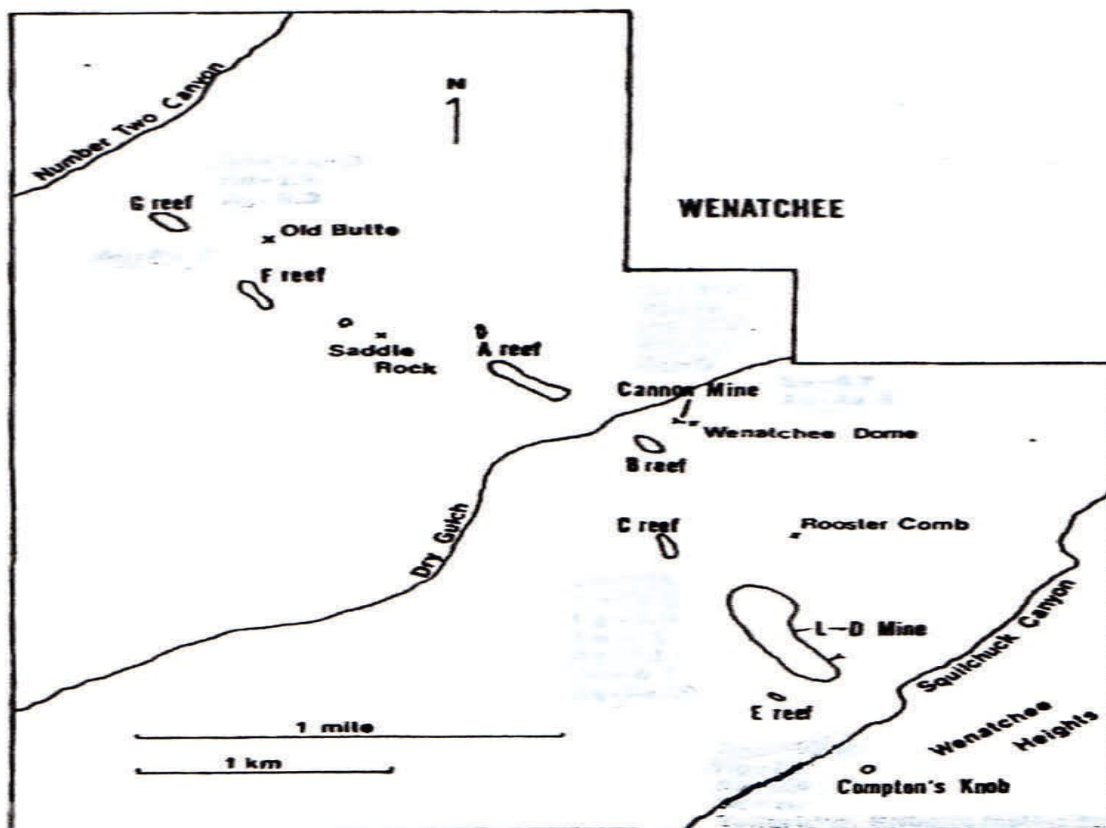
Grange Gold Corporation, the original public company, changed its name several times over 28 years to become Lovitt Resources Inc., currently focused on developing the Lovitt Mine asset. In looking at potential future development, a large part of the permitting process may be bypassed or accelerated due to the fact that our mine workings are on patented mining claims. Lovitt Mines owns the patented Gold King and MacBeth mining claims subject to a 5% net smelter royalty interest in favor of former minority shareholders, plus 100% of the mineral rights in 200 acres and 70% of the mineral rights to 350 acres in the Wenatchee area, subject to the same net smelter royalty. Contained within the mineral interest is a freehold land inventory of approximately 270 acres close to the city limits of Wenatchee, which is a major off balance sheet asset of the company.

Recent work has concentrated on opening the 1250 level of the mine, exploring other levels where accessible, sampling prospective areas inside the mine, reviewing engineering maps and reports, and sampling material in the dumps outside the main portals. A geologist has been commissioned to place the engineering data into a modern 3D format to simplify the exploration process.

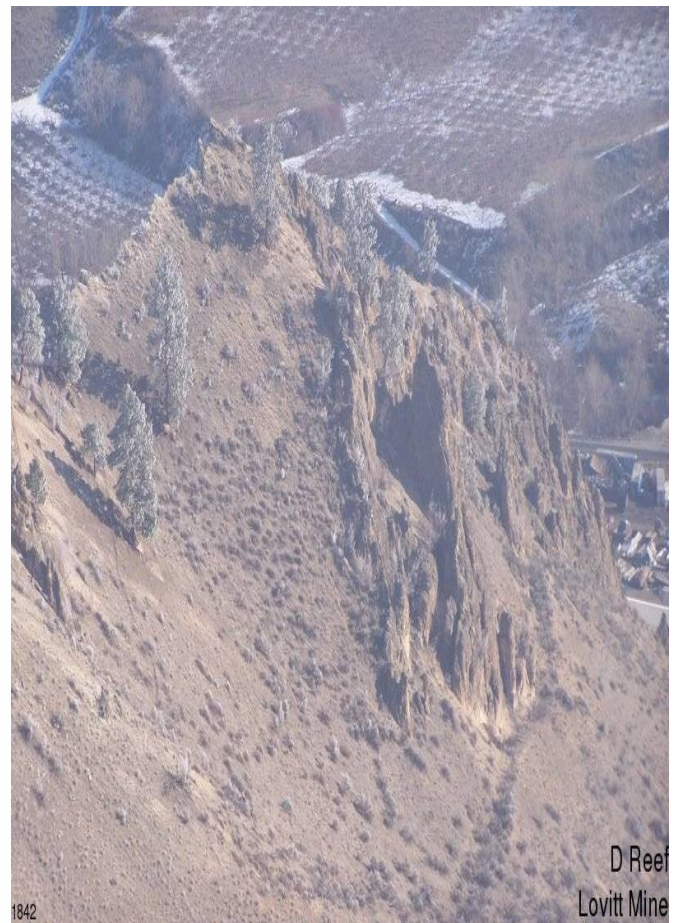
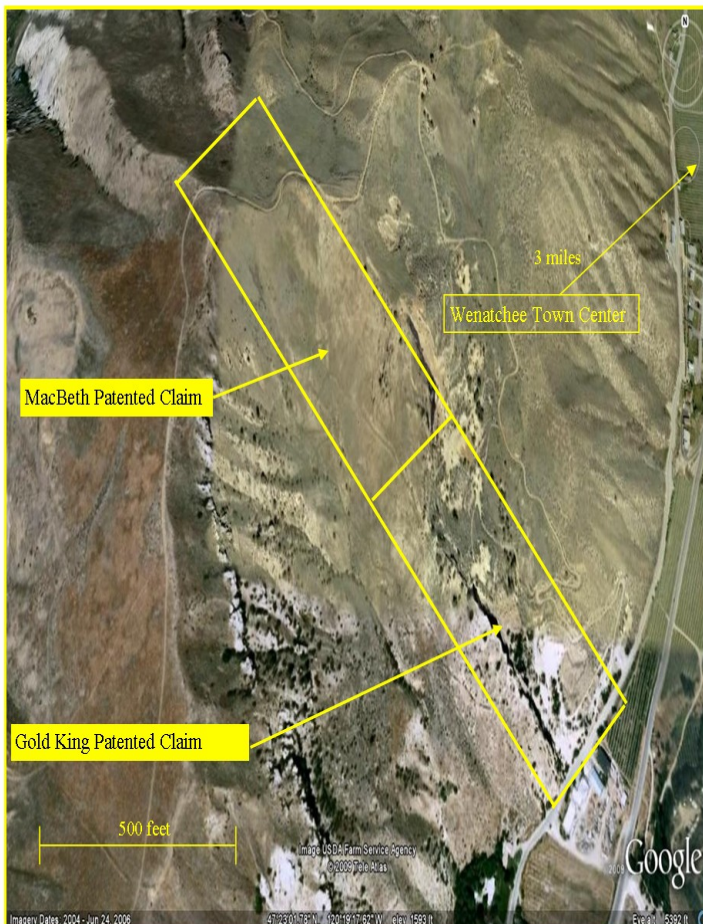
The Lovitt Gold Mine has a very rich history dating from its incorporation in 1949, and its best days are yet to come, led onward and upward by its parent, Lovitt Resources Inc.

### Wenatchee Gold Belt

As shown below, the Lovitt Mine (L-D Mine) is on trend and less than a mile to the south-east of the 1.25 million ounce Cannon Mine in the prolific Wenatchee Gold Belt..



“The Wenatchee Gold Belt is one the most exciting and prolific gold belts that many old time gold bugs know about and current investors will get to know much better over the coming months. Situated in the state of Washington, USA it is a 7 mile long and up to ½ mile wide northwesterly trending structural zone with extensive gold and silver mineralization. The nearby Cannon and Lovitt Mines were known for the sediment-hosted, high-grade gold deposits. As previously mentioned, the Cannon Mine produced approximately 1.25 million ounces of gold and two million ounces of silver between 1985 and 1994. Just south of Cannon, the Lovitt Mine produced over 400,000 ounces of gold and over 600,000 ounces of silver in its twenty-year mine life. Just south of the Lovitt Mine, the Compton and the Matthews properties in the Wenatchee Gold Belt had historic drill results of 10m grading 45 g/t gold and 2m grading 200 g/t gold at Matthews.



### **Near-Term Cash Flow Opportunity**

Due to the nearly \$50 million in existing mine infrastructure and the relative easy access to the high grade gold, a near-term cash flow opportunity exists at the Lovitt Mine. With minimal additional capital costs of less than a million dollars, Kinross's nearby processing plant with excess capacity and with gold at an average grade of 7 g/t, positive cash flow within 6 months is possible that will provide Lovitt the necessary resources to fund a major exploration program with minimal additional dilution.

## **Recent Developments**

The following press releases have been issued over the past few months. A steady stream of news flow from Lovitt Resources can be expected every few weeks over the November 09 – March 10 seasonably favorable period for gold juniors:

### ***Lovitt Resources files NI 43-101 report for Lovitt mine***

2009-08-14 16:08 ET - News Release

Mr. Lorne Brown reports

NI43-101 FILED BY LOVITT RESOURCES INC.

Lovitt Resources Inc. has filed a National Instrument 43-101 technical report with the British Columbia Securities Commission and the TSX Venture Exchange, as tabled by Watts, Griffis and McOuat Ltd., consulting geologists and engineers of Toronto. The report is a technical review of the "D" reef of the Lovitt mine owned by the company in Wenatchee, Wash. The Lovitt mine was in production from 1950 to 1967 and historic records indicate that 410,000 ounces of gold and 625,000 ounces of silver were produced during that period.

The report incorporated all information assembled by the company including a recent underground and surface sampling program, and geological data reported by the company, and also Cyprus Anvil, Teck Corp., United Mining Corp. and Asamera Minerals (U.S.) Inc. from their extensive mineral exploration activity conducted in the 1970s through the 1990s.

Lovitt Resources owns the Lovitt mine on 40 acres of patented claims, plus mineral rights in the surrounding area with a 100-per-cent interest in 200 acres and a 70-per-cent interest in 300 acres.

A copy of the report is available on the home page of the website of the company.

(see [http://www.lovittresources.com/\\_resources/reports/wgm2009\\_43-101.pdf](http://www.lovittresources.com/_resources/reports/wgm2009_43-101.pdf))

### ***Lovitt plans fall exploration at Lovitt-Day***

2009-09-10 14:14 ET - News Release

Mr. Lorne Brown reports

LOVITT RESOURCES INC.: FALL EXPLORATION PROGRAM DETAILED

Lovitt Resources Inc. has resolved to execute an exploration program on the patented claims of its wholly owned subsidiary, the Lovitt Mining Company, as recommended by Watts, Griffis and McOuat Ltd. (WGM) in its National Instrument 43-101 report on the Lovitt-Day gold mine dated July 31, 2009. The report recommends a two-phase exploration program with a budget of \$656,000. The initial phase of exploration will consist of geophysical and geochemical surveys with follow-up surface diamond drilling. The company is in negotiations with contractors to start the exploration program as soon as possible.

The areas of interest are well defined since Cyprus Anvil, Teck Corporation and Asamera Minerals (U.S.) Inc. conducted extensive exploration programs on land controlled by LRC in the Wenatchee area in the 1980s and 1990s, with a view to define an open pit resource. However, the focus of the company will be to concentrate on the high-grade/high-profit historical potential of the Lovitt gold mine, which suspended operations in 1967 after producing 420,000 ounces of gold and 620,000 ounces of silver over the preceding 16 years. Average annual gold grades were achieved of 0.50 ounce per ton in direct to smelter production between 1950 and 1961, and gold grades averaged 0.38 ounce per ton after 1961 when ore throughput was increased to accommodate the Day mill. The diamond drilling program and future exploration aims to confirm known ore

zones, and to potentially discover new ore zones to define an NI 43-101 proven and indicated gold and silver resource.

The Lovitt gold mine was the sixth largest gold mine in the United States when operations were suspended in 1967, when expenses were rising due to inflation and the price of gold was fixed at \$34.00 per ounce. The directly adjoining Cannon mine controlled by Asamera Minerals produced over 1.2 million ounces of gold between 1985 and 1994.

In order to avoid potential share dilution, LRC will raise funds for the exploration program and working capital by selling a cold storage building, excess equipment and a real estate contract owned by the Lovitt Mining Company, with gross proceeds expected to be in excess of \$1-million (U.S.).

***Lovitt samples average 7.9 g/t Au, 15.8 g/t Ag at I-49***

2009-09-17 11:38 ET - News Release

Mr. Lorne Browne reports

**SAMPLING RESULTS IN I-49 AREA OF THE LOVITT GOLD MINE GRAB SAMPLES RETURN AN AVERAGE OF 7.9 GM/T GOLD & 15.8 GM/T SILVER**

Lovitt Resources Inc. (LRC) has discovered an area known as the I-49 stope during a continuing examination of the Lovitt gold mine workings, owned by its wholly owned subsidiary the Lovitt Mining Company of Wenatchee, Wash. Although significant exploration was conducted by major mining companies in the 1970s and 1980s, it is very unlikely that this area was accessed, due to the high degree of difficulty in reaching this location. After entering a large ore chute area and from that location traversing a raise then a narrow three-foot-high 20-foot tunnel off the raise, the area opens to a large room at the 1,310-foot level with dimensions of approximately 180 feet by 215 feet by 200 feet high. The floor of the I-49 stope area is full of broken rock either stockpiled as waste, ore or from collapsed material, or all three, and this material sits with an angle of repose of 30 degrees. The implied tonnage of this material is substantial but totally dependent upon whether the floor is flat or angled, so the current estimate is 20,000 tons to 100,000 tons. Mine working plans and sections dating from 1962 indicate that this material could be continuous from the 1,290-foot level down to another stoped area on the 1,190-foot level. Dimensions are unknown below the 1,290-foot level. The company intends to enter the I-49 stope area from the main 1150 haulage level to investigate, assess ground conditions, and sample. Twenty samples from the I-49 area, 18 of which were taken on a random basis in two areas of approximately 80 feet by 10 feet, plus two samples near the crown pillar, returned assays averaging 7.9 grams per tonne gold and 15.9 g/t silver, or 0.21 ounce of gold per ton and 0.46 ounce of silver. It should be noted that, although these results are promising, an additional 80 samples will have to be gathered to fully sample the I-49 area on a grid of 25 feet by 25 feet and a five-foot sampling radius. All samples were collected by a licensed geologist in the Washington State. As part of the diamond drill program announced in Stockwatch Sept. 10, the company plans one or more steeply inclined diamond drill holes from the main 1150 level directly upward into the I-49 material to better determine the extent, grade and tonnage of this system. A diagram of the I-49 showing sample locations and a table with sample results is available at the company's website.

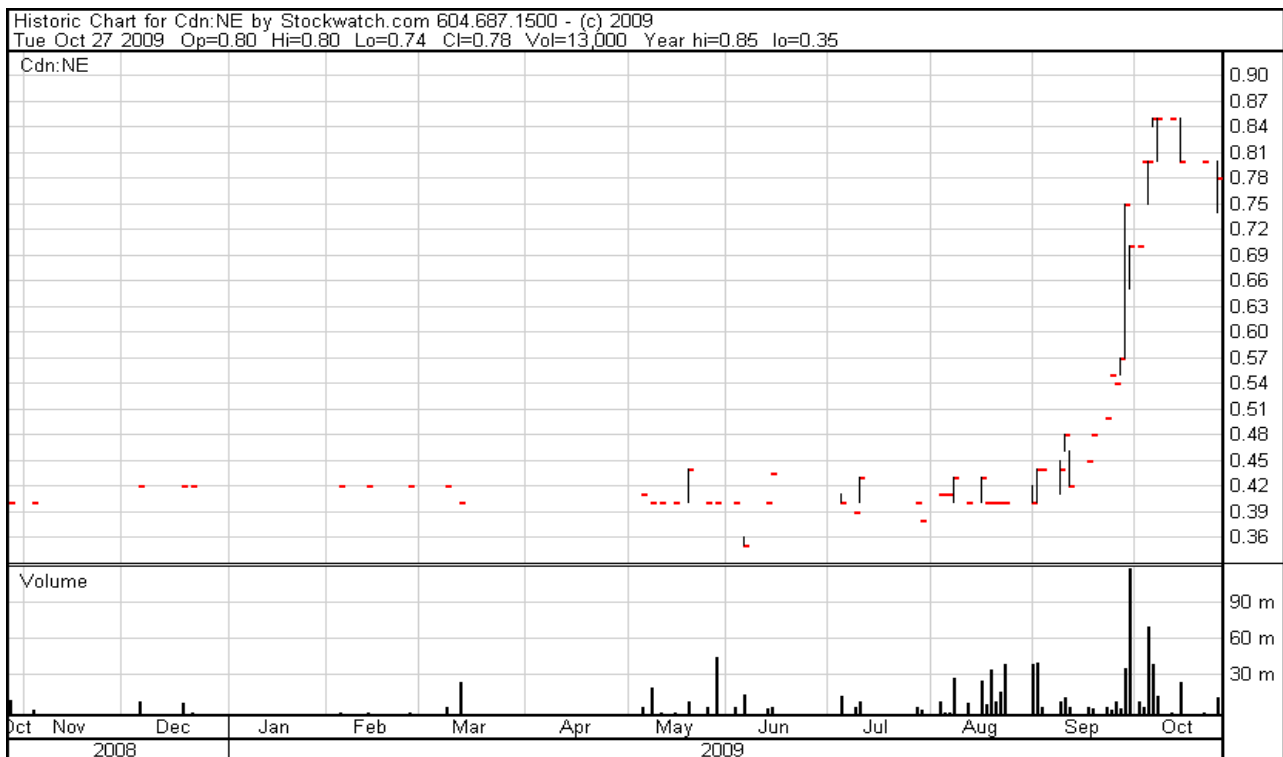
The Lovitt gold mine was the sixth largest gold mine in the United States when operations were suspended in 1967 due to expenses rising due to inflation and gold fixed at \$35.00 per ounce. The Lovitt gold mine produced 420,000 ounces of gold over 16 years. The Cannon mine (directly adjoining to the north), controlled by Asamera Minerals (US) Inc., produced over 1.2 million ounces of gold between 1985 and 1994. This news release was reviewed and approved by the company's director James Proudfoot, PEng, a qualified person under NI 43-101.

## Next Steps

The following 6 months will be an exciting time for both Lovitt Resources and its shareholders. We can look forward to the following developments:

- additional sampling in the high grade I-49 area
- detailing plans for their upcoming drill program
- potentially expanding their land package
- refining the economics of near-term processing of their high grade gold that can literally be carried out
- a share price that reflects Lovitt's potential as the story gets out to investors

A comparable share price road map of a similar share structure company (Nextraction Energy - 7 million shares vs 5 million shares of Lovitt) who “gets recognized” can be seen by the chart below.



Lovitt's share price sits at \$.37 as of today. The story is just now getting out. Investors are encouraged to take a serious look at Lovitt Resources. Comparable companies have a market cap of \$10 to \$25 million. Lovitt's market cap is currently under \$2 million. With gold comfortably over \$1,000 and investors longing for the few tight share, high grade gold companies in politically safe jurisdictions, Lovitt Resources will soon emerge from its unknown status and its share price will reflect its vast potential.

## Disclaimer

**Vince Marciano does own shares in Lovitt Resources as of the date of this report.**

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