Lovitt Resources Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months and the Year Ending December 31, 2010

General

The following discussion is management's assessment and analysis of the results and financial condition of the Lovitt Resources Inc. (the "Company") for the three months and the year ended December 31, 2010, and should be read in conjunction with the accompanying audited financial statements for the year ended December 31, 2010 and related notes, which were prepared using Canadian generally accepted accounting principles with data provided by management using appropriate controls and procedures. All figures are reported in US $ unless otherwise indicated.

The above documents and additional information relating to the Company may be found at: http://www.sedar.com and http://www.lovittresources.com

Certain information included in this discussion may constitute forward-looking statements. Such statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied herein. Historical results, including trends which might appear, should not be taken as indicative of future results.

Disclosure, Control and Procedures
Management is responsible for the information disclosed in this document through the implementation of appropriate information systems, with procedures and controls designed to ensure that information used internally, and reported externally, is in all material respects complete and reliable. The CEO and CFO have certified in a public filing that the design and operation of such disclosures, controls, and procedures was effective for the annual period ending December 31, 2010, and have declared that all material information relevant to this period is fairly presented and disclosed in this document.

1.1 This report is dated May 2, 2011

1.2 Background and Overall Performance

The original predecessor to Lovitt Resources Inc. was Grange Gold Corporation ("GEG"), which was incorporated in 1980, and became a public company on the Vancouver Stock Exchange in 1981. GEG initially explored for minerals in British Columbia. In 1984 the Company acquired an interest in the Lovitt Mining Company ("LMC") of Wenatchee, WA, a former producing gold mine in the 1950's and 60's. LMC was initially acquired for its substantial gold and silver exposure through mineral rights in an area very prospective for these and other minerals. GEG owned 58.8% of LMC until 2002, when it purchased the 41.2% interest of certain minority shareholders, making LMC its 100% wholly owned subsidiary and principal asset. In 2005 Grange Gold Corporation changed its name to Lovitt Nutriceutical Corporation to reflect its interest at that time in the health food industry, when the company had substantial apple and pear production. With gold hitting a new all time high in US dollars in 2007, the company refocused its energy on its mineral portfolio and changed its name to Lovitt Resources Inc.("LRC") in September 2008.

LMC has substantial assets in Wenatchee, Washington State, consisting of over 270 acres of real estate, mineral rights to over 570 acres, water rights, extensive mine workings with engineered maps and drawings, co-op fruit processing shares, and a complete Wenatchee Gold Belt database covering all development over the past 60 years.

In 2008, with gold moving to new all-time highs, the company focused upon operating as a natural resource company with efforts concentrated on the patented claims of the Lovitt Mining Company in Wenatchee, WA. Access to the mine is thru a portal on the 1250 level, and the company embarked upon a sampling program to evaluate areas that might support future mining operations. In September of 2008, LRI contracted with Watts, Griffis and McQuat, mine and geological consulting engineers out of Toronto, to produce a 43-101 report and to make recommendations regarding future mineral exploration. This report was dated July 31, 2009 and is available at: http://www.lovittresources.com

The Lovitt Mine had suspended operations in the Spring of 1967, due to an adverse economic climate of rising inflation and a fixed gold price. During the sixties, the mine was the sixth largest gold producing mine in the USA. The Wenatchee area is highly prospective for gold, as illustrated by the fact that the adjoining Cannon Mine was the 1st or 2nd largest underground gold mine in the USA during the late 1980's and early 1990's, when it produced 1.1 million ounces of gold. The Lovitt Mine produced over 410,000 ounces of gold and 626,000 ounces of silver conducting mining operations with a small crew between 1950 and 1967.

A major asset of the company is the archives of LMC, which contain daily operational logs, engineering drawings, exploration and ore assay logs, and numerous reports commissioned over the production years. Even more significant is the wealth of information assembled by companies in the 1970's, 80's and 90's like Cyprus Anvil, Newmont Mining Corporation, United Mining, Teck Corporation and Asamera Minerals (US) Inc., operator of the abovementioned Cannon Mine. The Lovitt Gold Mine workings are also a major asset, with seven miles of tunnels horizontally and raises 800 feet vertically, on six major levels and four sub-levels with a replacement cost in the order of $ 50 million today.

Despite the reams of historical data assembled by senior companies in the gold exploration business, no one entity has been able to place this data in a cohesive database system to fully understand the deposition of gold in the area. In fact, all the post 1970 exploration companies mentioned above were mainly motivated to develop an open pit mining reserve, when in fact the Lovitt Mine was historically a high grade vein stock gold mine with bonanza zones of enrichment.

The company believes that shareholder value can be best enhanced by raising development funds thru public financings and selling surplus land, buildings and equipment for additional capital, then deploying the resulting capital towards building a comprehensive mineral database and engineering model, to ultimately develop a gold and silver resource in and around the Lovitt Gold Mine, and at the Matthews property. The company intends to sell this defined resource to a first tier gold mining company for cash and equity.

In the past 16 months the company leased the Matthews Property on the Wenatchee Gold with $ millions of past exploration expenditure and substantial further exploration potential. The company intends to increase its land position on the Wenatchee Gold Belt if and when further opportunities arise.

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1.3 Selected Annual Information			
	2011	2009	2008
Revenue	nil	nil	nil
Income Gain/Loss	-445,243	-361,488	-342,120
Gain on sale of assets and other income	-327,261	10,076	150,342
Net Income	-772,504	-351,412	-192,434
Earnings per share	-0.13	-0.07	-0.04
Total assets	1,187,387	892,387	852,689
Total long term debt	1,141,800	920,000	263,925
Current portion of long term debt	24,368	394,921	359,353
Cash dividends paid	nil	nil	nil

There was no revenue from land sales in 2009 or 2010 reflecting the devastated real estate market in the USA. Since current operations are focused on mineral development, future exploration and development expenditures will be geared to the ability to sell real estate and/or raising funds thru public and private financings. Net income was lower by $ 331,546 in 2010 due to the write-off of equipment surplus to sales but not marketable at the asking price.

1.4 Result of Operations

Corporate activity during 2010 centered upon 1) the sale of real estate and surplus equipment to generate revenue and 2) developing an exploration plan to expand the gold and silver resource inside and around the Lovitt Gold Mine and within the Matthews property, leased in December 2009.

The company was not able to sell real estate or surplus equipment at prices offered due to a continuing poor business climate in the USA. The company offered and continues to offer a cabin on 5 acres and a cold storage plant on 5 acres for a combined price of $ 535,000.

The company spent the first part 2010 developing a diamond drill program in the underground workings of the Lovitt Gold Mine, and in the latter part of 2010 the company concentrated upon a surface drilling program for its Matthews property, 1.5 miles from the Lovitt Gold Mine. The Lovitt and Matthews projects traded priorities, when it became clear that the potential gold per dollar spent would be much higher when lower expense of drilling aboveground vs. underground was considered. The company intends to drill underground later in the program after the Matthews property is more fully assessed.

In evaluating the Matthews diamond drill program, two zones stand out, defined by past drilling, where similar results to existing drill holes can begin to develop a gold and silver resource.

Past drill hole data in the following table defines the two zones of interest.

	DD Hole	DD Intersect meters	Gold gm/t	Silver gm/t
ZONE I	MAT 2	43	1.7	①
	including	4.6	5.3	①
	MAT 93.6	32	0.9	①
	including	9.1	4.2	①
	MAT 7	3	44.6	①
	MAT 4	18	4.3	①
	including	4.6	13.9	120
	MAT 8	12	7.2	360
ZONE II	MAT 94-10	67	3.4	①
	including	20	7.5	①
	MAT 20	69	7.5	①
	including	4.6	90	209
	MAT 94-10A	45	3.8	①
	including	1.5	76	①
	MAT 93-1	69	2.6	①
	including	12	7.9	①

Zone 1 and Zone 2 cover approximately 4 acres with Zone 1 about 100 meters southeast of Zone 2.
① Silver values throughout the Wenatchee Gold Belt average 1 ½ times gold values.

It should be noted that although some of the Matthews diamond drill intersections above are 43-101 compliant, In general data based upon historic data is not reliable, and cannot be relied upon for investment purposes. The company intends to begin a diamond drill exploration program centered on the two zones in the table as soon as permitting allows.

G&A

For years ending December 31st	2010	2009
Accounting and audit	35,529	37,435
Legal	11,346	5,732
Consulting	11,446	-
Filing fees and regulatory	25,610	20,816
General office and supplies	3,623	3,973
Office rent and storage	12,088	8,122
Tel. & Communications	3,741	8,660
Travel, meetings, lodging	36,723	30,727
Bank fees	3,181	1,794
Promotion	57,285	12,504
Insurance	974	1,762
Casual labor	24,835	16,774
Health Insurance	-	4,056
Postage and Courier	932	1,364
Miscellaneous	22,689	2,912
Total	250,001	156,681
Foreign exchange adjustment	9,097	6,549
G & A	259,098	163,230

Prior to foreign exchange adjustment, G&A was higher at $ 250,000 in 2010 vs. $ 156,681 in 2009. Half the increase was due to promotional expenses to increase investor awareness. If the initial drill program is successful and market conditions warrant, the company expects to raise several million dollars by the end of the year. A further increase in cost was due to completing two private placements in 2010 with commensurate costs. The balance of the increase in G&A was due to substantially increased travel in connection with the private placements requiring international travel, and the increased mileage of travel between the company office in Canada and the exploration project in Central Washington State. These costs will increase substantially in the 2nd half of 2011 when the diamond drill program begins.

1.5 Summary of Quarterly Results

	Dec'10	Sep'10	Jun'10	Mch '10	Dec'09	Sep'09	Jun'09	Mch '09
	$	$	$	$	$	$	$	$
Revenue	0	685	500	2,700	0	3,750	1,081	3,000
Net Income	-474,268	-82,514	-144,328	-71,394	-153,019	-74,428	-57,564	-76,477
Earnings ps	-0.07	-0.02	-0.03	-0.01	-0.03	-0.02	-0.01	-0.01

Net income in Q-4 2010 was negatively impacted by the $ 331,547 write off of equipment held for sale, but not moving in a slow market.

1.6 Liquidity

The company has experienced a chronic working capital deficiency. The audited statement for the year ending December 31, 2010 has the first positive working capital ratio in several years as a direct result of two private placements completed during the year. The company intends to raise substantially more capital in 2011 to finance an aggressive exploration program.

The company has real estate and equipment surplus to its needs, and expects to sell these assets upon any market improvement in the USA.

1.7 Capital Resources and 1.8 Off Balance Sheet Arrangements

It should be noted that the LMC owns about 270 acres of land on the city limits of Wenatchee, WA. Most of this land was acquired in the 1950's and 60's. Current land valuations are substantially higher than the book value of these assets, and this appreciation is not reflected in the balance sheet.

The company holds a substantial mineral interest in about 550 acres surrounding the Lovitt Mine, with a 100% of the mineral interest in 200 acres including the patented claims of the Lovitt Mine, and a further 70% interest in about 350 acres. LMC was incorporated as a gold mining company in Washington State in 1949, and before suspending operations in 1967, the company produced 410,480 ounces of gold and 625,850 ounces of silver. The company reactivated its mineral asset in view of the fact that gold recently hit all time highs in excess of US $ 1,000 per ounce. The company wrote this asset off in 2003 in accordance accounting convention since no expenditure had been made on the Lovitt mineral interest for several years. The write off was approximately $ 2,000,000 and the Directors of the Company believe that the current value of the mineral interest is considerably in excess of the write-down.

Real estate potentially for sale is carried at 1950's prices and the current market is several thousand times the book cost.

1.9 Transactions with Related Parties

During 2010 the Company was charged $ 81,716 (2009-$ 77,864) for accounting, consulting, management services and casual labor provided by directors and officers of the Company, and by corporations controlled by directors and officers, and members of their immediate families. Also during 2010, the company was charged $ 59,476 (2009-$ 67,874) in interest on outstanding loans from related parties. As of December 31, 2010, accounts payable includes $ 12,230 (2008- $ 119,090), and accrued interest payable includes $ 263,347 (2009- $ 263,347) due to director, and a corporation owned by a director and family members of his immediate family.

1.10 Q-4 2009 Discussion for the three month period ending December 31, 2010

The company completed a private placement on December 17th to raise gross proceeds of $ 825,000.

The company worked on an exploration program which will involve a diamond drill program on the Matthews and the Lovitt Mine property closer to the town of Wenatchee at a distance of 1.5 miles.

1.11 Proposed Transactions …N/A

1.12 Critical Accounting Estimates….N/A

1.13 Changes in Accounting Policies and Risk Management

Accounting standards

Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC–173, *Credit Risk and the Fair Value of Financial Assets* and *Financial Liabilities*. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

The standard is effective for the Company's fiscal year beginning January 1, 2009. Adoption of this EIC did not have a significant effect on the Company's consolidated financial statements for the year ended December 31, 2009.

Mining Exploration Costs

In March 2009, the CICA issued EIC–174, *Mining Exploration Costs*. The EIC provides guidance on the accounting and the impairment review of exploration costs. The standard is effective for the Company's fiscal year beginning January 1, 2009. The application of this EIC did not have any appreciable effect on the Company's consolidated financial statements for the year ended December 31, 2010.

General Standard of Financial Statement Presentation

For the year ended December 31, 2009, the Corporation adopted the amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures, which expands financial statement fair value measurement and liquidity risk management disclosures.

Goodwill and intangible assets

Effective January 1, 2009 the Company adopted the new recommendations of Section 3064, *Goodwill and intangible assets*, which establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062, *Good and other intangible assets*.

The adoption of Section 3064 did not have an impact on the Company's financial position and results of operations.

Future accounting standards

Business Combinations, Consolidated Financial Statements and Non-controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling interest*. These sections replace the former CICA Handbook Section 1581, *Business Combinations* and Section 1600, *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, *Business Combinations* (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

CICA Handbook Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

International Financial Reporting Standards ("IFRS")

In 2008 the AcSB announced that the date for publicly-listed companies to use IFRS, replacing Canadian GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is evaluating the financial reporting impact of the transition to IFRS, and ways and means to implement the program.

1.14 Financial Instruments

Fair value

The fair value of financial instruments at December 31, 2010 and December 31, 2009 is summarized as follows:

	2010		2009	
Carrying amount	Fair value	Carrying amount	Fair Value	Carrying amount
Financial Assets				
Held for trading				
Cash	$ 590,051	$ 590,051	$ 3,544	$ 3,544
Loans and receivables				
Patronage dividends receivable	17,357	17,357	19,845	19,845
Amount receivable	7,615	7,615	8,000	8,000
Loan receivable	–	–	--	--
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	$ 59,055	$ 59,055	$ 134,166	$ 134,166
Accrued interest payable	239,804	239,804	269,478	269,478
Note payable	5,768	5,768	5,459	5,459
Long-term debt (+)	419,467	419,467	422,966	422,966
Long-term debt to related parties	746,701	*	891,955	*

+ Based on management's assessment, the carrying value of long-term debt reasonably approximates its fair value.
* The fair value of related party loans is not disclosed as the fair values are not reliably measureable due to the lack of readily available market comparable data.

Financial risk management

Patronage dividends and loans receivable are classified as loans and receivables, which are measured as amortized cost. Accounts payable and accrued liabilities, accrued interest payable, notes payable and long term debts are classified as other financial liabilities, which are measured at amortized cost, using the effective interest rate method. The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Cash and amounts receivable are exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on all financial instruments is equal to the carrying amount of those items. The Company limits its exposure to credit loss by placing its cash with major financial instruments.

Liquidity risk
The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash, in addition to listing assets that it can sell. The Company intends also to raise additional financing through the issuance of capital and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results.

Interest rate risk
Loan receivable and long-term debt bear interest at fixed rates, or do not bear interest, and therefore do not expose the Company to interest rate cash flow risk.

Foreign exchange risk
The Company is subject to foreign exchange rate risk as the Company incurs transactions and has assets and liabilities denominated in Canadian dollars, whereas the Company's functional and reporting currency is the U.S. dollar.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's portfolio of properties has exposure to predominantly Gold. The price of this commodity will affect the value of the Company and the potential value of its properties.

1.15 Capital

The company had 8,027,451 shares outstanding at December 31, 2010. At the date of this report 8,067,451 shares are outstanding as a result of issuing 40,000 shares April 12, 2011 pursuant to the exercise of private placement warrants. The Company recognizes transaction costs incurred in connection with the issuance of capital as share issuance costs which are netted against gross proceeds from related transactions rather than being expressed as incurred.

Subsequent Events:

The company continues to work on the technical details of its exploration program and expects to begin a diamond drill program in Q-2, 2011.

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