ARMISTICE RESOURCES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2007

Dated November 13, 2007

INTRODUCTION

Armistice Resources Corp. (Formerly Armistice Resources Ltd.) (“Armistice” or the “Corporation”) is a Canadian exploration company focused on developing a resource property located near Virginiatown, Ontario and on locating other exploration properties to add to its existing resource base.

The following management discussion and analysis (the “September-2007 MD&A”) should be read in conjunction with the unaudited interim financial statements for the three month period ended September 30, 2007 (the period being referred to herein as “September-2007”) and the notes related thereto, which were prepared in accordance with Canadian generally accepted accounting principles. **The effective date of this MD&A is November 13, 2007.**

All amounts herein are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Disclaimer

Certain statements in this document constitute “forward-looking statements”, which statements are made as of the date hereof. Management believes that any forward-looking statements are based upon reasonable assumptions, but can give no guarantees or assurances that actual results will be consistent with such statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- the risks inherent in the natural resource exploration business generally;
- the lack of cash flow and the Corporation’s dependency on new capital;
- the competition in the mineral exploration industry with respect to, among other things, the acquisition of additional resource properties;
- the risks associated with governmental regulation and environmental liability;
- the risk of title problems related to resource properties; and
- the results of legal claims made by or against the Corporation.

Readers should not place undue reliance on any forward-looking statements contained herein.

CORPORATE OVERVIEW AND STRATEGY

Corporate Summary

The Corporation was incorporated on June 29, 1984 under the *Business Corporations Act* (Ontario). The Corporation continued under the *Canada Business Corporations Act* on November 9, 1987 and amalgamated with Armistice Mines Limited on December 1, 1998 as Armistice Resources Ltd. The amalgamated corporation continues to be governed by the *Canada Business Corporations Act*. 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. The registered office of the Corporation is in the City of Toronto. Since incorporation, the Corporation has been an exploration company engaged in the acquisition and exploration of gold properties. The Corporation owns the rights to a mineral property (the "Resource Property") located in the southwestern part of McGarry Township, Ontario lying immediately west of the municipality of Virginiatown. The Corporation has completed all the necessary dewatering and underground rehabilitation. Drilling is now underway and preparation is nearing completion for the start of a bulk sampling program. The Resource Property, which remains at the exploration stage, consists of 34 contiguous patented mining claims and licences of occupation totalling 484 hectares. The Corporation does not have any subsidiaries.

September-2007 Corporate Highlights

Below is a summary of significant events over the last year:

- On August 14, 2006, the Corporation closed a private placement of common shares and flow-through common shares. The private placement raised gross proceeds of $6,812,250 through the sale of 5,620,000 common shares valued at $0.50 and 6,157,306 flow-through common shares valued at $0.65. The net proceeds of the offering are $6,332,614 after payment of the agent fees but before deducting expenses of the offering. Also, on August 14, 2006 a payable to Chief Executive Officer in the amount of $50,000 was settled by the issuance of 100,000 common shares.
- 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".
- In the fall of 2006, Paul Whelan Mining Contractors mobilized the necessary equipment and a full crew to complete the dewatering process at the McGarry project. Prior to the dewatering, Armistice completed certain repairs and testing of the plant as required by regulatory agencies. Also, prior to the commencement of pumping a water treatment process was performed on the water in the mine.
- On January 15, 2007, the Corporation announced the appointment of Mr. James O'Donnell as a new director. Mr. O'Donnell has over 40 years of 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. 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.

- On January 31, 2007, the Corporation announced the appointment of Erik O. Andersen, P. Eng as Vice-President, Chief Operating Officer. Erik also will assume the role of Qualified Person as defined under National Instrument 43-101. Mr. Andersen has close to 40 years experience in the mining and exploration industry primarily in a senior management role. His most recent position was General Manager with Nalunaq Gold Mine A/S. Mr. Andersen served as the Managing Director of Platinova A/S, a Toronto Stock Exchange listed company, and the leading resource developer in Greenland. Mr. Andersen was a Senior Minerals Policy Advisor with the Government of Greenland. Prior to this time, he served as Mine Manager or Vice-President Operations with several Canadian mining companies, and as a Geophysicist/Geologist working in eastern Canada and the high Arctic. He brings a wealth of experience in bringing mining projects into production and will play a pivotal role as Armistice moves forward.

- Dewatering of the mine to the bottom of the shaft was completed in early April 2007 by Paul Whelan Mining Contractors. Work is continuing on the rehabilitation of the underground infrastructure system including pumping, electrical, compressed air, ventilation and water. This work has now reached the stage at which the 2250 Level (the lowest level in the mine) is mostly complete. Finalization of the underground infrastructure is continuing together with the first phase of underground diamond drilling.

- A contract for Phase I underground diamond drilling was signed with Heath and Sherwood Drilling. The Phase I program is 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.

- On May 29, 2007, the Corporation announced the appointment of Paul J. Bennett as an advisor to the board of directors of Armistice. Mr. Bennett has over 37 years of experience in geoscience, mining and oil/gas exploration, development and producing. He is currently the President and CEO of Energus Resources Ltd. of Calgary, Alberta, and also serves as Director, President and COO for Officer Basin Energy Inc. 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. and President of Uranium Participation Alberta Corp. Mr. Bennett has done geoscience work in every province and territory in Canada over a 37 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).

- Underground drilling has commenced on the 2250 level of the mine. Drilling will encompass both in-fill definition drilling to fill gaps left from drilling in the 1990's as well as deep drilling to identify and confirm potential gold ore zones above 4000'.

- The underground workings and mining plant have now been rehabilitated to permit commencement of mining operations. The objective of this mining is to obtain bulk samples from previously identified gold zones on the 2250 and 2350 Levels. An access cross-cut is being collared to reach the 260N, 325N and 400N Zones in the west-central part of the previously established 2250 Level. Another cross-cut at 00W is also being collared to provide both bulk sample material and drill access for vertical holes to test an identified zone of green carbonate (at the adjacent Kerr Addison Mine, green carbonate ore was notoriously difficult to evaluate by cross cutting drill holes because the gold mineralization was associated with near horizontal features).

- 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 Mining Act of Ontario. 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.

Corporate Strategy

The Corporation's strategy continues to be to increase shareholder value and enhance its position in the junior gold exploration group by focusing efforts on: (a) exploring the Resource Property; and (b) building upon its current portfolio through investing in new high-quality resource assets. The Corporation intends to achieve these objectives by making sound business decisions based on disciplined financial criteria that appropriately balance costs, benefits and risks.

Outlook

In 2007, the Corporation will focus on underground exploration at its McGarry advanced exploration project. This will involve in-fill definition drilling, deeper exploratory drilling, along with a significant bulk sampling program.

The Corporation also will look at expanding its portfolio with an eye to exploiting synergies with other properties in the region.

OVERALL PERFORMANCE

The Corporation incurred a net loss for September-2007 of $134,902 compared to a loss of $150,477 for the same period in 2006. In addition to general and administrative expenses, the Corporation had tax on unspent flow-through and accretion expenses this period. This resulted in a cumulative deficit of $30,556,722 and a loss per share of $0.01 as at the end of September-2007.

The Corporation's total assets were $14,486,903 (as at September 30, 2007), $14,846,779 (as at September 30, 2006) and $9,045,977 (as at September 30, 2005).

As the Corporation's business primarily involves mining exploration, the Corporation does not have a source of revenue. The trend of losses from operations, therefore, is expected to continue for the foreseeable future until the Resource Property is brought into commercial production or is sold. As is the case with resource properties of other junior exploration companies, it is impossible to determine the likelihood or estimated time frame for commercial production of the Resource Property.

EXPLORATION SUMMARY

There was $704,173 of deferred expenditures capitalized to the Resource Property during the last quarter.

MINING PROPERTY

Below is a summary of money spent on the mining property up to September 30, 2007:

	2007
Exploration and development expenditures	
Balance, beginning of period	$16,364,493
Diamond drilling	139,463
De-watering	465,018
Professional services	72,412
Environmental	5,705
Present value of mine closure costs	-
Balance, end of year	17,047,091
Property acquisition costs:	
Balance, beginning of period	$ 6,067,013
Royalty payments	21,574
	6,088,587
Write-down of mineral property	$(11,750,000)
Total mineral property, end of year	$11,385,678

The Corporation has an undivided 75% interest in 31 mining claims and 3 licenses of occupation in the McGarry Township within the Larder Lake Mining Division of Ontario through an agreement with Sheldon-Larder Mines Limited ("Sheldon-Larder"). The remaining 25% interest is a carried interest entitling Sheldon-Larder to a royalty as outlined in Contractual Obligations.

The amounts shown for the mineral property represent costs to date and do not necessarily reflect present or future values except when there is a permanent decline in value or an abandonment of a mining property. Future development of the mineral property, recovery of related costs and the ability to meet financial commitments on existing claims will depend upon the development of commercially viable reserves, capital financing arrangements, mineral market conditions, environmental considerations and general economic conditions.

SUMMARY OF QUARTERLY RESULTS

The following information relates to the Corporation's eight most recently completed quarters. The Resource Property is not at the stage of commercial production and, therefore, the Corporation does not have a source of revenue.

2007 Quarterly Results

	March 31, 2007 (Unaudited) ($)	June 30, 2007 (Unaudited) ($)	September 30, 2007 (Unaudited) ($)
Expenses (Recoveries)	355,128 (44,738)	295,665 (48,935)	171,260 (36,358)
Net (Loss) Income	(310,390)	(246,730)	(134,902)
(Loss) Income Per Share*	(0.00)	(0.00)	(0.01)

*Loss per share on a diluted basis is not reported as it is anti-dilutive.

2006 Quarterly Results

	March 31, 2006 (Unaudited) ($)	June 30, 2006 (Unaudited) ($)	September 30, 2006 (Unaudited) ($)	December 31, 2006 (Unaudited) ($)
Expenses (Recoveries)	30,405	182,643	150,477	828,316 **(1,382,028)
Net (Loss) Income	(30,405)	(182,643)	(150,477)	553,712
(Loss) Income Per Share*	(0.00)	(0.00)	(0.00)	0.01

*Loss per share on a diluted basis is not reported as it is anti-dilutive.
**Future income tax recovery.

2005 Quarterly Results

	December 31, 2005 (Unaudited) ($)
Expenses (Recoveries)	121,517
Net (Loss) Income	(121,517)
(Loss) Income Per Share*	(0.00)

*Loss per share on a diluted basis is not reported as it is anti-dilutive.

The Corporation incurred a loss from operations for September-2007 of $134,902.

The following is a descriptive summary of the last eight quarters:

- December 2005 – costs were incurred in relation to the audit, revocation of the cease trade orders and other regulatory obligations of the Corporation. Also, professional fees were incurred related to meetings and discussions regarding financing and the review of unsolicited business proposals.

- March 2006 - professional and consulting fees were incurred primarily in dealing with the ongoing administration of the Corporation and discussions regarding financing.

- June 2006 – professional and consulting fees were incurred related to the financing, name change, share consolidation and other regulatory requirements of the Corporation.

- September 2006 – professional and consulting fees were incurred in dealing with the financing and listing on the TSX along with ongoing regulatory requirements of the Corporation.

- December 2006 – costs were incurred primarily related to the mobilization of equipment and work related to the water treatment and dewatering. Significant upgrades and rehabilitation have also been undertaken. There were legal, accounting and management expenses related to the equity financing, annual audit and shareholders meeting.

The Corporation granted stock options during the quarter. Due to the fact that the options vested immediately, the accounting standards required that the full value of the options be expensed in the quarter. This resulted in an expense of $646,639 in this quarter.

In accordance with the Corporation's accounting policy and Canadian Generally Accepted Accounting Practices (GAAP), the Corporation recognizes the foregone tax benefit of the Flow-Through shares when the tax benefit is renounced to subscribers. This had resulted in a future income tax recovery of $1,320,743 in the quarter.

- March 2007 – costs capitalized to the mining property were comprised primarily of expenses related to dewatering and upgrades at the McGarry project.

  The Corporation granted stock options during the quarter. Due to the fact that the options vested immediately, the accounting standards required that the full value of the options be expensed in the quarter. This resulted in an expense of $88,178 in this quarter.

- June 2007 – costs were incurred primarily related to the expense of rehabilitation of the underground workings and new construction underground as well numerous upgrades both underground and on surface in preparation for drilling and eventual bulk sampling.

  The Corporation granted stock options during the quarter. Due to the fact that the options vested immediately, the accounting standards required that the full value of the options be expensed in the quarter. This resulted in an expense of $167,279 in this quarter.

- September 2007 – costs were incurred this quarter related to the continued rehabilitation and upgrading of the underground infrastructure including the installation of pumping systems, repair facilities and refuge station in preparation for sustainable underground operations. Also during this quarter underground drilling began and work commenced on drifting toward the bulk sampling areas.

During September-2007, the Corporation capitalized $704,170 as deferred exploration costs, increasing the amount of cumulative deferred exploration costs to $11,385,678 (as at September 30, 2007). For the same period in 2006, the capitalized deferred exploration costs were $77,026.

The corporation had no long term liabilities at September 30, 2007 and September 30, 2006.

GENERAL AND ADMINISTRATIVE COSTS

	Three Month Period Ended Sept. 30, 2007	**Three Month Period Ended Sept. 30, 2006**
Consulting	39,000	30,000
Legal fees	28,383	46,600
Accounting and audit fees	14,271	9,765
Office	20,280	7,891
Shareholder relations	3,006	55,172
Other expenses	32,196	
	$ 137,136	$ 149,428

LIQUIDITY

The Corporation has incurred losses since inception as the Corporation is in the exploration stage of developing the Resource Property and therefore has no source of revenue. At September 30, 2007, the Corporation had working capital in the amount of $1,753,877 of which $1,738,528 was restricted to be spent on Canadian Exploration Expenses. As well, an amount of $410,400 of investments has been encumbered to cover the Letter of Credit for the Mine Closure Plan, but this amount has already been removed from working capital.

The Corporation's ability to continue as a going concern is dependent on the continued financial support of its shareholders, the ability to arrange alternate financing, the discovery of economically recoverable reserves and the ultimate achievement of profitable operations. The outcome of these matters cannot be predicted at this time.

The Corporation will have to raise additional funds to complete the entire exploration program that is planned and to fund future general and administrative expenditures.

CAPITAL RESOURCES AND EXPENDITURES

In the event that the Corporation wishes to acquire an interest in another resource property, expand exploration on the Resource Property, make a significant capital expenditure or enter into an agreement with a third party requiring corporate expenditures, the Corporation will be required to raise additional capital. It is expected that any capital raised by the Corporation will be by way of an equity financing, likely in the form of a private placement, as opposed to issuing debt instruments or undertaking other forms of debt financing.

The Corporation does not currently make use of any other financial instruments and does not anticipate making use of any such instruments in the short term. During June-2007, the Corporation did not make any material capital expenditures other than in the ordinary course of business.

SHARE CAPITAL SUMMARY

a) Authorized

The Corporation is authorized to issue an unlimited number of common shares.

b) Common shares and convertible securities outstanding at September 30, 2007.

Security	Expiry Date	Exercise Price	Securities Outstanding	Common Shares on Exercise
Common Shares			46,615,898	46,615,898
Warrants	Aug 18, 2008	$1.00	8,987,500	8,987,500
Broker Warrants	Feb 18, 2009	$0.50	1,187,730	1,187,730
Options	Nov 15, 2009	$0.68	2,200,000	2,200,000
Options	Jan 03, 2010	$0.68	300,000	300,000

Options	Apr 16, 2010	$0.68	300,000	300,000
Options	May 26, 2010	$0.95	150,000	150,000
Fully diluted common shares				59,741,128

RELATED PARTY TRANSACTION

During the year, the Corporation had transactions with directors, and with a company whose officer is a former director of the Corporation. The particulars of the balances with these parties at the end of the year and transactions during the year are as follows:

	September 30, 2007	**September 30, 2006**
Included in accounts payable and accrued liabilities	$170,155	$ 195,130
Included in consulting fees	$39,000	$ 30,000

One officer is a partner in the legal firm that provides legal services to the Corporation and another officer is a partner in an accounting firm that supplies non-audit services to the Corporation. The payments made to these firms during the quarter ended September 30, 2007 were $32,793(2006 - $131,697).

During the quarter, the Company paid the Chief Executive Officer, who is also a director, for project management and administrative services in the amount of $39,000 (2006 - $30,000). At September 30, 2007 $170,155 (2006 – $195,130) was owing to directors and related parties.

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

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements and had no off-balance sheet arrangements during September - 2007.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective November 1, 2006.

a) Financial instruments - recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;

- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

b) Comprehensive income (loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

d) Impact upon adoption of sections 1530, 3855, and 3865

The Company has evaluated the impact of the adoption of Sections 1530, 3855 and 3865 on its unaudited interim financial statements and determined that no adjustments are currently required.

FUTURE CHANGES IN ACCOUNTING POLICIES

a) Capital Disclosures and Financial Instruments - Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments - Disclosures, and Handbook Section 3863, Financial Instruments - Presentation. These new standards will be effective for us on November 1, 2007.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Based on analysis completed to date, net income (loss) is not expected to change significantly as a result of the new accounting requirements.

DISCLOSURE OF CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer "CEO" and the Chief Financial Officer "CFO", on a timely basis so that appropriate decisions can be made regarding public disclosure. As at September 30, 2007, the CEO and CFO have evaluated the effectiveness of the Corporation's disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and has concluded that such controls and procedures are effective, except as noted in the next section.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO are responsible for designing internal control over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Canadian Generally Accepted Accounting Principals ("GAAP").

As is common for companies of this size there are inherent weaknesses in the Corporation's systems of internal control due to its small size and its inability to segregate incompatible functions. The Corporation plans to remediate this weakness by expanding the number of individuals involved in the accounting function as the Corporation grows. At the present time, the CEO and CFO oversee all material transactions and related accounting records.

During the year ended June 30, 2007, the Corporation made revisions to the control environment by adopting an improved audit committee charter, forming committees of the board of directors to deal with governance and manage compensation issues and adopting a code of business conduct and ethics for directors and officers. The Corporation also strengthened certain internal controls to protect the corporate assets from misappropriation.

As required, the Corporation records complex and non routine transactions. Sometimes these are extremely technical in nature and require an in-depth understanding of GAAP. The Corporation's accounting staff has a reasonable knowledge of GAAP and the industry; however, there is risk that the reporting and the transaction may not be recorded correctly. To mitigate this potential risk, the Corporation consults with third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, the annual audit provides a review of these types of transactions which is presented to the audit committee for its review and approval of the annual financial statements.

RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties disclosed under the Forward Looking Disclaimer, the Corporation is at risk should there be a significant drop in the price of gold or a downturn in the stock market. This downturn could affect all sectors or more particularly the resource sector brought on by numerous factors including depressed commodity prices or investor mistrust of the industry brought on by unpredictable events. As a result, there is risk that additional financings will not close, with the consequence that the Corporation will have insufficient funds to continue exploration work on the Resource Property. There is also a risk the Corporation's property may prove uneconomic to mine.

CRITICAL ACCOUNTING ESTIMATES

The Company utilizes three critical accounting estimates in the preparation of the financial statements. These estimates are as follows: (i) the estimate of recoverable value on its mineral property, (ii) the value of stock based compensation and (iii) the estimate of the mine closure provision. All of these estimates involve considerable judgment and are, or could be affected by significant factors that are out of the Company's control.

The amounts shown for the mineral property represent costs to date that are expected to be recovered in the future. The Company's recoverability evaluation is based on the market conditions for minerals, current exploration results, project economics and management's assessment of the future probability of positive cash flow from the property through production or from its ultimate disposition. The company operates in an industry that is exposed to a number of risks and uncertainties, including exploration and development risk, mineral price risk, environmental risk as well as the risk that future financings to fund the exploration program do not materialize.

The factors affecting stock based compensation are numerous, but do not apply to this period as there were no transactions of this nature.

The amount recorded for the mine closure provision include estimates of future inflation rates, the timing and amount of the related cash outflows and the weighted average risk-free interest rate. There is always the potential for a material change from the recorded liability due to factors that are not presently determinable and out of the Company's controls.

CONTRACTUAL OBLIGATIONS

(a) Sheldon-Larder, the owner of the remaining undivided 25% ownership interest in the mining claims (as described in Note 3) is entitled to the greater of: (i) a Net Smelter Return Royalty of 2% for periods when the price of gold is less than U.S. $500 per troy ounce; 3% when such price is U.S. $500 or more and less than U.S. $800 per troy ounce; and 4% when such price is U.S. $800 per troy ounce or more; (ii) $1.00 per short ton of ore derived from the properties; (iii) an advance royalty payment of $21,574 per quarter year. Royalty expense capitalized during the period amounted to $21,574 (2006 - $86,294).

(b) The Company had a letter of credit outstanding at period end in the amount of $410,400.

ADDITIONAL INFORMATION

The Corporation's Annual Information Form (AIF) can be found on www.SEDAR.com

SUBSEQUENT EVENT

Subsequent to the end of this reporting period, 300,000 options were granted to an advisor to the board of directors with an exercise price of $0.69. These options will expire October 26, 2010.

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Additional information about Armistice Resources Corp. can be obtained by visiting the SEDAR public documents site at www.sedar.com or by contacting Todd J. Morgan, President, CEO and Chairman of the Corporation, at:

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