Lovitt Resources Inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

(Expressed in U.S. Dollars)

Prepared by management without benefit of audit.

Lovitt Resources Inc.
INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)

	June 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
CURRENT ASSETS		
Cash	$ 3,644	$ 4,417
Amounts receivable	(740)	713
Current portion of land held for sale	--	--
Prepaid expenses	1,340	1,340
	4,244	6,470
EQUIPMENT HELD FOR RESALE (Note 2)	331,547	331,547
PROPERTY PLANT AND EQUIPMENT	303,278	296,457
NOTE RECEIVABLE (Note 3)	109,487	109,905
MINERAL PROPERTIES	133,976	88,465
PATRONAGE DIVIDENDS RECEIVABLE	19,845	19,845
	$ 902,377	$ 852,689
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 50,190	$ 51,020
Accrued interest payable	228,468	200,393
Notes payable (Note 4)	4,883	4,710
Current portion of long-term debt (Note 5)	417,593	359,353
	701,134	615,476
LONG-TERM DEBT (Note 5)	861,996	773,925
	1,563,130	1,389,401
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	2,435,623	2,435,623
CONTRIBUTED SURPLUS	23,369	23,369
RETAINED EARNINGS (DEFICIT)	(3,119,745)	(2,995,704)
	(660,753)	(536,712)
	$ 902,377	$ 852,689

See Note 1 to interim consolidated financial statements.

Approved by the Board *C. Lorne Brown* **Director** *Dominic Lapenna* **Director**

Prepared by management without benefit of audit.

Lovitt Nutriceutical Corporation
INTERIM CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT
(Expressed in U.S. Dollars)

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
REVENUE				
Rental and other income	1,081	22,650	4,081	25,050
Investment income	--	-	--	-
	1,081	22,650	4,081	25,050
EXPENSES				
Amortization of property, plant and equipment	--	7,801	--	23,823
General and administrative	22,537	41,777	52,770	85,259
Interest on long-term debt	20,821	23,150	47,518	49,104
Interest – other	--	--	--	--
Management fees (Note 9)	15,000	15,000	30,000	30,000
Foreign exchange loss	287	1,876	2,834	(15,478)
	58,645	70,776	133,122	172,708
INCOME (LOSS) BEFORE OTHER ITEMS	(57,564)	(48,126)	(129,041)	(147,658)
OTHER ITEMS				
Equity income (loss) on investment	--	--	--	--
Gain on sale of other assets	5,000	--	5,000	
Gain on sale of land	--	--	--	--
Gain on sale of water rights	--	--	--	--
Loss on sale of notes receivable	--	--	--	--
	5,000	--	5,000	--
NET INCOME (LOSS) FOR THE PERIOD	(52,564)	(48,126)	(124,041)	(122,608)
RETAINED EARNINGS (DEFICIT), beginning of period	(3,067,181)	(2,902,802)	(2,995,704)	(2,803,270)
RETAINED EARNINGS (DEFICIT), end of period	$ (3,119,745)	$ (2,950,928)	$ (3,119,745)	$ (2,950,928)
EARNINGS (LOSS) PER SHARE – basic	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
EARNINGS (LOSS) PER SHARE – diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)

See notes to interim consolidated financial statements.

Lovitt Nutriceutical Corporation

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	$ (52,564)	$ (48,126)	$ (124,041)	$ (147,658)
Adjustments to reconcile net cash provided by operating activities				
Amortization of property, plant and equipment	--	7,801	--	23,823
Gain on disposal of land	--	–	--	--
Gain on disposal of water rights	--	--	--	--
Equity loss on investment	--	--	--	--
Decrease (increase) in				
Amounts receivable	3,896	(4,425)	1,453	(4,859)
Inventory and Capitalized	(4,369)	--	(52,333)	--
Notes receivable		--	418	--
Increase (decrease) in				
Accounts payable and accrued liabilities	5,707	(36,822)	(830)	(60,140)
Accrued interest payable	13,718	(92,184)	28,075	(75,949)
Notes payable	293	(256)	174	(353)
	(33,319)	(174,012)	(147,084)	(265,136)
CASH FLOWSFROM INVESTING ACTIVITIES				
Advances to affiliate	--	--	--	--
Purchase of property, plant and equipment	--	(33,573)	–	(33,573)
Issuance of shares, net of offering costs	--	114,939	–	114,939
Proceeds on sale of property, plant and equipment	--	–	--	2,400
Proceeds on sale of water rights	--	--	--	--
	(0)	81,366	(0)	83,766
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term debt	25,038	--	146,311	--
Repayment of long-term debt	--	(56,731)	--	(127,188)
	25,038	(56,731)	146,311	(127,188)
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(8,281)	(149,377)	(773)	(308,558)
CASH, beginning of period	11,925	303,564	4,417	462,745
CASH (NET BORROWINGS), end of period	$ 3,644	$ 154,287	$ 3,644	$ 154,287
CASH (NET BORROWINGS) IS COMPRISED OF				
CASH	$ 3,644	$ 154,287	3,644	154,287
Cheques issued in excess of funds on deposit	--	--	--	--
	$ 3,644	$ 154,287	$ 3,644	$ 154,287

See notes to interim consolidated financial statements.

Prepared by management without benefit of audit.

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on a basis consistent with the Company's annual audited financial statements for the year ended December 31, 2008. These interim financial statements do not include all the note disclosures required for annual financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2008.

The Company is incorporated under the *Company Act* (British Columbia). The Company holds land and mineral interests located in Wenatchee, Washington, U.S.A., as well as apple and pear orchards and a controlled-atmosphere warehouse facility.

Effective November 23, 2005, the Company changed its name from Grange Gold Corporation to Lovitt Nutriceutical Corporation. On September 15, 2008 the Company changed its name to Lovitt Resources Inc. from Lovitt Nutriceutical Corporation.

Prior to January 1, 2007, the Company earned rental income from its warehouse and equipment, which is partially rented to Lovitt Farms, Inc. and earned consulting revenue for providing services and expertise to Lovitt Farms, Inc. However, in 2006, Lovitt Farms ceased operations. Accordingly, all amounts invested and advanced to Lovitt Farms, Inc. were written off as of December 31, 2006.

In June of 2008, the Company decided to actively explore its mineral interest which is situated in the Lovitt Mine in Wenatchee WA and a mineral interest in the surrounding land.

The future viability of the Company is dependent upon the continued support of its creditors and its ability to generate profits and positive cash flow from its activities.

Changes in accounting policies

Effective January 1, 2007, the Company adopted three new Canadian Institute of Chartered Accountants accounting standards ("CICA"): CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 3865, Hedges; and Section 1530, Comprehensive Income. These sections apply to fiscal years beginning on or after October 1, 2006. These new standards have been adopted on a prospective basis with no restatements to prior periods' financial statements.

Financial instruments – recognition and measurement

This new standard requires all financial instruments within its scope, including all derivatives, to be recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets and liabilities except those held-for-trading and available for sale are measured at amortized cost determined using the effective interest rate method. Held-for-trading financial assets are measured at fair value with changes in fair value recognized in earnings. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired. Changes to the measurement of existing financial assets and liabilities at the date of adoption would be adjusted to opening retained earnings as noted above.

Patronage dividends are classified as loans and receivables, which are measured at 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 no available for sale assets or held for trading instruments.

Hedging

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This new standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

The Company has no "other comprehensive income or loss" transactions during the three months ended March 31, 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

1. BASIS OF PRESENTATION - continued

Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Lovitt Mining Company, Inc. (a U.S. corporation). Lovitt Mining Company, Inc.'s financial statements include the accounts of its wholly owned subsidiary, Gold King Inc. (a U.S. corporation). All significant inter-company balances and transactions have been eliminated.

Cash equivalents
The Company considers all highly liquid investments with original maturity of three months or less when purchased to be cash equivalents.

Inventory
Inventory is charged to operations once the related revenue is recognized. Inventory is stated at the lower of cost and net realizable value.

Investments in and advances to affiliates
Investments in affiliates over which the Company exercises control or has significant influence are accounted for on the equity basis. Investments in affiliates over which the Company does not exercise control nor has significant influence are accounted for at cost.

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated amortization. Amortization is provided on a straight-line basis over the expected useful life of each property, plant and equipment. Land is reclassified as held for sale upon being listed for sale.

The Company has approximately 20 acres of land and a cold storage building listed for sale, for a total asking sale price of $ 840,000.

Mineral properties and deferred expenditures
Mineral properties and deferred expenditures are recorded at cost. Expenditures related to the mineral properties are deferred until there is reasonable certainty as to the existence of economically recoverable mineral reserves. Costs are amortized against future production from the property. Costs of abandoned properties are written off at the earlier of the decision to abandon the property or the expiry date of assessment work on the property.

The carrying value of mineral properties and deferred expenditures represent costs to date, net of amounts written off, and do not necessarily reflect present or future values.

Patronage dividends receivable
Patronage dividends are accounted for using the equity method and are redeemable at the discretion of the issuing co-operative.

Asset retirement obligations
The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As at June 30, 2007, the Company does not have any asset retirement obligations.

Impairment of long-lived assets
Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

Income taxes
Income taxes are recorded on a tax allocation basis. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are recognized using enacted income tax rates. The effect of changes in effective income tax rates is recognized in income in the period in which the change occurs. Future income tax assets are recognized with respect to deductible temporary differences and loss carry forwards only to the extent their realization is considered more likely than not.

1. **BASIS OF PRESENTATION** - continued

Revenue recognition

Land sales are recognized when title transfers to the purchaser, when collection of sales proceeds is reasonably assured and when all other obligations have been fulfilled.

Consulting revenue is recognized in the period the services are rendered and when collection is reasonably assured.

Rent, interest and other revenue is recognized in the period the amounts are earned and when collection is reasonably assured.

Foreign currency translation
The accounts of the Company and its consolidated subsidiary are measured using the U.S. dollar as the functional currency. Monetary items in the parent company that are denominated in Canadian dollars are translated into U.S. dollars using exchange rates in effect at the balance sheet date and non-monetary items are translated using historical exchange rates. Exchange gains or losses arising on the transaction or settlement of foreign currency denominated monetary items are included in the determination of net income.

Comparative figures
Certain 2008 figures have been reclassified to conform to the presentation used in the current period.

2. **EQUIPMENT HELD FOR SALE**

	June 30, 2009	December 31, 2008
	$ 331,547	$ 331,547
	–	–
	$ 331,547	$ 331,547

3. **NOTE RECEIVABLE**

A 20 acre lot was sold for $ 160,000 in November 2008 for a down payment of $ 50,000 plus a real estate note in the amount of $ 110,458, with payments of $ 750 per month for a term of two years. At June 30, 2009 the note receivable was $ 109,487, with final payout due December 3, 2010. The deed of land will be held as collateral until the note is paid in full.

4. **NOTES PAYABLE**

	June 30, 2009	December 31, 2008
Promissory note – payable to a shareholder of the Company; non-interest bearing, not collateralized, and has no fixed terms of repayment (CDN – $ 5,737)	4,883	4,710
	$ 4,883	$ 4,710

(Expressed in U.S. Dollars)

5. LONG-TERM DEBT

	June 30, 2009	December 31, 2008
Loan from a Director of the Company – no required monthly payments; bearing interest at 8%, not collateralized, due October 31, 2010.	56,800	56,800
Loan – requiring minimum monthly payments of $ 4,100 representing interest only, calculated at 12% per annum; collateralized by a pledge of 221 acres of land owned by the Company; due Jan.1, 2010	410,000	260,000
Loan from a corporation controlled by a director of the Company and his Immediate family with no required monthly payments; interest calculated at 8% per annum; not collateralized, due October 31, 2010.	124,594	103,144
Loan from a corporation controlled by a director of the Company – no required monthly payments; interest calculated at 8% per annum; not collateralized; due October 31, 2010	100,000	100,000
Debenture due to a corporation controlled by a director of the Company – no required monthly payments; interest calculated at 8% per annum; collateralized by a pledge of all the Company's assets excluding mineral rights, due October 31,2010	510,000	510,000
Loans from a corporation controlled by a director of the Company – no required monthly payments; interest calculated at 8% per annum; not collateralized; due October 31, 2010	65,000	65,000
Promissory note – payable to a vendor	3,705	24,571
Truck loan – requiring monthly instalments of $ 644 including interest calculated at 2.9% per annum; collateralized by a pledge of the vehicle; due August 28, 2009	3,888	5,638
Truck loan – requiring monthly instalments of $ 350; does not bear interest; collateralized by a pledge of the vehicle; due October 14, 2010	5,602	8,125
	1,279,589	1,133,278
Less: Current portion	417,593	359,353
	$ 861,996	$ 773,925

The Company is required to make the following principal payments in each of the next fiscal years ending:

December 31, 2009	$ 7,593
December 31, 2010	1,264,403
	$ 1,271,996

6. SHARE CAPITAL

Authorized: Unlimited number of common shares without par value.

	Number of Shares	Amount
Balance at December 31, 2008	5,132,051	$ 2,435,623
Balance, as at June 30, 2009	5,132,051	$ 2,435,623

(Expressed in U.S. Dollars)

7. MINERAL PROPERTIES

		June 30, 2009
Lovitt Mineral Property - Washington, U.S.A.	$	1
Golden King and MacBeth Claims - Washington, U.S.A.		1
Deferred exploration costs		133,974
	$	133,976

The Lovitt Mineral Property represents a 100% undivided interest in 200 acres and a 70% undivided interest in 350 acres with mineral rights. The Golden King and MacBeth claims represent a 100% undivided interest in 40 acres with mineral rights. The mineral interest is subject to a 5% net smelter royalty, payable to former minority investors of Lovitt Mining Co., Inc. as an incentive to a buyout concluded in 2004.

8. SEGMENTED INFORMATION

As at June 30, 2009 and December 31, 2008, the Company and its subsidiaries operated in land development and assessing the mineral potential of the wholly owned Lovitt Mine. Identifiable assets, revenues and net loss in each of the geographic areas are as follows:

	June 30, 2009					
		Identifiable assets		Revenue		Net income (loss)
United States	$	844,580	$	4,081	$	(105,714)
Canada		45,512		–		(18,327)
	$	890,092	$	4,081	$	(124,041)

	December 31, 2008					
		Identifiable assets		Revenue		Net income (loss)
United States	$	850,915	$	656	$	(262,291)
Canada		1,774		–		69,855
	$	852,689	$	656	$	(192,434)

9. RELATED PARTY TRANSACTIONS

Unless otherwise stated, related party transactions are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

During the six month period ended June 30, 2009 the Company was charged $ 30,000 (2008 - $ 30,000) for accounting, consulting and management services provided by a director and officer of the Company, and $ 8,618 (2006-$11,800) for casual labour and consulting services provided by family members of a director and officer of the Company. Included in accounts payable and accrued liabilities is $ 124,594 (June 30, 2008 – $ 103,144) due to a corporation owned by an officer of the Company and members of his immediate family of which $ 11,389 represents accrued interest payable on these related accounts payable outstanding for greater than one year, as approved by the Board.