
ARMISTICE RESOURCES LTD.
(A DEVELOPMENT STAGE ENTERPRISE)
FINANCIAL STATEMENTS
NINE MONTH PERIOD ENDED MARCH 31, 2006

The accompanying consolidated financial statements for Armistice Resources Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. These consolidated financial statements are unaudited and have not been reviewed by the auditors. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

ARMISTICE RESOURCES LTD.
(A DEVELOPMENT STAGE ENTERPRISE)

BALANCE SHEET

AS AT MARCH 31, 2006 AND JUNE 30, 2005

	MARCH 31 2006 (Unaudited)	JUNE 30 2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 16,105	\$ 2,885
Sundry assets	17,235	62,564
	33,340	65,549
MINING PROPERTY (Note 4)	9,052,885	8,951,524
PROPERTY, PLANT AND EQUIPMENT (Notes 1 and 2)	39,266	44,515
	\$ 9,125,491	\$ 9,061,488
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 989,141	\$ 840,069
Callable debt (Notes 1 and 3)	150,000	-
	1,139,141	840,069
	1,139,141	-
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	36,991,990	36,991,990
WARRANTS	268,900	268,900
CONTRIBUTED SURPLUS	810,750	810,750
DEFICIT	(30,085,290)	(29,850,221)
	7,986,350	8,221,419
	\$ 9,125,491	\$ 9,061,488

ON BEHALF OF THE BOARD:

"Steven Reiken"

DIRECTOR

"Todd J. Morgan"

DIRECTOR

See accompanying notes.

ARMISTICE RESOURCES LTD.
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STATEMENT OF OPERATIONS AND DEFICIT

PERIODS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)

	3 MONTH PERIOD ENDED MARCH 31 2006	3 MONTH PERIOD ENDED MARCH 31 2005	9 MONTH PERIOD ENDED MARCH 31 2006	9 MONTH PERIOD ENDED MARCH 31 2005
EXPENSES				
Consulting	\$ -	\$ 36,356	\$ 38,181	\$ 85,969
Amortization	1,620	1,006	5,249	3,214
Interest and bank charges	1,070	63	1,627	(37)
Accounting and audit fees	4,550	25,088	44,048	94,138
Legal fees	15,498	(1,850)	120,942	52,662
Office	6,468	1,666	23,489	77,101
Repairs and maintenance	174	673	561	10,784
Shareholder relations	1,025	850	10,561	7,697
Recovery of expenses	-	-	(9,589)	-
	30,405	63,852	235,069	331,528
LOSS FOR THE PERIOD	(30,405)	(63,852)	(235,069)	(331,528)
DEFICIT, beginning of period	(30,054,885)	(29,776,862)	(29,850,221)	(29,509,186)
DEFICIT, end of period	\$(30,085,290)	\$(29,840,714)	\$(30,085,290)	\$(29,840,714)
Weighted average number of common shares outstanding	138,504,911	138,504,911	138,504,911	138,504,911
Basic and diluted loss per share	0	0	0	0

See accompanying notes.

ARMISTICE RESOURCES LTD.
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STATEMENT OF CASH FLOWS

PERIODS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)

	3 MONTH PERIOD ENDED MARCH 31 2006	3 MONTH PERIOD ENDED MARCH 31 2005	9 MONTH PERIOD ENDED MARCH 31 2006	9 MONTH PERIOD ENDED MARCH 31 2005
OPERATING ACTIVITIES				
LOSS	\$ (30,405)	\$ (63,852)	\$ (235,069)	\$ (331,528)
ADD ITEMS NOT REQUIRING A CASH OUTLAY				
Amortization	1,620	1,006	5,249	3,214
CHANGE IN NON-CASH COMPONENTS OF WORKING CAPITAL:				
Sundry assets	(4,136)	(8,972)	45,329	(22,347)
Accounts payable and accrued liabilities	(64,279)	(58,154)	141,573	(411,543)
CASH FLOWS USED IN OPERATING ACTIVITIES	(97,200)	(129,972)	(42,918)	(762,204)
FINANCING ACTIVITIES				
Loans advanced	150,000	-	150,000	-
Loans advanced by related parties	-	-	7,500	-
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	150,000	-	157,500	-
INVESTING ACTIVITIES				
Mining properties	(38,697)	23,424	(101,362)	12,897
Acquisition of Property, plant and equipment	-	-	-	(23,706)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(38,697)	23,424	(101,362)	(10,809)
CHANGE IN CASH DURING THE PERIOD	14,103	(106,548)	13,220	(773,013)
CASH, beginning of period	2,002	132,071	2,885	798,536
CASH, end of period	\$ 16,105	\$ 25,523	\$ 16,105	\$ 25,523

See accompanying notes.

ARMISTICE RESOURCES LTD.
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NOTES TO FINANCIAL STATEMENTS

PERIODS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)

1. CONTINUING OPERATIONS

The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principals ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual audited financial statements. The unaudited interim financial statements were prepared using the same accounting policies and methods as those used in the company's audited financial statements for the year ended June 30, 2005. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the company's financial statements including the notes thereto for the year ended June 30, 2005.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. However, the company presently has a significant negative working capital deficiency. The company's existence is dependent upon its ability to secure financing necessary to meet its obligations, finance development expenditures and to obtain profitable operations. Should the Company be unable to secure such financing, it may have to, at any time, cease its operations.

Accordingly, readers are cautioned that these financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate.

(a) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is originally recorded at cost and is amortized based on this cost using the following rates:

Buildings	4%
Computer	45%
Vehicle	30%

(b) CALLABLE DEBT

The Company's demand loan is classified as a current liability because the lender has the right to demand repayment within one year.

2. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	Net	
			2006	2005
Land and buildings	\$ 35,000	\$ 11,727	\$ 23,273	\$ 23,985
Vehicle	20,520	6,455	14,065	17,771
Computers	3,185	1,257	1,928	2,759
Totals	\$ 58,705	\$ 19,439	\$ 39,266	\$ 44,515

Amortization expense for the three month period amounted to \$1,620 (2005 - \$1,006) and the nine month period amounted to 5,249 (2006 - 3,214).

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NOTES TO FINANCIAL STATEMENTS

PERIODS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)

3. CALLABLE DEBT

	2006	2005
Kirkland and District Community Development Corporation term loan bearing interest of 7.5% per annum, repayable on August 7, 2006. The loan is due on demand. The loan is secured by a promissory note and a general security agreement.	\$ 150,000	\$ -

4. MINING PROPERTY

Balance, beginning of period	\$ 8,951,524
Royalties	64,722
Property taxes	22,503
Hydro	14,136
Balance, end of period	\$ 9,052,885

5. RELATED PARTY TRANSACTIONS

During the quarter, the Company paid directors of the company for consulting services in the amount of \$NIL (March 31, 2005 - 19330). At March 31, 2006 \$259,966 was owing to directors and related parties (2005 - \$74,472).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the second quarter the president of the company advanced the company \$7,500.

6. COMMITMENTS AND CONTINGENCIES

(a) Sheldon-Larder, the owner of the remaining undivided 25% ownership interest in the mining claims is entitled to the greater of: (i) a Net Smelter Return Royalty of 2% for periods when the price of gold is less than U.S. \$500 per troy ounce; 3% when such price is U.S. \$500 or more and less than U.S. \$800 per troy ounce and 4% when such price is U.S. \$800 per troy ounce or more; (ii) \$1.00 per short ton of ore derived from the properties; (iii) an advance royalty payment of \$21,573.61 per quarter year.

(b) The Company has agreed to pay \$1 with respect to each ton of ore removed from the Company's property and subsequently treated up to a maximum of \$500,000. To date, the Company has paid \$8,283 under this agreement.

Royalty expense capitalized during the nine month period related to this agreement amounted to \$64,722.

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NOTES TO FINANCIAL STATEMENTS

PERIODS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)

7. SUBSEQUENT EVENTS

Effective April 27, 2006 the company has amended its constating documents to change its name to "Armistice Resources Corp." and to consolidate its issued and outstanding share capital on the basis of one new common share for every four old common shares held. No fractional common shares of the Corporation will be issued in connection with such consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon such consolidation, the number of common shares of the Corporation to be received by the shareholder will be rounded down to the next highest whole number of common shares. The Board of Directors of Armistice was granted the authority by the shareholders of Armistice to effect such amendments at its discretion at the annual meeting of shareholders held on April 28, 2005.

On April 24, 2006 the company has engaged Dominick & Dominick Securities Inc. ("Dominick") as agent to sell common shares and flow through common shares of the company (the "Securities") to raise gross proceeds of up to \$7,000,000 (the "Offering"). The price of each common share shall be \$0.50 and the price of each flow through common share shall be \$0.65. Dominick will sell the Securities on a reasonable best efforts basis in British Columbia, Alberta, Ontario and such other jurisdictions as the Corporation and Dominick may agree. Net proceeds of the Offering will be used to fund the Corporation's exploration and development activities and to provide general working capital. Dominick will receive a cash commission equal to 7% of the gross proceeds of the Offering. Dominick will also receive broker's warrants exercisable into that number of common shares equal to 10% of the number of common shares and flow through common shares sold. The broker's warrants will each be exercisable to acquire one common share at a price of \$0.50 for a period of 18 months after closing. The closing of the Offering, currently expected for on or about May 31, 2006, is subject to certain conditions, including completion of satisfactory due diligence by Dominick and the receipt by Armistice of conditional listing approval for its common shares from the Toronto Stock Exchange or the TSX Venture Exchange.