



ANNUAL INFORMATION FORM

FOR

ARMISTICE RESOURCES CORP.

For the financial year ended June 30, 2008

October 2, 2008

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INTERPRETATION

In this Annual Information Form (“AIF”), “we”, “us”, “our”, “Armistice”, and the “Corporation” are used to refer to Armistice Resources Corp. All references to “\$”, “CAN\$” or “dollars” are references to Canadian dollars, unless otherwise specified.

All information in this AIF is as at the end of the last financial year, unless otherwise stated.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

From time to time, we make written or oral forward-looking statements. We may make such statements in this document, in other filings with Canadian regulators in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to mineral resource estimates, our objectives for 2008 and beyond, our medium-term goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words “may”, “could”, “should”, “would”, “suspect”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective”, and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections, and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the beliefs, plans, objectives, expectation, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the strength of the Canadian economy; the price of gold; operational, funding and liquidity risks; the degree to which mineral resource estimates are reflective of actual mineral resources; the degree to which a pre-feasibility study gives sufficient grounds for classifying the indicated mineral resources as probable reserves; the degree to which factors which would make a mineral deposit commercially viable are present; the risks and hazards associated with underground operations, including without limitation seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability; the effects of competition in the markets in which we operate; the impact of changes in the laws and regulations and enforcement thereof; judicial judgments and legal proceedings; changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; other factors that may affect future results including timely development and introduction of new products and services, changes in our estimates relating to reserves and allowances, technological changes, natural disasters, the possible impact on our businesses from international conflicts and other developments including those relating to the war on terrorism; and our success in anticipating and managing the foregoing risks.

Some of these risks, uncertainties and other factors are described herein under the heading “Risk Factors”. When relying on our forward-looking statements to make decisions with respect to the Corporation, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

METRIC CONVERSION TABLE

The following table sets forth certain factors for converting metric measurements into imperial equivalents. To convert from metric to imperial units, divide the metric unit by its corresponding value in the middle column. To convert from imperial to metric units, multiply the imperial unit by its corresponding value in the middle column.

METRIC		IMPERIAL UNITS
<u>Description and Abbreviation</u>		<u>Description and Abbreviation</u>
Length		
Millimetres - mm	25.400	Inches - in
Metres - m	0.3048	Feet - ft
Metres - m	0.9144	Yards - yd
Kilometres - km	1.609	Miles - mile
Area		
Square centimetres - cm ²	6.4516	Square inches - in ²
Square metres - m ²	0.0929	Square feet - ft ²
Hectares - ha	0.40469	Acres - acre
Square kilometres - km ²	2.5900	Square miles - sq miles
Weight		
Tonne (1,000 kg) - t	0.907185	Short ton (2,000 lbs) - st
Grade		
Grams/tonne	34.2857	Oz./t (troy ounces per short ton)

CORPORATE STRUCTURE

Name and Incorporation

Armistice Resources Ltd. was incorporated on June 29, 1984 under the *Business Corporations Act* (Ontario). Armistice Resources Ltd. continued under the *Canada Business Corporations Act* on November 9, 1987 and amalgamated with Armistice Mines Limited on December 1, 1998, with the amalgamated corporation to continue with the name Armistice Resources Ltd. On April 28, 2006, Armistice Resources Ltd. consolidated its outstanding shares on a basis of 4 old common shares for 1 new common share (“**Common Share**”) and changed its name from Armistice Resources Ltd. to Armistice Resources Corp. References herein to “**Armistice**” or the “**Corporation**” shall mean Armistice Resources Corp. and its predecessor Armistice Resources Ltd. as the context may require.

Intercorporate Relationships

The Corporation does not have any subsidiaries.

Offices

Armistice’s registered office is located at 66 Wellington Street West, Suite 3600, Toronto, Ontario, M5K 1N6. Armistice’s corporate head office is located at 6 Al Wende Avenue, Kirkland Lake, Ontario with a mailing address of P.O. Box 130, 100 Government Road West, Virginiatown, Ontario, P0K 1T0, and a telephone number of (705) 567-4567.

Reporting Period

This AIF is for the financial year ended June 30, 2008, being Armistice’s last financial year end.

GENERAL DEVELOPMENT OF ARMISTICE’S BUSINESS

Three-Year History

Since incorporation, the Corporation has been an exploration company engaged in the acquisition and exploration of gold properties. The Corporation currently owns the rights to a mineral property (the “**McGarry Property**”), which is an underground exploration project and is located in the southwestern part of McGarry Township, in north-eastern Ontario, on the major geological structure referred to as the Larder Lake Break, immediately west of the municipality of Virginiatown.

From June 30, 2004 onward, the Corporation negotiated and arrived at settlements with a number of its creditors, purchased new equipment for use on the McGarry Property, completed the necessary permitting, and conducted some maintenance, construction and repair work on the McGarry Property and related equipment. In order to effect this work, the Corporation retained certain consultants to provide technical consulting, to secure necessary permits, to effect the dewatering process and to recommission the hoist pending final approval from the Ministry of Labour.

In December, 2004, the project was placed on standby to allow consultants to deal with a water quality issue within the mine workings. That issue has been successfully resolved by NAR Environmental

Consultants, who developed a water treatment process that would be implemented once work recommenced at the site.

From December, 2004 onward, in order to complete an equity financing, the Corporation focused its efforts on having the cease trader orders lifted in the four reporting jurisdictions. It also began preparations for an annual shareholders' meeting.

The Corporation held its annual and special shareholders' meeting on April 28, 2005, at which shareholders elected five directors, appointed auditors, approved new by-laws, approved a new stock option plan, authorized the filing of articles of amendment to consolidate the common shares on a 4:1 basis and rename the Corporation as necessary, should the directors proceed with such a consolidation. The shareholders also authorized all prior acts of the directors from May 27, 2004. Kraft Berger LLP were re-appointed as the auditors.

The cease trade orders issued against Armistice were revoked as follows: in Ontario on August 11, 2005; in Quebec on September 28, 2005; in Alberta on October 25, 2005; and in British Columbia on November 3, 2005. Details of these revocations can be viewed on the web sites of the respective securities commissions.

Since having the cease trade orders revoked, the Corporation focused its attention on completing a financing to provide sufficient funds to undertake a comprehensive exploration program, to apply for a stock market listing and to consider further expansion plans.

On April 28, 2006, the Corporation consolidated its outstanding shares on a basis of 4 old common shares for 1 new Common Share and changed its name from Armistice Resources Ltd. to Armistice Resources Corp.

On May 15, 2006, the Corporation appointed Edmond Legault as a director, Michael Bourassa as Secretary and Thomas Gannon as Chief Financial Officer.

On May 15, 2006, Claudio Ciavarella resigned from the board.

On August 14, 2006, the Corporation completed a private placement of common shares and flow-through common shares, which raised net proceeds of \$6,332,614. The proceeds of the private placement were used for the underground exploration at the McGarry Property and for working capital.

On August 16, 2006, the Corporation received final approval for the listing of its common shares on the Toronto Stock Exchange (the "TSX"). The Corporation's shares began trading on the TSX at market open on Friday, August 18, 2006 under the trading symbol "AZ".

On April 16, 2007, Paul Whelan Mining Contractors completed the dewatering phase of a planned \$4 million exploration program for the McGarry Property. Work thereafter proceeded in respect of the rehabilitation of the underground infrastructure system including the pumping, electrical, compressed air, ventilation and water systems. This work reached the stage at which the 2250 foot Level (the lowest level in the mine) was deemed ready to receive a diamond drill.

On May 29, 2007, the Corporation announced the submission of the required closure plan for the "Closure Plan" the McGarry Property as mandated by the *Mining Act* (Ontario) (the "Act").

On June 11, 2007, the Corporation entered into an agreement with Heath and Sherwood Drilling Inc. for Phase I underground diamond drilling. The Phase I drilling program was planned for 10,000 feet in 17

holes from the 2250 Level. The objective of this program is to test an area above the 2250 Level to the north. This area has a 600 foot drilling gap immediately west of the 185 and 260 Zones that were bulk sampled in the 1990's. Finalization of the underground infrastructure continued together with the first phase of underground diamond drilling. The drilling will also consist of deep holes to identify and confirm potential gold ore zones above 4000'.

The Closure Plan submitted to the Ministry of Northern Development and Mines ("MNDM") has been accepted and filed. A closure plan for advanced exploration projects is mandated by the Act. As outlined in Part VII, section 145 of the Act, the Closure Plan was accompanied by a financial assurance in the amount of \$410,400. The Closure Plan was prepared by N.A.R. Environmental Consultants Inc.

The underground workings, mining plant and several pieces of key equipment were completely rehabilitated in preparation for underground mining. Included in this work were the recertification of the hoisting plant, rebuilding, installation and certification of a new shaft conveyance, installation of a new mine air heater, rehabilitation and/or replacement of underground infrastructure and rebuilding of two underground loaders.

On December 27, 2007, the Corporation completed a private placement of common shares and flow-through common shares, which raised net proceeds of \$3,055,797.80. The proceeds of the private placement were used for the underground exploration at the McGarry Property and for working capital.

A second drill rig was added at the beginning in January 2008. A second drilling contract was signed with Cabo Drilling.

On June 13, 2008, the Corporation completed a private placement of common shares and flow-through common shares, which raised net proceeds of \$2,791,236.80. The proceeds of the private placement will be used for the underground exploration at the McGarry Property and for working capital.

To date, approximately 42,000 feet of drilling has been completed. This drilling includes approximately 50 holes with a mix of shorter definition drill holes and deeper exploratory holes. Full analyses for many of these holes are still pending.

During the year approximately 2,800 feet of underground development took place. This included 1750 feet in two access cross-cuts and 1050 feet of drifting along potential gold zones. The objective of this development mining is to obtain bulk samples from previously identified gold zones on the 2250 Level. Several additional gold zones have been located that were not identified in previous drilling.

Bulk sampling of two zones representing the two dominant styles of mineralization known at the Kerr-Addison, nears completion. Early results illustrate the overall potential of the project once the best mining method is identified.

The Corporation has engaged Python Mining Consultants to complete a development and production plan for the upper levels from about 1250 to 2250 feet below surface. This report should be complete later this year.

Significant Acquisitions

There have been no significant acquisition completed by the Corporation during its most recently completed financial year for which disclosure is required under the applicable securities laws.

Employees

As of June 30, 2008, Armistice had 5 employees including its Chief Operating Officer.

Foreign Operations

The Corporation does not currently have any operations outside of the province of Ontario, Canada.

Bankruptcy Reorganizations

There has not been any voluntary or involuntary bankruptcy, receivership or similar proceedings against Armistice or any of its subsidiaries within the three most recently completed financial years or the current financial year.

Material Reorganizations

There has not been any material reorganization of Armistice within the three most recently completed financial years or the current financial year except as described above under 'General Development of Armistice's Business – Three Year History'.

MINERAL PROPERTY

Technical Report

S. J. Carmichael based in Kirkland Lake, Ontario, prepared a report dated June 6, 2004 and entitled "Report on the Armistice Resources Ltd. Virginiatown Gold Project, McGarry Project, Ontario" (the "**Technical Report**"). The technical information below is based upon the Technical Report, a copy of which has been filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com and updated with information from Press Releases issued since September 2006 which are also filed on SEDAR.

Property Description and Location

The McGarry Property is located in the southwestern part of McGarry Township within the Larder Lake Mining Division of Ontario, Canada. It lies immediately to the west of the Town of Virginiatown, and approximately 40 kilometres east of the mining center of Kirkland Lake. The inter-provincial boundary between Ontario and Quebec passes 7 kilometres to the east. The McGarry Property is centered at approximately longitude 79°36'W, and latitude 48°07'N. The NTS reference number is 32D/SW.

The McGarry Property consists of 34 contiguous patented mining claims and licences of occupation comprising a total area of approximately 486 hectares (1,200 acres). Armistice holds an undivided 75 percent interest in the McGarry Property and the remaining 25 percent interest is held by Sheldon Larder Mines, Limited ("**Sheldon**"). On June 30, 2004 Armistice and Sheldon entered into a new agreement (the "**New Armistice Agreement**") to set out Sheldon's interest in the McGarry Property. Sheldon-Larder's 25% undivided interest in the McGarry Property is a carried interest, and pursuant to the New Armistice Agreement, Armistice shall do all things necessary to maintain the McGarry Property in good standing and take all reasonable steps in order to bring the McGarry Property into commercial production if warranted. This results in complete control by the Corporation including 100% of any proceeds of production subject only to the royalty interest. Accordingly, Sheldon-Larder's participation in profits from the McGarry Property shall be restricted to and Armistice shall pay to Sheldon-Larder a royalty equal to the greater of:

- (a) as of and from the date of commencement of production, the percentage of the net smelter returns attributable to the production and sale of gold, silver, metals, minerals and other ores derived from the McGarry Property determined as follows:
 - (i) 2% for periods when the price of 1 Troy ounce of gold is less than U.S. \$500;
 - (ii) 3% for periods when the price of 1 Troy ounce of gold is U.S. \$500 or more but less than U.S. \$800; and
 - (iii) 4% for periods when the price of 1 Troy ounce of gold is U.S. \$800 or greater;and the price of gold shall be determined by the London Second Fixing for gold on the last business day preceding the date of payment to Sheldon-Larder; or
- (b) a sum equal to \$1.00 per short ton of ore mined and milled derived from the McGarry Property; or
- (c) an advance royalty payment of \$21,573.61 payable on the last days of March, June, September and December in each year (subject to escalation per the consumer price index).

Title is maintained by the annual payment of property taxes, and there are no assessment work requirements for continuing tenure. Surface rights on part of Claim C.E. 31 have been ceded to the municipality for use as a public park, surface rights on part of Claim H.F. 40 and C.E. 37 have been ceded to the municipality for use as a municipal sewage works and easements exist for Highway 66 and an Ontario Hydro transmission line which cross the south central part of the McGarry Property.

Under certain environmental regulations enforced by the Ministry of the Environment, the Corporation is required to have in place a permit to take water from the mine and permit to take water from Barber Lake. Both of these permits are in place. The Corporation is also required to have a Certificate of Approval for “industrial sewage works” for the Corporation’s settling pond used for the discharge of mine water. This Certificate of Approval is in place.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Armistice shaft is located near the end of Barber Lake, and easily accessible via a short gravel road from Highway 66. Access to the rest of the McGarry Property is provided by bush roads and trails. The Town of Virginiatown lies about one kilometre east of the McGarry Property.

The McGarry Property is about 5 percent water-covered, extending a short distance into Larder lake and parts of Barber Lake. It is subdued topographically exhibiting a maximum local relief of about 10 metres, and outcrop exposure varies from moderate to poor. Overburden consists of sand and glacial debris, and swampy areas are common. Daily mean temperatures vary from about -20°C in winter to +20°C during the summer. The area receives ample precipitation, and common vegetation is second growth poplar, birch, pine as well as alder and scrub maple.

The south-central part of the McGarry Property is topographically low and formed part of the tailings disposal area for the past-producing Kerr Addison mine. It is currently covered by grasses and low brush, and any rehabilitation liabilities which remain are the responsibility of previous operators of the Kerr Addison mine.

Electric power is available at the Armistice shaft site, and the Corporation has installed a substation in this location. The area offers services, a labour pool and infrastructure suitable to the support of mining operations.

History

Gold-bearing green carbonate rocks were discovered on Kerr Addison claims to the east of the McGarry Property in the early 1900's, but the erratic distribution of the contained veining and gold discouraged development until 1937. In the meantime the Omega and Raven River mines in adjoining McVittie and Hearst Townships saw some production during the 1912 to 1928 period, the former from pyritic ores of the "Flow ore" type, and the latter from veined green carbonate rock. Ultimately the Omega mine produced 214, 098 ounces of gold from 1.6 million tons of ore before closure in 1947.

Production from the adjoining Kerr Addison property started in 1938 with initial production from veined green carbonate ore. Later production came mainly from zones of pyritic "flow ore" which was found to increase in grade and continuity with depth. Operations at the Kerr Addison mine ceased in November 1996, then under management of AJ Perron Gold Corporation. As reported by J.P. Smith, E.T.C. Spooner, D.W. Broughton and F.R. Ploeger, 1993, in "Archean Au-Ag-(W) Quartz Vein/Disseminated mineralization within the Larder Lake – Cadillac Break, Kerr Addison – Chesterville System, North East Ontario, Canada", Ontario Geoscience Research Grant Program, Grant No. 364; Ontario Geological Survey, Open File Report 5831, Table 3A, the Kerr mine produced a total 35.54 million tonnes of ore grading an average of 9.85 g/t (39.18 million st at 0.287 oz/t) of which 19.52 million tonnes at an average of 11.42 g/t (21.52 million st at 0.333 oz/t) was considered "Flow Ore" and 13.79 million tonnes at an average grade of 8.07 g/t (15.20 million st at 0.235 oz/t) was considered "Green Carbonate Ore" (there was also 2.22 million tonnes of "Graphitic" plus "Albitite" ore).

In the belief that the western extension of the Kerr Addison ore-bearing system had been displaced to depth by the Armistice cross fault, Armistice Gold Mines Ltd. acquired the claims around Barber Lake and sank a vertical exploration shaft to a depth of 1,250 feet on the present Armistice shaft site in the mid-1940's. No substantial mineralized zones were encountered at shallower depths, but on the 1,250 foot level a zone of "flow ore" material 170 feet in length and up to 20 feet in width was outlined grading a reported 0.20 oz.Au/ton. This was not considered sufficiently encouraging to continue the operation, however, and it was terminated in 1947.

In 1974 Kerr Addison Mines Ltd. optioned the McGarry Property, and drilled a deep exploratory hole in the vicinity of the Armistice shaft. Wedging from this hole tested the formational sequences at three elevations reaching a maximum depth of 3,300 feet below surface, and revealed it to be identical to that existing at the Kerr Addison mine to the east. The stratigraphic equivalent of the Kerr Addison No. 16 "flow ore" zone reported at 0.11 oz. Au/ton over a core length of 5.6 feet. Kerr Addison then attempted some underground exploration drilling from a drift which was extended west from mine workings on the 3,850 foot level, but the results were inconclusive. The option agreement was terminated in 1978.

Denison Mines Ltd. optioned the McGarry Property in 1980 and drilled a single exploratory hole from the north at a point 2,000 feet west of the Armistice shaft. Severe difficulty was experienced penetrating the talc schist marking the highly disturbed Larder Lake "Break", but veined green carbonate rock was eventually intersected at a depth of about 3,300 feet below surface. In this location it proved to be weakly mineralized, reporting a zone grading from 0.050 to 0.005 oz.Au/ton over a core length of 75 feet. The option was terminated soon after completion of this hole.

In 1986 Armistice optioned the McGarry Property, and through the 1988 to 1990 period the shaft was enlarged in size and deepened to 2,250 feet. The new 2,250 foot Level was then extended to a point 1,200

feet to the west of the shaft, and an underground drilling program carried out. Several sub-parallel mineralized zones of the “flow ore” type were located within a formational sequence about 300 feet in width in this drilling, but financial difficulties were experienced during 1990 and the operation was closed and the workings allowed to flood. However, the agreement with Sheldon Larder Mines was maintained in good standing.

No further work was done on the McGarry Property until 1994 when the project was reactivated under new management. At that time the plant was refurbished and the workings de-watered, and during the 1994 to 1996 period the shaft was deepened to 2,290 feet to provide a sump and accommodate a loading pocket. Bulk sampling was then carried out in four locations, and approximately 60,000 feet of exploratory drilling was completed at and above the 2,250 foot Level.

During 1997 the 2,250 foot Level was extended an additional 1,500 feet to the west (to 2700W) and 400 feet to the east to provide a platform for exploratory drilling at and below the level. An “information for access” agreement was reached with NFX Gold Inc. which allowed the extension of the drift 1,400 feet west onto the NFX Barber Larder claims. This agreement provided NFX Gold with all cores, assays and sections relevant to the NFX property. Approximately 100,000 feet of drilling were completed in 1997, spread over a strike length of 3,200 feet and reaching a maximum depth of 5,600 feet below surface. The results of this program indicated that in terms of geological character and the nature of gold mineralization the Armistice system was either a down-faulted extension of the Kerr Addison system or a duplicate thereof, and that is of similar thickness and length.

In 1998 an additional 60,000 feet of drilling was completed, much of this to reduce hole intercept spacing to about 100 feet in the vicinity of the 2,250 foot Level. Also, a 500 foot crosscut was driven south at 600W on the 2,250 foot Level to facilitate future testing of the extensive mineralized system to depth. Thus far, the deepest hole to successfully traverse the entire system was DD 22-107C which intersected seven “flow ore” type mineralized zones grading from 0.048 to 0.245 oz.AU/ton over core lengths from 2.5 to 15.6 feet at an approximate depth of 5,200 feet below surface.

During March 1998, Roscoe Postle Associates Inc. carried out a scoping study on the project, specifically to assess the economic viability of production from the McGarry Property. It was concluded that production could be seriously considered, and that it would be best carried out by ramping down from the 2,250 foot Level to a depth of 2,600 feet to provide sufficient tonnages and stoping areas to support sustained mining operations. A resource estimate to a depth of 2,600 feet was subsequently prepared by S. J. Carmichael and a mining plan developed by W.A. Glover, P.Eng., the Armistice project manager at the time.

During January, 1999 the project was placed on a care-and-maintenance basis by management pending further financing, the workings were kept de-watered and environmental monitoring continued. In May, 1999, an accident at the mine site resulted in damage to the skip compartment, one hoist rope and the skip itself. Some of the repair work was completed, but the skip and rope remained to be replaced. The mine workings were allowed to flood in 2003.

In September, 2006, work at the site re-commenced. Dewatering was completed in April, 2007. Also, repair work in the skip compartment has been completed; the skip and hoist rope have been removed from the bottom of the shaft; and the shaft re-certified for normal operations.

An extensive programme of work related to a bulk sampling and diamond drilling programme was started in mid 2007. This programme has largely been completed and all the data is being compiled and reviewed.

Geological Setting

Regional Geology - The McGarry Property lies astride the Larder Lake “Break”, which is a relatively narrow, highly disturbed linear belt over 200 kilometres in length that extends in an easterly direction from Ontario into Quebec. It constitutes a steeply-dipping and strongly faulted lithostructural unit, consisting mainly of a series of interlayered metasediments and mafic to ultramafic volcanics. Occasionally the system is displaced by crossfaults, such as the Armistice fault, which illustrates the geology in the vicinity of the McGarry Property. In this area the formation strike is Az. 070°, and the dip is from -70° to -80° north.

The Larder Lake “Break” forms the southern margin of the Abitibi geosyncline which was formed during a period of profound orogenic adjustment during the Neo-Archean Period. This involved the collapse of an extensive marine basin to the north accompanied by the extrusion of the Blake River volcanics, intrusive activity, and the intense deformation of marginal rocks. The units of the Kerr Group of the Timiskaming Supergroup represent these marginal remnants. They are exposed at intervals along the “Break” locus and host numerous gold deposits of the region.

Formational units of the Kerr Group in the Larder Lake area include intercalated gray to green carbonate rock, cherty mudstone, variably graphitic shale, sandstone, conglomerate and mafic to ultramafic volcanics. These appear to have been deposited in a volcanically active, shallow marine environment prior to geosynclinal collapse, resting on the tholeiitic to komatiitic volcanics of the Larder Lake Group.

Gold, other metallic elements and silica, probably originating as weathering products from komatiites are believed by some to have become concentrated to varying degree in the carbonate rocks and cherty mudstones of the Kerr Group as part of the sedimentation process. During subsequent orogenic activity the various formations making up the Kerr Group were pervasively faulted, variably metamorphosed and tilted to their present steeply dipping attitude. During this process some limited redistribution of more mobile constituents took place.

Others believe that the gold and associated veining and mineralization of the area is of hydrothermal origin, emanating as volatiles from deep seated intrusive bodies and volcanic fissures. It is likely that the origin of the gold mineralization in the Virginiatown area will continue to be debated well into the future.

Local Geology - In this area the Kerr Group includes a number of geologically similar auriferous formations in which sediments are predominant. The more important of these include the Kerr Formation, the Sheldon Formation and the Armistice Formation. The Kerr Formation is the most extensive and economically important of these, and is fortuitously exposed at surface on the Kerr Addison mine property exhibiting a strike length of about 3,500 feet and a width of up to 600 feet. The package dip -80° to the north and extends to a depth of 4,500 feet below surface.

Property Geology - On the McGarry Property the three aforementioned formations lie in close proximity to each other, steeply north dipping and separated by graphic strike-fault zones. The Armistice Formation is exposed at surface in the shaft vicinity, contains little carbonate rock, and is the most weakly mineralized. The Sheldon Formation appears to the north at a depth of about 1,250 feet, is approximately 28- feet in thickness, and contains cherty mudstone and some carbonate members which carry significant concentrations of gold. Further to the north the Kerr Formation appears at a depth of about 2,200 feet, and it contains both cherty mudstone and green carbonate members which host gold-bearing zones. This formation attains thickness of up to 500 feet and has been traced on the McGarry Property over a length of approximately 3,200 feet to a depth of 5,600 feet below surface.

Exploration

The McGarry Property has undergone various phases of exploration since the original claims were staked on the early 1900's. Most of this effort has been concentrated along the main axis of the Larder Lake "Break" which passes through the McGarry Property in the vicinity of Barber Lake. However, additional mineralized horizons in the southern part of the McGarry Property near Larder Lake have also been trenched, sampled and drilled, most recently by Armistice during 1986 to 1994. However, these gold prospects are limited in size and grade and would become of interest only during a time of high gold price levels.

Exploratory work in the shaft area has delineated a large gold-bearing system extending over a strike length of 3,200 feet between 1,250 and 5,600 feet below surface. Surface drilling has been done in this area, but the main exploration thrust has been in underground operations, which have included over 250,000 feet of drilling and some limited bulk sampling. Access is provided by the vertical shaft 2,290 feet in depth and approximately 6,000 feet of underground workings.

In 1998, with the objective of initiating production from mineralized material lying at depths between 1,250 and 2,600 feet below surface, exploratory drilling to greater depths was terminated and efforts concentrated on reducing drill hole intervals to 100 feet above the -2,600 foot elevation. The resource estimate developed for the upper part of the mineralized system is discussed below.

However, the results of exploratory drilling to greater depths so far completed indicates that the mineralized Kerr Formation extends to an elevation of at least 5,600 feet below surface. If it is a displaced extension of, or a duplicate of, the highly productive Kerr Addison system to the east it could well persist to a depth of 7,000 feet below surface, and may register a similar increase in zonal grade and continuity as experienced at the Kerr Addison mine. The character of the "flow ore" zones at depth on the McGarry Property is illustrated by the selected examples of drill hole intercepts. The holes were drilled at a steep angle from the 2250 foot Level.

Hole No.	Section	Test Elevation	Intersection (Ft.)		Core length	Assay Value (oz. Au/ton)	
			From	To			
22-111A	600W	-3500'	1,161.4	1,163.9	2.5'	0.073	
			1,401.5	1,403.0	1.5'	0.123	
			1,411.0	1,419.0	8.0'	0.055	
			1,439.0	1,449.0	10.0'	0.145	
			<i>Including</i>	<i>1,444.0</i>	<i>1,445.9</i>	<i>1.9'</i>	<i>0.681</i>
			1,461.0	1,466.0	5.0'	0.092	
			1,592.0	1,600.0	8.0'	0.191	
			<i>Including</i>	<i>1,597.0</i>	<i>1,600.0</i>	<i>3.0'</i>	<i>0.464</i>
22-96	400W	-4250'	1,681.2	1,683.7	1.5'	0.050	
			2,105.0	2,108.0	3.0	0.048	
			2,147.5	2,206.2	58.7'	0.109	
			<i>Including</i>	<i>2,147.5</i>	<i>2,157.1</i>	<i>9.6'</i>	<i>0.304</i>
			<i>And</i>	<i>2,169.7</i>	<i>2,175.1</i>	<i>5.4'</i>	<i>0.316</i>
			<i>And</i>	<i>2,197.3</i>	<i>2,206.2</i>	<i>8.9'</i>	<i>0.182</i>
	2,259.8	2,263.0	3.2'	0.030			

Hole No.	Section	Test Elevation	Intersection (Ft.)		Core length	Assay Value (oz. Au/ton)
			From	To		
			2,368.0	2,371.0	3.0'	0.033
22-107C	1000W	-5,000'	1,670.0	1,693.6	15.6'	0.069
			1,721.0	1,723.5	2.5'	0.124
			1,787.5	1,792.5	5.0	0.146
			1,825.0	1,829.5	4.5'	0.245
			1,984.0	1,987.0	3.0'	0.058
			2,687.0	2,697.0	10.0'	0.224
			3,127.0	3,136.0	9.0'	0.048
22-66E*	0+00	-5600' <i>Including</i>	3,515.8	3,535.0	19.2'	0.032
			3,515.8	3,519.0	3.2'	0.103

* - Hole 22-66E lost in Kerr Fault Zone at 3,535.0'

As previously noted a crosscut has been driven 500 feet south at Section 6+00W on the 2,250' Level to serve as a drill station for future exploratory drilling to depth. This drill station has been utilized in 2007-2008 to drill a total of 7 down holes plus wedged off sets targeting the mineralization at about the 4000 ft below surface. In addition 8 up holes targeting the mineralization between 2000 ft and 1250 below surface. Results from this drilling are under evaluation.

At the start of the 2006 programme, there was a gap in drilling coverage between the 2350 and 2050 foot Levels between sections 600W and 1200W. Exploratory holes could not be completed in this area during 1998 for operational reasons, and the area remained to be tested at 100 foot hole spacing. All the recommended holes in the gap have been completed. Results from this drilling are under evaluation.

Additional exploratory work at the 2250 foot Level in the shaft section vicinity was also recommended as previous drilling in this area reported traces of visible gold in strongly veined green carbonate rock lying within the Kerr Formation about 400 feet north of the shaft. This may indicate the presence of a mineralized zone of brecciated stockwork variety. A crosscut has been driven through this area and a test stope on the 140N Zone removed about 280 tons.

Mineralization

The gold occurring in carbonate-hosted tabular zones at the McGarry Property is in native form erratically distributes in quartz veining. It is generally coarse grained, and some pyrite and occasionally chalcopyrite may be present. Such zones are largely restricted to the Kerr Formation, and appear to follow distinct formational horizons along which they pinch and swell.

Because of the erratic distribution of gold in such zones effective sampling in drill core is problematical, and particularly in the case of Armistice where most of the definitive drilling has been carried out at hole intervals of 100 feet. Resource estimation at a higher confidence level will require the opening and through sampling of well-mineralized carbonate zones, and definition drilling at intervals no greater than 50 feet.

“Flow ore” zones occur within the Kerr and Sheldon Formations, and also appear to follow distinct formational horizons. Gold in such zones occurs mainly in crystal intergrowth with pyrite and only

sparingly in native form. The pyrite is medium to coarse grained and occurs in the cherty mudstones in disseminations varying from 10 to 25 percent of the rock volume. Some minor quartz veining and silicification is commonly in evidence in mineralized zones, and some arsenopyrite and occasionally chalcopyrite may be present.

Drilling

Previous Drilling As noted under the heading “Exploration” above, approximately 225,000 feet of diamond drilling have been completed on the McGarry Property since 1986, and its distribution and purpose have been described. Various contractors have carried out this work over the period. All drill core is stored at the mine site and in a building in Virgintown which was acquired by Armistice in 1995 to provide office space and a core handling facility. Likewise, all rejects and pulps from the assaying procedure are stored in a secure facility at the Armistice mine site.

Drill hole locations at the mine site have been surveyed and located in respect to the mine grid. All drill holes completed since 1994 have been surveyed using a down-hole survey unit, and all holes drilled in the mine site vicinity have been cemented to decrease water flow into the workings. These practices will be continued in future drilling programs.

All drilling data has been computerized, and the records are available at the mine site.

Current Drilling On July 25, 2007, Armistice announced that underground drilling was underway at the McGarry Property. The Corporation engaged Cabo Drilling (Ontario) Corp. (formerly Heath and Sherwood Drilling Inc.). To date, 44,650 feet of drilling has been completed.

All samples are being assayed at either Swastika Laboratories Ltd. in Kirkland Lake or at Polymet Resources in Cobalt. A full regime of quality control and quality assurance is being implemented including check assaying at an independent assay laboratory.

Sampling and Analysis

In respect to drill core, sample sections are selected during the logging process and include any mineralized sections noted. The core is then halved using a diamond saw and one portion sent for assay and the other retained for future reference.

Prior to 2000, bulk sampling operations have been carried out at three locations at the mine, and in these areas very thorough chip sampling is carried out on faces, backs and walls. Sludge samples were also taken from percussion test holes drilled into drift walls in mineralized areas. Short test diamond drill holes may also be drilled at relatively close intervals to determine zonal continuity, and in these cases whole core is generally sent for analysis.

An extensive programme of bulk sampling has been carried in 2007-2008 which has included sampling of drift rounds from within zones identified as having potential economic interest and from 2 test stopes.

Samples consist of drift rounds or slash rounds varying from about 25 to 75 tons. Each sample is processed through a crusher on surface which reduces the mined rock to 5/8 inch in size or smaller. A custom built, continuous sampling device extracts approximately one 45 gallon drum of crushed rock from each sample. The drums of crushed rock are shipped to PolyMet Laboratories in Cobalt, Ontario for processing. On average, a drum of crushed rock is about 0.5% of the total weight of the rock processed per sample.

PolyMet dry grinds the entire drum of rock so that most of the material is between 20 and 200 Mesh (referred to as “fines” – between 0.1 and 0.5 mm). The “fines” are then processed through a blending and splitting device and four samples are taken. From each of these samples, four smaller samples are taken for assay using a standard fire assay procedure. The “oversize” and “dust” (undersize) fractions from the grinding process are also assayed (three samples are taken from each fraction and each of these is assayed twice). In total, there are 28 assay determinations from each drum of crushed rock – 16 from the “fines”, 6 from the “oversize” and 6 from the “dust”. On average, the “fines” represent about 86% of the total sample weight and the “oversize” and the “dust” each about 7%. (For a more detailed description of the PolyMet circuit, please see www.polymetinc.com/sampling.htm). After processing by PolyMet, the drums of material are returned to the McGarry Project site for storage and future reference.

As required by environmental regulations discharge water from underground is passed through a settling pond, and water flow is continually monitored. Discharge samples are taken at regular intervals and sent for analysis, and the results reported to the Ministry of Environment. Periodically water samples are also taken from Barber Lake, analyzed for deleterious impurities and the results reported.

Security of Samples

Core and rock samples are bagged and shipped to Swastika Laboratories Ltd. in nearby Swastika or to PolyMet Labs in Cobalt, Ontario for analysis, and this laboratory has carried out most analytical work in respect to the McGarry Property.

At the laboratory, samples are crushed, pulverized and analyzed for gold content using fire assay methods, and routine checks are carried out to ensure accuracy. Re-checks are requested by Armistice if circumstances require it, and metallic separation and analysis may be requested when samples are known to contain erratically distributed native gold.

Samples are carefully bagged and shipped to the laboratory facility, but no unusual security procedures are normally followed other than the samples being picked up and transported by Swastika Laboratory personnel. All sample rejects and pulps are stored in a secure trailer at the Armistice minesite or in a building owned by Armistice in Virginiatown.

Water samples are shipped to and analyzed by Testmark Laboratories in Sudbury on a routine basis.

Mineral Resource and Mineral Reserve Estimates

A total of 265 drill holes completed over a strike length of 3,200 feet at depths between 1,600 and 2,600 feet below surface on the McGarry Property were used by S.J. Carmichael as the basis for a resource estimate completed in 2004. The drill hole intercept spacing on the mineralized system is 100 feet or less in the shaft area and the western part of the mine. Of these, 95 drill holes have intersected a zone, or zones, meeting the requirements for inclusion in a resource estimate, which is a minimum true width of 5.0 feet at a grade of 0.10 oz. Au/ton or more using uncut drill hole assays. This represents a drilling success ratio of 35 percent which is high for underground exploration operations in the region.

The geological character of the mineralized system is very well known, and zonal continuity is accepted with a high degree of confidence. The resource estimate was developed by S. J. Carmichael, who is familiar with and worked on the McGarry Property, in accordance with the requirements of NI 43-101. Under the definitions for resource and reserve classification included therein, the estimate may be considered an *Indicated Mineral Resource*.

The resource estimate is developed on a polygonal system using the lesser of an influence distance of 50 feet in all directions from a drill hole intercept, or one-half the distance between it and an adjacent intercept. The maximum resource block size in longitudinal section is thus 100 feet x 100 feet, and applying the cutoff limits the indicated grade and width of the drill intercept are applied to the entire block. Specific gravity tests on rock and drill core have indicated an average value of 2.79 for mineralized material, and the derived tonnage factor is thus 11.0 cubic feet per short ton in situ.

Using these parameters the Indicated Mineral Resource existing in tested are to a dept of 2,600 feet below surface on the McGarry Property is estimated as follows:

Indicated Mineral Resource Estimate	
Cutoff @ 0.10 oz.Au/ton	433,981 tons @ 0.250 oz.Au/ton
Cutoff @ 0.20 oz.Au/ton	182,728 tons @ 0.414 oz.Au/ton

Applying dilution factor of 10 percent at a grade of 0.02 oz.Au/ton (determined by averaging zonal rock values), the following mineable Indicated Mineral Resources is estimated as available in the same area:

Cutoff @ 0.10 oz.Au/ton	477,379 tons @ 0.229 oz.Au/ton
Cutoff @ 0.20 oz.Au/ton	201,001 tons @ 0.378 oz.Au/ton

The main zonal system considered in this estimate are the 185N and 260N zones within the Sheldon Formation, and the 325N and 400N zones within the Kerr Formation. The distribution of the mineralized blocks is shown in Figures 10 and 11 of the Technical Report (filed on SEDAR at www.sedar.com).

As previously noted, it is probably that the area between sections 600W and 1200W will be found to contain additional mineralized lenses, As well, additional mineralized lenses may be delineated between the 2050 foot level and the 1,250 foot level. These could add significantly to resource totals as presently estimated above the 2600 foot level.

Exploration and Development

The author of the Technical Report recommended (1) the rehabilitation of the mining plant and dewatering, and (2) the opening and through sampling of strongly mineralized zones at the 2,250 foot level on section 2000W.

On July 25, 2007, the Corporation initiated underground drilling at the McGarry Property, and Cabo Drilling (Ontario) Corp. was engaged to conduct the first phase of 10,000 feet of drilling.

To date, approximately 44,650 feet of drilling has been completed. This drilling includes approximately 50 holes with a mix of shorter definition drill holes and deeper exploratory holes. Full analyses for many of these holes are still pending.

The Corporation has engaged Python Mining Consultants to complete a development and production plan for the upper levels from about 1250 to 2250 feet below surface. This report should be complete later this year.

RISK FACTORS

Due to the nature and current stage of development of the Corporation's business, the Corporation is subject to various financial, operational and political risks.

A prospective investor or other person reviewing Armistice for a prospective investor should not consider an investment in Armistice unless the investor is capable of sustaining an economic loss of the entire investment.

The risks and uncertainties identified and described below are not necessarily the only ones that could be faced by the Corporation. If any of the following risks, or any other risks and uncertainties that the Corporation has not yet identified, actually occur, the Corporation's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected.

Exploration and Mining Risks

The business of mining and exploring for minerals involves a high degree of risk. Due in some cases to factors that cannot be foreseen, only a small proportion of the properties that are explored worldwide are ultimately developed into producing mines. At present, none of the Corporation's properties have proven or probable reserves and the proposed programs are an exploratory search for proven or probable reserves. The areas currently being assessed by the Corporation may not contain economically recoverable volumes of minerals or metals. The operations of the Corporation may be disrupted by a variety of risks and hazards which are beyond the control of the Corporation, including labor disruptions, the inability to obtain suitable or adequate machinery, equipment or labor and other risks involved in the conduct of exploration programs. Once economically recoverable volumes of minerals are found, substantial expenditures are required to establish reserves through drilling to develop metallurgical processes, and to develop the infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing copper and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Financing Risks

The Corporation has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Corporation's properties will be dependent upon the Corporation's ability to obtain financing through joint ventures, equity or debt financing or other means, and although the Corporation has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects.

Credit Risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Corporation. Management's assessment of the Corporation's risk is low as it is primarily attributable to money market funds held in a Canadian bank, Goods and Services Tax due from the Federal Government of Canada and a deposit held with Ontario Hydro which are included in accounts receivable and sundry assets. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Interest Rate Risk

The Corporation has cash balances and no interest bearing debt. The Corporation's current policy is to invest excess cash in investment grade short term deposit certificates issued by its banking institution.

Estimates of Mineral Resources and Production Risks

The mineral resource estimates of the Corporation included in this document are estimates only and no assurance can be given that any proven or probable reserves will be discovered, or that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit. Reserves that may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Any estimated mineral resources should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations.

Mineral Prices

The principal activity of the Corporation is the exploration and ultimate development of mineral resource properties. The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of the same. Factors beyond the control of the Corporation may affect the marketability of any substances discovered. Mineral prices have fluctuated widely, particularly in recent years. The feasible development of such properties is highly dependent upon the price of metals. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration work or loss of its interests in identified resource properties.

Competition

The Corporation competes with many companies that have substantially greater financial and technical resources than the Corporation for the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

Environment and other Regulatory Requirements

The activities of the Corporation are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations, and permits. There can be no assurance that all permits which the Corporation may require for exploration and development of its properties will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Corporation may undertake.

The Corporation believes it is in compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities resulting from exploration and/or mining activities and these may be costly to remedy.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Title Matters

Title to the Property and the area of the mining concessions comprising the Property may be disputed. Although the Corporation has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Dependence on Key Personnel

The Corporation's development to date has largely depended, and in the future will continue to depend, on the efforts of key management. Loss of any of these people could have a material adverse effect on the Corporation and its business. The Corporation has not obtained and currently does not intend to obtain key-person insurance in respect of any directors and other employees.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies such as the Corporation, have experienced wide fluctuations in price which have not necessarily been related to the underlying asset values or prospects of such companies. Price fluctuations will continue to occur in the future.

No Dividends

Investors cannot expect to receive a dividend on their investment in the Corporation in the foreseeable future, if ever. Investors should not expect to receive any return on their investment in the Corporation's securities other than possible capital gains.

The Corporation currently depends significantly on a single project – the McGarry Property

The Corporation's activities are focused primarily on the McGarry Property. Any adverse changes or developments affecting this project would have a material and adverse effect on the Corporation's business, financial condition, results of operations and prospects

The Corporation has no operating history and a history of losses and there can be no assurance that the Corporation will ever be profitable

The Corporation has no mineral properties from which any ore has ever been extracted and sold and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Corporation has not earned profits to date and there is no assurance that it will do so in the future.

Political Risk

The Corporation currently conducts its activities in Ontario, Canada and is exposed to whatever risks and uncertainties exist or may come into effect in the future. There can, for example, be no assurance that future political and economic conditions in Ontario will not result in the government adopting policies respecting the development of interests in mineral resources which could be adverse to the Corporation's interests or profitability. Any such changes in policy could result in changes in laws affecting such matters as interests in assets, mining policies, monetary policies, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Corporation's ability to undertake activities in respect of present and future properties in the manner currently contemplated.

DIVIDENDS

The Corporation has not paid any dividends on the common shares. The Corporation has no present intention of paying dividends on the common shares, as it anticipates that all available funds will be invested to finance exploration and development programs on its mineral property as well as the acquisition of additional mineral properties.

The Corporation is limited in its ability to pay dividends on the common shares by generally applicable restrictions under corporate law referred to as "solvency tests".

DESCRIPTION OF CAPITAL STRUCTURE

Authorized and Issued Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares without par value, having the rights, privileges, restrictions and conditions summarized below. As of the date of this AIF, 60,130,435 Common Shares are issued and outstanding.

Common Shares

The holders of Common Shares are entitled to receive notice of, and to exercise one vote per share at, every meeting of shareholders of the Corporation, to receive such dividends as the board of directors declares and to share equally in the assets of the Corporation remaining upon the liquidation of the Corporation after the creditors of the Corporation have been satisfied.

Warrants

The Corporation has a total of 7,325,736 warrants issued and outstanding. Of these, 2,324,140 warrants are exercisable for one Common Share at an exercise price of \$1.00 per Common Share until June 27, 2009 and if the closing price of the Common Shares is equal to or exceeds \$1.15 for 30 consecutive trading days, expiry shall accelerate to the date which is 30 calendar days following the date a formal notice is issued. The Corporation has 625,000 warrants that are exercisable for one Common Share at an exercise price of \$1.00 per Common Share until August 18, 2010. The Corporation has 3,082,500 warrants that are exercisable for one Common Share at an exercise price of \$0.45 per Common Share until December 13, 2009 and if the closing price of the Common Shares is equal to or exceeds \$0.70 for 30 consecutive trading days, expiry shall accelerate to the date which is 30 calendar days following the date a formal notice is issued.

The remaining warrants are broker's warrants of which 829,268 are exercisable for one Common Share at an exercise price of \$0.35 per Common Share until June 13, 2009 and 464,828 are exercisable for one Common Share at an exercise price of \$0.70 per Common Share until June 27, 2009.

Stock Options

On March 25, 2005, the board of directors adopted, and on April 28, 2005 the shareholders of Armistice approved, a new stock option plan. The purpose of the plan is to provide incentives to directors, officers, employees and consultants of the Corporation. The maximum number of Common Shares reserved for issuance upon exercise of the options is 10% of the issued and outstanding number of Common Shares from time to time. The board of directors may designate the recipients of options and determine the number of Common Shares covered by each option, its exercise price (which may not be less than closing market price of the Common Shares on the trading day prior to the grant) and its expiry date. The stock option will vest immediately on the date of the grant. The term of the options shall not exceed five years from the date of grant.

As at October 2, 2008, 3,520,000 stock options were outstanding and exercisable.

On a fully diluted basis, therefore, the Corporation has 70,976,171 Common Shares outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

The Corporation's Common Shares started trading on the TSX on August 18, 2006 under the trading symbol "AZ". The following table sets forth the sale prices per share and volumes of the Common Shares of the Company traded on the TSX for each month for the last fiscal year.

Month	Closing High	Closing Low	Total Volume
July 2007	0.94	0.70	356,300
August 2007	0.75	0.43	636,900
September 2007	0.80	0.51	585,700
October 2007	0.74	0.56	394,800
November 2007	0.75	0.57	426,100
December 2007	0.64	0.47	478,100
January 2008	0.58	0.35	641,600
February 2008	0.47	0.36	672,400
March 2008	0.51	0.39	607,100
April 2008	0.45	0.33	299,000
May 2008	0.45	0.33	416,700
June 2008	0.56	0.38	490,700

Prior Sales

Armistice does not have any class of securities (other than stock options issued pursuant to its stock option plan or warrants issued pursuant to private placements) outstanding which are not listed or quoted on a marketplace.

ESCROWED SECURITIES

To the knowledge of Armistice the table below sets out the number of Common Shares of Armistice that are held in escrow and the percentage that number of shares represents of the outstanding Common Shares.

Class of Securities	Number of Securities Held in Escrow	Percentage of Class
Common Shares	5,000,000 ⁽¹⁾	8.3

- (1) Pursuant to an escrow agreement dated June 22, 2005 between the Corporation, IMM Investments Inc. (“IMM”) and Equity Transfer & Trust Company (as escrow agent) in relation to IMM’s 5,000,000 Common Shares and 5,000,000 Common Share purchase warrants in the Corporation held in escrow pending resolution of proceedings against certain persons trading in shares of the parent company of IMM. The release of these securities from escrow is subject to such proceedings being concluded or the OSC orders otherwise upon application of the security holder.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth the name, province or state and country of residence and position held with the Corporation and principal occupation of each director and executive officer of the Corporation.

Name, Province or State and Country of Residence and Position with the Corporation	Director Since	Principal Occupation
Erik Andersen Beaverton, Ontario Vice President, Chief Operating Officer, Director	April 28, 2006	Vice-President and Chief Operating Officer of the Corporation
Paul Bennett (1) Calgary, Alberta, Director	November 15, 2007	President and Chief Executive Officer of Energus Resources Ltd., President of Uranium Participation Alberta Corp., and President and Chief Executive Officer of Rodinia Oil Corp.
Edmond Legault (2)(3) St-Sauveur, Québec Director	May 26, 2006	Semi-Retired; Mining Consultant;
Todd J. Morgan Kirkland Lake, Ontario President, CEO, Chairman, and Director	May 27, 2004	President, Chief Executive Officer and Chairman of the Corporation; President of Morgan Development Corp.
James O'Donnell (1) (2) (3) North York, Ontario Director	Jan. 3, 2007	Semi-Retired; Chairman of Shamee Corp.
Steven Reiken Toronto, Ontario Director	March 11, 1991	President of Toys, Toys, Toys Inc.; President and Director, Aurelian Developers Ltd.
Gregory Smith (1) (2) (3) Calgary, Alberta Director	August 21, 1986	President, Oakridge Financial Management Inc.
Michael Bourassa Ontario, Canada Corporate Secretary	N/A	Partner, Fasken Martineau DuMoulin LLP, a law firm
Thomas Gannon Kirkland Lake, Ontario Chief Financial Officer	N/A	Managing Partner, Ross, Pope & Company, Chartered Accountants

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Corporate Governance and Nominating Committee

The directors and executive officers of the Corporation, as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 5,997,017 Common Shares, representing 10% of the Common Shares outstanding as of the date of this AIF.

Each director's term of office will expire at the next annual general meeting of shareholders of Armistice or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the by-laws of the Corporation or he becomes disqualified to act as a director of the Corporation.

Additional biographical information regarding the directors and executive officers of the Corporation for the past five years is provided as follows:

Erik Andersen (P.Eng) is the Vice-President and Chief Operating Officer and a Director of the Corporation, prior to which he was the Managing Director at Nalunaq Gold Mine A/S from January, 2005 to May, 2007. Since 2003, he has also been an entrepreneur and worked as a consultant to a logistical services company serving the largely foreign mineral exploration industry in Greenland. From 1995 to 2003, Mr. Andersen served as the managing director of Platinova A/S, a company listed on the TSX, and the leading resource developer in Greenland.

Paul J. Bennett is a Director of the Corporation and has over 38 years of experience in geoscience, mining and oil/gas exploration, development and producing. He is currently the President and CEO of Energen Resources Ltd. of Calgary, Alberta, a director of President of Uranium Participation Alberta Corp., and President and Chief Executive Officer of Rodinia Oil Corp. At various times Mr. Bennett has held executive and senior management positions with ExxonMobil Canada, Sable Offshore Energy Project, and Mobil Oil Canada. He has also served as a director of the Maritimes & NE Pipeline. Mr. Bennett is a director of Uranium Participation Corp. Mr. Bennett has done geoscience work in every province and territory in Canada over a 38 year period, and has lived and worked in Australia, Europe and the USA. His work experience has involved oil and gas companies, mining companies and several provincial resource surveys (Ontario and New Brunswick).

Edmond Legault is a Director of the Corporation who is semi-retired and works as a mining consultant. He started his career as a miner and worked in various supervisory capacities, including Mine Manager of the Selbaie Mine, Vice-President of Mine Richmond, Vice President of Procoloro Resources Inc and President of its subsidiaries in Latin America. Mr. Legault also served as Director of Technical Services for the Québec Metal Mining Association.

Todd J. Morgan is the President, CEO, Chairman and a Director of Armistice since 2004 and is also President of Morgan Development Corp. (since 1993). He coordinated the settlement of outstanding legal claims that threatened the existence and continuance of Armistice, and negotiated the Omnibus Agreement with various parties to settle litigation involving Armistice.

Steven Reiken is a Director of the Corporation, and a retired Chartered Accountant and president of Toys Toys Inc., a chain of mall-located, retail toy stores in and around the city of Toronto. He is also President and Director, Aurelian Developers Ltd. Mr. Reiken is also involved in the acquisition and re-development of real estate as an investor.

Gregory Smith (C.A.) is a Director of the Corporation and a Chartered Accountant and President of Oakridge Financial Management Inc., a provider of financial and accounting services to small and medium size business. He is also currently a Director of CDG Investments Inc. (since March, 1997), a Director of Tyler Resources Inc. (since December, 2000), a Director of Aloak Corp. (since February, 2001), a Director and CFO of Maglin Furniture (since March, 1995), and a Director (since April, 1987) and President (since October, 1989) of Alberta-Pacific Management Ltd., a private fund manager.

James O'Donnell (PhD. LL.D) is a Director of the Corporation with over 40 years experience in business, including leadership roles in the brokerage, mutual fund and investment management industries. Prior to founding O'Donnell Capital Group, Mr. O'Donnell was founder, Chairman and Chief Executive

Officer of O'Donnell Investment Management Corp. (“**OIMC**”). OIMC was launched in December 1995 and within one year had attracted over \$1 billion in assets under management. Mr. O'Donnell took OIMC public 18 months after its launch in a successful initial public offering on the TSX. In June 1999, Mr. O'Donnell oversaw the successful sale of OIMC for over \$80 million. Previously, Mr. O'Donnell was President and one of the founders of Mackenzie Financial Corporation (“**MFC**”). Mr. O'Donnell was instrumental in building MFC's asset base from less than \$10 million to several billion dollars during his 20 years with MFC. When Mr. O'Donnell retired from MFC in 1993, he left one of the largest mutual fund companies in Canada. Mr. O'Donnell expanded MFC into the United States, setting up Mackenzie Investment Management Inc., which was subsequently taken public. Mr. O'Donnell also moved MFC into the Canadian trust industry with Mackenzie Trust Company.

Michael Bourassa is Secretary to the Corporation and a partner at Fasken Martineau DuMoulin LLP since 2003. Prior thereto Mr. Bourassa was a partner at Aird & Berlis LLP from 1990 until 2003. Mr. Bourassa was recently named one of the leading mining lawyers in the world by Who's Who Legal. Mr. Bourassa was instrumental in assisting Armistice with efforts to reorganize the affairs of the Corporation.

Thomas Gannon (C.A.) is the Chief Financial Officer of the Corporation and the Managing Partner of Ross, Pope and Company, Chartered Accountants (since 1986). He has over 20 years of financial reporting experience with resource companies.

Board Committees

The board of directors of Armistice has established three committees: an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee.

Audit Committee

The purpose of the Audit Committee is to augment and improve financial disclosure and to ensure the Corporation's compliance with disclosure requirements. The Audit Committee is responsible for overseeing the Corporation's accounting policies, financial reporting procedures, internal controls and management information systems and for reviewing the scope, terms, findings and results of internal and external audits of the Corporation. The Audit Committee maintains direct communications with the Corporation's external auditors and the Corporation senior officers responsible for accounting and financial matters. The Audit Committee has met in person or electronically on a quarterly basis for each of the last two financial years.

The board of directors has adopted an Audit Committee Charter (set out in Schedule “A” hereto), which provides appropriate guidance to Audit Committee members as to their duties.

The Audit Committee is comprised of three independent and financially literate directors: Mr. Smith as Chairman and Messrs. O'Donnell and Bennett. “Independent” and “financially literate” have the meaning used in the Multilateral Instrument 52-110 of the Canadian Securities Administrators. The Audit Committee complies with all applicable statutory requirements, including the relationship of the number of outside directors to inside directors.

Additional Audit Committee information is set out in Schedule “B”.

Compensation Committee

The Compensation Committee assists the board of directors in fulfilling its responsibilities relating to matters of human resources and compensation, including equity compensation, and to establish a plan of

continuity and development of senior management. This committee has responsibility for evaluating and making recommendations to the board of directors regarding the compensation of the Corporation's executives and the equity-based and incentive compensation plans, policies and programs of the Corporation. In addition, the Compensation Committee produces an annual report on executive officer compensation for inclusion where appropriate in the Corporation's disclosure documents.

The board of directors has adopted a Compensation Committee Charter which provides appropriate guidance to Compensation Committee members as to their duties.

The Compensation Committee is comprised of three independent and unrelated directors: Mr. Legault as Chairman and Messrs. O'Donnell and Smith.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee assists the board of directors in fulfilling its responsibilities by evaluating, developing, and making recommendations with respect to the process and structure used to supervise the business and affairs of the Corporation, with the objective of enhancing the Corporation's performance and shareholder value.

The board of directors has adopted a Corporate Governance and Nominating Committee Charter which provides appropriate guidance to Corporate Governance and Nominating Committee members as to their duties.

The Corporate Governance and Nominating Committee is comprised of three independent and unrelated directors: Mr. O'Donnell as Chairman and Messrs. Legault and Smith.

Corporate Cease Trade Orders and Bankruptcies

Other than as described below, none of the directors or executive officers of Armistice or, to its knowledge, shareholders holding sufficient Common Shares to materially affect the control of Armistice are, or within the previous 10 years, have been a director or executive officer of any other issuer that, while acting in such capacity,

- (i) was the subject of a cease trade or a similar order or an order that denied the issuer access to any exemptions under securities legislation for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such issuer.

In 2003, for failing to file its interim financial statements for the period ended March 31, 2003 with the local securities regulatory authority or regulator in British Columbia, Alberta, Ontario and Quebec, and, in the case of Ontario, for failure to pay annual participation fees, as required by the *Securities Act* (Ontario), Armistice Resources Ltd. became subject to orders directing that trading in its securities cease.

These failures were due to a lack of funds to pay for the preparation and audit of the above statements and to effect payment of such fees at that time.

All of these cease trade orders were subsequently revoked. The issuance of the cease trade orders and their subsequent revocations are dated as follows: (a) issued by the Ontario Securities Commission on June 6, 2003 and revoked on August 11, 2005; (b) issued by the British Columbia Securities Commission on July 16, 2003 and revoked on November 3, 2005; (c) issued by the Alberta Securities Commission on September 26, 2003 and revoked on October 25, 2005; and (d) issued by the Quebec Autorité des Marchés Financiers on June 10, 2003 and revoked on September 28, 2005.

Steven Reiken

On November 27, 2002, Aurelian Developers Ltd. was issued a cease trade order by the British Columbia Securities Commission for failure to file financial statement within the prescribed time. Mr. Reiken is a director of Aurelian Developers Ltd.

Personal Bankruptcies

Within the previous 10 years of the date of this AIF none of the directors or executive officers of Armistice or, to Armistice's knowledge, shareholders holding sufficient Common Shares to materially affect the control of Armistice have become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

Personal Penalties and Sanctions

None of the directors or executive officers of Armistice or, to Armistice's knowledge, shareholders holding sufficient Common Shares to materially affect the control of Armistice have been subject to:

- (i) any penalties or sanctions proposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain officers and directors of Armistice are officers and directors of, or are associated with, other natural resource companies that acquire interests in mining properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interest of Armistice and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with Armistice and to abstain from voting as a director for the approval of any such transaction.

Thomas Gannon, Chief Financial Officer of the Corporation, is the managing partner at a firm which provides bookkeeping and other accounting services to the Corporation and for which that firm receives fees.

Michael Bourassa, the Secretary of the Corporation, is a partner at a firm which provides legal services to the Corporation and for which that firm receives fees.

LEGAL PROCEEDINGS

Armistice is not a party to, nor is any of its property the subject of, any material legal proceedings or regulatory actions, and no such proceedings or actions are known to Armistice to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of Armistice, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of Armistice's outstanding voting securities and no associate or affiliate of any of such persons or companies has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect Armistice.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Armistice's current auditor is Kraft Berger LLP, Chartered Accountants, 3160 Steeles Avenue East, Markham, Ontario, L3R 4G9.

Armistice's registrar and transfer agent is Equity Transfer & Trust Company, 120 Adelaide Street, Suite 420, Toronto, Ontario, M5H 4C3.

INTERESTS OF EXPERTS

Names of Experts

The following persons, firms and companies are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by Armistice during, or relating to, its most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by the person, firm or company.

Name, Firm & Location	Description
Kraft Berger LLP, Chartered Accountants, 3160 Steeles Avenue East, Markham, Ontario, L3R 4G9.	Auditors of Armistice
S. J. Carmichael, B.Sc., P.Geo.	Consultant to Armistice

Interests of Experts

Kraft Berger LLP has advised Armistice that it is independent of Armistice within the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

As of the date hereof, to Armistice's knowledge, the other experts named in the foregoing section beneficially own, directly or indirectly, less than one percent of the securities of Armistice.

None of such experts and no director, officer or employee of such experts is or is expected to be elected, appointed or employed as a director, officer or employee of Armistice or of any associate or affiliate of Armistice.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Armistice's securities, securities authorized for issuance under equity compensation plans, where applicable, is contained in Armistice's Information Circular for its most recent annual meeting of shareholders.

Additional financial information is provided in Armistice's financial statements and management's discussion and analysis for its most recently completed financial year, all of which are filed on SEDAR. See Schedules "A" and "B" for particulars of the Audit Committee's charter, its members and related matters.

Other additional information relating to Armistice may be found on SEDAR at www.sedar.com.

**SCHEDULE “A”
AUDIT COMMITTEE CHARTER**

NAME

There shall be a committee of the board of directors (the “**Board**”) of Armistice Resources Corp. (the “**Company**”) known as the Audit Committee.

PURPOSE OF AUDIT COMMITTEE

The Audit Committee has been established to assist the Board in fulfilling its oversight responsibilities with respect to the following principal areas:

- (a) the Company’s external audit function; including the qualifications, independence, appointment and oversight of the work of the external auditors;
- (b) the Company’s accounting and financial reporting requirements;
- (c) the Company’s reporting of financial information to the public;
- (d) the Company’s compliance with law and regulatory requirements;
- (e) the Company’s risks and risk management policies;
- (f) the Company’s system of internal controls and management information systems; and
- (g) such other functions as are delegated to it by the Board.

Specifically, with respect to the Company’s external audit function, the Audit Committee assists the Board in fulfilling its oversight responsibilities relating to: the quality and integrity of the Company’s financial statements; the independent auditors’ qualifications; and the performance of the Company’s independent auditors.

COMPOSITION

The Audit Committee shall consist of as many members as the Board shall determine but, in any event not fewer than three directors appointed by the Board. Each member of the Audit Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director of the Company. The Board, following consideration of the recommendation of the Corporate Governance Committee, may fill a vacancy which occurs in the Audit Committee at any time.

Members of the Audit Committee shall be selected based upon the following and in accordance with applicable laws, rules and regulations:

- (a) **Director.** Every audit committee member must be a director of the company.
- (b) **Financially Literate.** Each member shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. For these purposes, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and

level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

- (c) **Independence.** Each audit committee member shall be independent as defined by Section 1.4 of the Canadian Securities Administrators Multilateral Instrument 52-110.

CHAIR AND SECRETARY

The Chair of the Audit Committee shall be designated by the Board. If the Chair is not present at a meeting of the Audit Committee, the members of the Audit Committee may designate an interim Chair for the meeting by majority vote of the members present. The Secretary of the Company shall be the Secretary of the Audit Committee, provided that if the Secretary is not present, the Chair of the meeting may appoint a secretary for the meeting with the consent of the Audit Committee members who are present. A member of the Audit Committee may be designated as the liaison member to report on the deliberations of the Audit Committees of affiliated companies (if applicable).

MEETINGS

The Chair of the Audit Committee, in consultation with the Audit Committee members, shall determine the schedule and frequency of the Audit Committee meetings provided that the Audit Committee will meet at least four times in each fiscal year and at least once in every fiscal quarter. The Audit Committee shall have the authority to convene additional meetings as circumstances require.

Notice of every meeting shall be given to the external and internal auditors of the Company, and meetings shall be convened whenever requested by the external auditors or any member of the Audit Committee in accordance with applicable law. The Audit Committee shall meet separately and periodically with management and legal counsel. The Audit Committee shall meet separately with the external auditors at every meeting of the Audit Committee at which external auditors are present.

MEETING AGENDAS

Agendas for meetings of the Audit Committee shall be developed by the Chair of the Audit Committee in consultation with the management and the corporate secretary, and shall be circulated to Audit Committee members as far in advance of each Audit Committee meeting as is reasonable.

RESOURCES AND AUTHORITY

The Audit Committee shall have the resources and the authority to discharge its responsibilities, including the authority, in its sole discretion, to engage, at the expense of the Company, outside consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out its duties, without seeking approval of the Board or management.

The Audit Committee shall have the authority to conduct any investigation necessary and appropriate to fulfilling its responsibilities, and has direct access to and the authority to communicate directly with the external auditors, the counsel of the Company and other officers and employees of the Company.

The members of the Audit Committee shall have the right for the purpose of performing their duties to inspect all the books and records of the Company and its subsidiaries and to discuss such accounts and records and any matters relating to the financial position, risk management and internal controls of the Company with the officers and external auditors of the Company and its subsidiaries. Any member of the

Audit Committee may require the external auditors to attend any or every meeting of the Audit Committee.

RESPONSIBILITIES

The Company's management is responsible for preparing the Company's financial statements and the external auditors are responsible for auditing those financial statements. The Audit Committee is responsible for overseeing the conduct of those activities by the Company's management and external auditors, and overseeing the activities of the internal auditors.

The specific responsibilities of the Audit Committee shall include those listed below. The enumerated responsibilities are not meant to restrict the Audit Committee from examining any matters related to its purpose.

1. Financial Reporting Process and Financial Statements

The Audit Committee shall:

- (a) in consultation with the external auditors and Chief Financial Officer, review the integrity of the Company's financial reporting process, both internal and external, and any major issues as to the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies;
- (b) review all material transactions and material contracts entered into between (i) the Company or any subsidiary of the Company, and (ii) any subsidiary, director, officer, insider or related party of the Company, other than transactions in the ordinary course of business;
- (c) review and discuss with management and the external auditors: (i) the preparation of Company's annual audited consolidated financial statements and its interim unaudited consolidated financial statements; (ii) whether the financial statements present fairly (in accordance with Canadian generally accepted accounting principles) in all material respects the financial condition, results of operations and cash flows of the Company as of and for the periods presented; (iii) any matters required to be discussed with the external auditors according to Canadian generally accepted auditing standards; (iv) an annual report by the external auditors describing: (A) all critical accounting policies and practices used by the Company; (B) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, including the ramifications of the use such alternative treatments and disclosures and the treatment preferred by the external auditors; and (C) other material written communications between the external auditors and management;
- (d) following completion of the annual audit, review with each of management and the external auditors, any significant issues, concerns or difficulties encountered during the course of the audit;
- (e) resolve disagreements between management and the external auditors regarding financial reporting;

- (f) review the interim quarterly and annual financial statements and annual and interim press releases prior to the release of earnings information; and
- (g) review and be satisfied that adequate procedures are in place for the review of the public disclosure of financial information by the Company extracted or derived from the Company's financial statements, other than the disclosure referred to in (f), and periodically assess the adequacy of those procedures.

2. External auditors

The Audit Committee shall:

- (a) require the external auditors to report directly to the Audit Committee;
- (b) be directly responsible for the selection, nomination, compensation, retention, termination and oversight of the work of the Company's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and in such regard recommend to the Board the external auditors to be nominated for approval by the shareholders;
- (c) approve all audit engagements and must pre-approve the provision by the external auditors of all non-audit services, including fees and terms for all audit engagements and non-audit engagements, and in such regard the Audit Committee may establish the types of non-audit services the external auditors shall be prohibited from providing and shall establish the types of audit, audit related and non-audit services for which the Audit Committee will retain the external auditors. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such delegated pre-approval shall be exercised in accordance with the types of particular non-audit services authorized by the Audit Committee to be provided by the external auditor and the exercise of such delegated pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting following such pre-approval;
- (d) review and approve the Company's policies for the hiring of partners and employees and former partners and employees of the external auditors;
- (e) consider, assess and report to the Board with regard to the independence and performance of the external auditors; and
- (f) request and review the audit plan of the external auditors as well as a report by the external auditors to be submitted at least annually regarding: (i) the external auditing firm's internal quality-control procedures; (ii) any material issues raised by the external auditor's own most recent internal quality-control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

3. Accounting Systems and Internal Controls

The Audit Committee shall:

- (a) oversee management's design and implementation of and reporting on internal controls. The Audit Committee shall also receive and review reports from management, the internal auditors and the external auditors on an annual basis with regard to the reliability and effective operation of the Company's accounting system and internal controls; and
- (b) review annually the activities, organization and qualifications of the internal auditors and discuss with the external auditors the responsibilities, budget and staffing of the internal audit function.

4. Legal and Regulatory Requirements

The Audit Committee shall:

- (a) receive and review timely analysis by management of significant issues relating to public disclosure and reporting;
- (b) review, prior to finalization, periodic public disclosure documents containing financial information, including the Management's Discussion and Analysis and Annual Information Form, if required;
- (c) prepare the report of the Audit Committee required to be included in the Company's periodic filings;
- (d) review with the Company's counsel legal compliance matters, significant litigation and other legal matters that could have a significant impact on the Company's financial statements; and
- (e) assist the Board in the oversight of compliance with legal and regulatory requirements and review with legal counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with legal and regulatory responsibilities.

5. Additional Responsibilities

The Audit Committee shall:

- (a) discuss policies with the external auditor and management with respect to risk assessment and risk management;
- (b) establish procedures and policies for the following:
 - (i) the receipt, retention, treatment and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by directors or employees of the Company of concerns regarding questionable accounting or auditing matters or any potential violations of legal or regulatory provisions;
- (c) prepare and review with the Board an annual performance evaluation of the Audit Committee;

- (d) report regularly to the Board, including with regard to matters such as the quality or integrity of the Company's financial statements, compliance with legal or regulatory requirements and the performance and independence of the external auditors; and
- (e) review and reassess the adequacy of the Audit Committee's Charter on an annual basis.

6. Limitation on the Oversight Role of the Audit Committee

Nothing in this Charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Audit Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information, and the accuracy of the information provided to the Company by such persons or organizations.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles in Canada and applicable rules and regulations. These are the responsibility of management and the external auditors.

Approved by the Board of Directors on September 25, 2006

**SCHEDULE “B”
AUDIT COMMITTEE INFORMATION**

Composition of the Audit Committee

The Audit Committee consists of three directors. The following table sets out their names and whether they are ‘independent’ and ‘financially literate’.

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾
Paul Bennett	Yes	Yes
James O’Donnell	Yes	Yes
Gregory Smith	Yes	Yes

(1) To be considered to be independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with Armistice. A material relationship is a relationship which could, in the view of the Board of Directors of Armistice, reasonably interfere with the exercise of a member’s independent judgement.

(2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Armistice’s financial statements.

Relevant Education and Experience

The education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by Armistice to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Armistice’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting,

are as follows:

Name of Member	Education	Experience
Paul Bennett	Prof. Geol.	Over 38 years experience as senior oil and gas manager and an accomplished explorationist.
James O'Donnell	PhD. LL.D	Over 40 years experience in business, including leadership roles in the brokerage, mutual fund and investment management industries
Gregory Smith	B. Com, Chartered Accountant	Practicing Chartered Accountant for 30 years / CFO of various companies.

Reliance on Certain Exemptions

Since the commencement of Armistice's most recently completed financial year, Armistice has not relied on any of the exemptions set out in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member), in subsection 3.3(2) (Controlled Companies), in section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances), or section 3.8 (Acquisition of Financial Literacy) of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"), or an exemption from this Instrument, in whole or in part, granted under Part 8 (Exemptions) of MI 52-110.

Audit Committee Oversight

Since the commencement of Armistice's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by Armistice's Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee reviews and pre-approves all audit-related services, and any non-audit services, to be provided by, and the estimated fees and other compensation related thereto to be paid to (or establishing a limit for such fees and compensation), its auditor.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to Armistice by its external auditor during the last two financial years.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees	Tax Fees	All Other Fees ⁽²⁾
June 30, 2008	\$40,000	-	-	\$6,000
June 30, 2007	\$39,600	-	-	3,600

(1) The aggregate fees billed for audit services.

(2) The aggregate fees billed for professional services other than those listed in the other three columns. These services consisted of work related to the closing of an offering in order to comply with CICA Section 7200.