ARMISTICE RESOURCES LTD.

(A DEVELOPMENT STAGE ENTERPRISE)

FINANCIAL STATEMENTS

SIX MONTH PERIOD ENDED DECEMBER 31, 2005

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 LIMITED

BALANCE SHEET

AS AT DECEMBER 31, 2005 AND JUNE 30, 2005

	DECEMBER 31 2005	JUNE 30 2005
ASSETS		
CURRENT ASSETS		
Cash	**$ 2,002**	$ 2,885
Sundry assets	**13,099**	62,564
	15,101	65,449
MINING PROPERTY (Note 3)	**9,014,189**	8,951,524
PROPERTY, PLANT AND EQUIPMENT (Note 2)	**40,886**	44,515
	$ 9,070,176	$ 9,061,488
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 1,053,421**	$ 840,069
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	**36,991,990**	36,991,990
WARRANTS	**268,900**	268,900
CONTRIBUTED SURPLUS	**810,750**	810,750
DEFICIT	**(30,054,885)**	(29,850,221)
	8,016,755	8,221,419
	$ 9,070,176	$ 9,061,488

ON BEHALF OF THE BOARD:

"Steven Reiken"
DIRECTOR

"Todd J. Morgan"
DIRECTOR

See accompanying notes.

ARMISTICE RESOURCES LIMITED

STATEMENT OF LOSS AND DEFICIT

PERIODS ENDED DECEMBER 31, 2005 AND 2004

	3 MONTH PERIOD ENDED DECEMBER 31 2005	3 MONTH PERIOD ENDED DECEMBER 31 2004	**6 MONTH PERIOD ENDED DECEMBER 31 2005**	6 MONTH PERIOD ENDED DECEMBER 31 2004
EXPENSES				
Consulting	**$ 3,561**	$ 36,094	**$ 38,181**	$ 68,864
Amortization	**1,746**	1,069	**3,629**	2,208
Interest and bank charges	**508**	(58)	**557**	208
Accounting and audit fees	**37,048**	66,540	**39,498**	69,051
Legal fees	**59,353**	28,349	**105,444**	54,512
Office	**12,970**	42,922	**17,021**	63,309
Repairs and maintenance	**165**	2,585	**387**	2,678
Shareholder relations	**6,166**	731	**9,536**	6,846
Recovery of expenses	**-**	-	**(9,589)**	-
LOSS	**(121,517)**	(178,232)	**(204,664)**	(267,676)
DEFICIT, beginning of period	**(29,933,368)**	(29,598,630)	**(29,850,221)**	(29,509,186)
DEFICIT, end of period	**$ (30,054,885)**	$ (29,776,862)	**$ (30,054,885)**	$ (29,776,862)
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	**$(0.00)**	$(0.00)	**$(0.00)**	$(0.00)

See accompanying notes.

ARMISTICE RESOURCES LIMITED

STATEMENT OF CASH FLOWS

PERIODS ENDED DECEMBER 31, 2005 AND 2004

	3 MONTH PERIOD ENDED DECEMBER 31 2005	3 MONTH PERIOD ENDED DECEMBER 31 2004	**6 MONTH PERIOD ENDED DECEMBER 31 2005**	6 MONTH PERIOD ENDED DECEMBER 31 2004
OPERATING ACTIVITIES				
LOSS	**$ (121,517)**	$ (178,232)	**$ (204,664)**	$ (267,676)
ADD ITEMS NOT REQUIRING A CASH OUTLAY				
Amortization	**1,746**	1,069	**3,629**	2,208
DECREASE (INCREASE):				
Sundry assets	**8,061**	(11,552)	**49,465**	(13,375)
INCREASE (DECREASE):				
Accounts payable	**138,216**	(45,184)	**205,852**	(353,389)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	**26,506**	(233,899)	**54,282**	(632,232)
FINANCING ACTIVITIES				
Loans advanced	**7,500**	-	**7,500**	-
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**7,500**	-	**7,500**	-
INVESTING ACTIVITIES				
Mining properties	**(36,385)**	19,046	**(62,665)**	(10,527)
Acquisition of Property, plant and equipment	**-**	-	**-**	(23,706)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(36,385)**	19,046	**(62,665)**	(34,233)
CHANGE IN CASH DURING THE PERIOD	**(2,379)**	(214,853)	**(883)**	(666,465)
CASH, beginning of period	**4,381**	346,924	**2,885**	798,536
CASH, end of period	**$ 2,002**	$ 132,071	**$ 2,002**	$ 132,071

See accompanying notes.

ARMISTICE RESOURCES LIMITED

NOTES TO FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2005 AND 2004

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. 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. 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%
Computers	45%
Vehicle	30%

2. PROPERTY, PLANT AND EQUIPMENT

			Net	
	COST	ACCUMULATED AMORTIZATION	**DECEMBER 31 2006**	JUNE 30 2005
Land and buildings	$ 35,000	$ 11,492	**$ 23,508**	$ 23,985
Vehicle	20,520	5,315	**15,205**	17,771
Computers	3,185	1,012	**2,173**	2,759
Totals	$ 58,705	$ 17,819	**$ 40,886**	$ 44,515

Amortization expense for the three month period amounted to $1,746 (2005 - $1,069).

ARMISTICE RESOURCES LIMITED

NOTES TO FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2005 AND 2004

3. MINING PROPERTY

Balance, beginning of period	$ 8,977,830
Royalties	21,574
Property Taxes	14,785
Balance, end of period	$ 9,014,189

4. RELATED PARTY TRANSACTIONS

During the quarter, the Company paid directors of the company for consulting services in the amount of $NIL (December 31, 2004 - $30,000). At December 31, 2005 $259,966 was owing to directors and related parties (2004 - $29,750).

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 current quarter the president of the company advanced the company $7,500.

5. 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 period related to this agreement amounted to $43,148.

6. CEASE TRADE ORDER AND SUBSEQUENT EVENTS

The Ontario Securities Commission (the "Commission") issued a cease trade order on June 6, 2003. On May 6, 2004, the Commission granted a partial revocation of the cease trade order in order to allow the Company to proceed with the terms of the Omnibus Agreement. On August 11, 2005, the Commission granted a full revocation of the cease trade order in Ontario. Similar revocation orders were made in Quebec on September 28, 2005, in Alberta on October 25, 2005, and in British Columbia on November 3, 2005.

7. SUBSEQUENT EVENTS

The following event occurred subsequent to the period end:

On February 7, 2006, the company negotiated a six month term loan in the amount of $150,000. The loan is secured by a promissory note and general security agreement. The principle and interest are due at the end of the six month term.