Armistice
RESOURCES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2009

Dated September 28, 2009

INTRODUCTION

Armistice Resources Corp. ("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 "June-2009 MD&A") should be read in conjunction with the audited financial statements for the year ended June 30, 2009 (the period being referred to herein as "June-2009") and June 30, 2008 and the notes related thereto, which were prepared in accordance with Canadian generally accepted accounting principles. **The effective date of this MD&A is September 28, 2009.**

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 south-western part of McGarry Township, Ontario lying immediately west of the municipality of Virginiatown. The Resource Property, which remains at the exploration stage, consists of 33 contiguous patented mining claims including 3 licences of occupation totalling approximately 1200 acres. The Corporation does not have any subsidiaries.

Operational Highlights for 2009

This has been another important year of accomplishments and success for the Corporation. Below is a summary of significant events over the last year:

- 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.
- Approximately 2,800 feet of underground development was completed. This included 1750 feet in two access cross-cuts and 1050 feet of drifting along potential gold zones.
- Several additional gold zones were 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 was completed.
- Python Mining Consultants completed a development and production plan for the upper levels from about 1250 to 2250 feet below surface. This scoping study in incorporated into the updated NI 43-101 compliant technical report.
- The Corporation has recently completed and filed on SEDAR an updated 43-101 compliant technical report. Based on the results of this report the Corporation is aggressively advancing the McGarry project into production.
- Following completion of the NI 43-101 compliant Technical Report dated 8 April 2009 and filed on SEDAR, work on the project has continued towards meeting the recommendations as set out in the Report. Mainly this work has focused on the recommendation to "continue to build the computer based geological database and the petrographic, mineralogical and structural knowledge to improve understanding of the controls on gold mineralization."

  To this end, all the historical drill logs have been reviewed in detail and rock units re-interpreted in light of current understanding. This re-interpretation is providing improved coherence to the overall interpretation of the complex geological package. Some additional historical data has been discovered and incorporated into the Gemcom database including more precise survey locations for some older drill holes.

The underground workings on the 2250 Level have been washed down and re-mapped from the perspective of current geological understanding A suite of rocks is being assembled for petrographic, mineralogical and geochemical analysis.

Care and maintenance work on the site has included all required shaft and hoist inspections and testing so that the hoisting plant is compliant for immediate active service. One scooptram has been fully overhauled and the surface front end loader has undergone a major overhaul.

Planning for the increased level of mining activity recommended in the Technical Report has been ongoing. Planning for a number of required capital projects such as the completion of the ventilation and escapeway raise from the 2250 Level and an expansion of the surface changehouse and offices have been planned for quick completion when operations resume.

- Scott Wilson Roscoe Postle Associates were commissioned to review the further exploration potential of the project as part of a due diligence effort toward the necessary debt financing. This resulted in a positive report supporting our plan to drill up-dip and down-dip from our existing resources as well as explore the potential for additional parallel structures on the McGarry land package. The Corporation will be implementing these recommendations in parallel with the development of the underground mining operation.
- The Corporation is pursuing financing options in order to fund the underground development and exploration of the McGarry project.

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 and developing 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

The Corporation is focused on implementing the recommendations on the recently released NI 43-101 compliant Technical Report including an aggressive strategy to bring the project to the production stage. By bringing the McGarry project into production at this time, the Corporation believes that not only will this produce sufficient revenue to further develop the McGarry project but, will allow the Corporation to fund further exploration activities on the McGarry project and acquire additional properties.

It is estimated that the cost of bringing the McGarry project into production will be $12-15 million with payback within two years. The company is currently pursuing several options to finance this development including debt financing.

In parallel with the underground development, the Corporation has planned a significant exploration project to drill up and down-dip from the existing resource to greatly expand the known mineralized envelope. It is also planned to drill for potential parallel structures that have been interpreted from further data investigation.

OVERALL PERFORMANCE

The Corporation had a net loss for June 2009 of $558,541 compared to a loss of $99,011, and a loss of $153,886 for the same periods in 2008 and 2007 respectively. This resulted in a cumulative deficit of $31,079,372 and a gain (loss) per share of $0.00 as at the end of June 2009.

The Corporation's total assets were $20,193,517 (as at June, 2009), $20,168,720 (as at June 30, 2008) and $14,460,820 (as at June 30, 2007).

As the Corporation's business primarily involves mining exploration, the Corporation does not currently 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. As is the case with resource properties of other junior exploration companies, it is not possible to determine the likelihood or estimated time frame for commercial production of the Resource Property at this time.

EXPLORATION SUMMARY

There was $2,818,312 of deferred expenditures capitalized to the Resource Property during the last quarter.

MINING PROPERTY

Below is a summary of funds spent on the Resource Property up to June 30, 2009:

	June 30 2009	June 30 2008
Exploration and development expenditures		
Balance, beginning of year	$ 22,327,288	$ 16,364,493
Diamond drilling	388,070	1,081,148
Bulk Sampling	1,670,727	4,339,032
Technical Services	634,295	500,288
Environmental	31,372	42,327
Balance, end of quarter	25,051,752	22,327,288
Property acquisition costs		
Balance, beginning of year	6,159,268	6,067,013
Royalty payments	93,848	92,255
Balance, end of quarter	6,253,116	6,159,268
Write-down of mineral property	(11,750,000)	(11,750,000)
Total mineral property, end of year	$ 19,554,868	$ 16,736,556

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. This results in complete control by the Corporation including 100% of any proceeds of production subject only to the royalty interest.

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.

2009 Quarterly Results

	Q1 2008-Sep-30 (Unaudited) ($)	Q2 2008-Dec-31 (Unaudited) ($)	Q3 2009-Mar-31 (Unaudited) ($)	Q4 2009-June-30 (Unaudited) ($)
Expenses **(Recoveries)**	135,407 (15,177)	238,186 6,044	310,417 (2,121)	200,718 (1,588)
Net Income (Loss) before undernoted	(120,230)	(244,230)	(308,296)	(199,130)
Income Tax Rec.	0	0	313,345	
Comp. Income (Loss)	(120,230)	(244,230)	5,049	(199,130)
(Loss) Income Per Share*	(0.00)	(0.01)	0.00	(0.00)

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

2008 Quarterly Results

	Q1 2007-Sep-30 (Unaudited) ($)	Q2 2007-Dec-31 (Unaudited) ($)	Q3 2008-Mar-31 (Unaudited) ($)	Q4 2008-Jun-30 (Unaudited) ($)
Expenses **(Recoveries)**	171,260 (36,358)	179,737 (22,991)	521,351 (30,739)	63,020 (17,715)
Net Income (Loss) before undernoted	(134,902)	(156,746)	(490,612)	(45,306)
Income Tax Rec.	0	750,972	0	(22,417)
Comp. Income (Loss)	(134,902)	594,226	(490,612)	(67,723)
(Loss) Income Per Share*	(0.00)	0.01	(0.01)	(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 June 2009 of $558,541.

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

- 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.

- December 2007 – costs were incurred this quarter related to primarily to underground activities including: definition drilling, deep drilling, drifting, rehabilitation, repairs and upgrades.

  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 $89,938 in this quarter.

  In accordance with the Corporation's accounting policy and Canadian Generally Accepted Accounting Principals (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 $750,972 in the quarter.

- March 2008 – costs were incurred this quarter related to underground work including: deep exploration drilling, definition drilling, drifting, repairs and upgrades.

  During the quarter the Corporation granted stock options to a director and five employees of the Corporation. The Corporation also granted stock options to employees of the Corporation's mining contractor. 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 $260,205 in this quarter.

- June 2008 – costs were incurred this quarter related to underground activities including drilling, bulk sampling, repairs and upgrades to infrastructure. There were also expenses related to the financing including brokerage fees and legal expenses.

- September 2008 – costs during this quarter relate to the completion of the bulk sampling program as well as drilling activities. Costs were also incurred for repairs and upgrades to infrastructure.

- December 2008 – cost during this quarter were primarily for technical work related to the mine development plan, core logging and sampling and work on the 43-101 compliant report. Costs were also incurred related to year end including the audit, Annual Information Form and shareholder meeting.

- March 2009 – cost were incurred primarily in the preparation of the NI 43-101 compliant Technical Report. Other costs were incurred for utilities and maintenance of the surface and underground mining plant at the McGarry Project. Also, during this quarter several upgrade and/or overhaul projects were performed at the McGarry Project.

- June 2009 – cost were incurred in follow-up work to the NI 43-101 compliant Technical Report. These relate to staffing costs as well as utilities and maintenance at the mine site. Costs were also incurred for general and corporate expenses related to the ongoing requirements of a public company and efforts for future financing.

During June 2009, the Corporation capitalized $ 2,818,312 as deferred exploration costs, increasing the amount of cumulative deferred exploration costs to $19,554,868 (as at June 30, 2009). For the same period in 2008, the capitalized deferred exploration costs were $6,055,050.

The corporation had no long term liabilities at June 30, 2009 and 2008.

EXPENSES

	June 31, 2009	June 31, 2008
Accounting and audit fees	$ 113,471	$ 91,553
Accretion expense	15,929	14,748
Amortization of plant and equip.	4,554	6,118
Consulting fees	175,735	166,050
Interest and bank charges	34,385	15,990
Legal Fees	125,892	65,570
Office	151,447	190,331
Repairs and maintenance	27,991	32,602
Shareholder relations	55,087	67,748
Stock option compensation	180,235	218,912
Tax on unspent flow-through	0	65,745
	$884,726	$935,368

General and administrative costs are down from 2008 primarily due to a reduction in option based compensation and office expenses and the elimination of tax on unspent flow-through. Professional fees have increased due to the cost of compliance with new standards and escalating auditing fees.

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 June 30, 2009, the Corporation had working capital deficiency in the amount of $806,691. All of the Corporations flow-through obligations were met.

The Company's existence is dependent upon its ability to secure financing necessary to meet its obligations, finance development expenditures and to obtain profitable operations. The outcome of these matters cannot be predicted at this time. Should the Corporation be unable to secure the necessary financing, it may have to, at any time, cease its operations.

During the global financial turmoil, the Corporation reduced spending and will continue to further reduce spending and do all things necessary, including debt and equity financing, to sustain the Corporation until more favourable market activity returns. To this end, the Corporation has secured a $500,000 loan from a local economic development agency. This loan is for two years at 7% interest with no payments due the first year. The Corporation completed a $935,600 equity financing at the end of February. The Corporation also completed a $1,172,400 financing on September 28 with a further tranche of $350,000 planned for October. These funds are necessary to both sustain the Corporation for an extended period and advance the McGarry project.

CAPITAL RESOURCES AND EXPENDITURES

In the event that the Corporation wishes to acquire an interest in another resource property, expand exploration on the McGarry 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, but the Corporation will consider additional financing as an interim measure, if necessary, during the current global financial crisis. The Corporation has considerable non-core assets that are available as security for debt financing purposes.

SHARE CAPITAL SUMMARY

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

b) Common shares, warrants and options of the Corporation outstanding at, Sept 28, 2009:

Security	Expiry Date	Excise Price	Securities Outstanding	Common Shares on Exercise
Common Shares			74,315,519	74,315,519
Warrants	Dec 13, 2009	$0.45	3,082,500	3,082,500
	Aug 18, 2010	$1.00	625,000	625,000
	Aug 27, 2010	$0.25	3,118,668	3118,668
	Aug 27, 2010	$0.20	544,000	544,000
	Sep 29, 2011	$0.20(yr1)/$0.50(yr2)	3,973,874	3,973,874
	Sep 29, 2011*	$0.153	556,339	834,508
Options	Nov 15, 2009	$0.68	1,900,000	1,900,000
	Jan 3, 2010	$0.68	300,000	300,000
	Apr 16, 2010	$0.68	150,000	150,000
	Jan 31, 2011	$0.70	420,000	420,000
	Mar 5, 2011	$0.68	300,000	300,000
	Mar 13, 2012	$0.25	2,200,000	2,200,000
Fully diluted common shares				91,764,069

* Agent's options are exercisable into units which consist of one common share and one half of one warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.20 (yr1) and $0.50 (yr2).

RELATED PARTY TRANSACTIONS

One officer is a partner in a 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 year ended June 30, 2009 were $161,320 (2008 - $367,935).

During the year, the Corporation was invoiced by the Chief Executive Officer, who is also a director, for management and administrative services in the amount of $126,677 (2008 - $156,000). , the Chief Operating Office, who is also a director, for $12,000 in lieu of relocation expenses and the Chief Financial Officer, for $15,450 consulting services. At June 30, 2009, $96,716 was owing to directors and related parties (2008 - $44,154).

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.

CRITICAL ACCOUNTING ESTIMATES

The Corporation utilizes four 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, (iii) the estimate of the mine closure provision and (iv) the estimate of future income tax (recovery). All of these estimates involve considerable judgment and are, or could be affected by significant factors that are out of the Corporation's control.

The amounts shown for the mineral property represent costs to date that are expected to be recovered in the future. The Corporation'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 Corporation 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 assumptions affecting stock based compensation are outlined in Financial Statement Note 10. Management utilizes the Black-Scholes valuation model in arriving at fair market value of these transactions.

The amount recorded for the asset retirement obligation include estimates of future inflation rates, the timing and amount of the related cash outflows and the credit-adjusted 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 Corporation's controls.

The Company accounts for income taxes under the asset and liability method. Under this method, future income tax and mining tax assets are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the rates expected to be in effect when the temporary differences are likely to reverse.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements and had no off-balance sheet arrangements during June - 2009.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

General Standard of Financial Statement Presentation

CICA Handbook Section 1400, General Standards of Financial Statement Presentation, is the new standard that clarifies what constitutes fair presentation in accordance with Canadian generally accepted accounting standards, going concern assessment and disclosures and comparative information disclosures. This new standard is effective for interim and annual financial statements beginning on July 1, 2008. This standard affects the Corporation's disclosures relating to continuing operations and liquidity risk.

RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED

1. Goodwill and Intangible Assets

   In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets ("CICA 3064"). CICA 3064, which replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Corporation's interim and annual financial statements for periods commencing July 1, 2009. The Corporation is assessing the impact of the new standard on its financial statements.

2. Adoption of International Financial Reporting Standards (IFRS)

   The Canadian Accounting Standards Board (AcSB) and the Canadian Securities Administrators (CSA) have confirmed January 1, 2011 as the date IFRS will replace Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable, profit-oriented enterprises. This presents a change in the fundamental principles upon which financial reporting is conducted and requires significant analysis and planning to ensure a proper transition. The Company has started to assess the implications of this change, is in the middle of a diagnostic and evaluation review which has addressed the timing, the resources required and the relevant accounting policy changes most likely to affect the Company. We have also started training key personnel on IFRS. The results of the assessment and key elements and timing of the plan will be discussed in greater detail as information becomes available.

DISCLOSURE 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 June 30, 2009, 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.

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”). The Corporation has a limited number of employees and has determined that it is not appropriate to create segregation of duties such as may be expected in a larger organization, based on an analysis of the cost versus the benefit of hiring additional employees solely to address that issue. We have determined that the risks associated with the lack of segregation of duties are insignificant based on the close involvement of management in day-to-day activities. The Corporation has limited resources available and the limited amount of transactions and activities allow for sufficient compensating controls.

Management conducted an evaluation of the effectiveness of corporation level internal controls over financial reporting on risk based approach using elements of the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Because of its inherent limitations, internal control over financial reporting may not prevent of detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Based on management's assessment and those criteria, management believes that the internal control over financial reporting as of June 30, 2009 was effective.

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

Following are the risk factors which the Corporation's management believes are most important in the context of the Corporation's business. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Corporation may not be suitable for all investors.

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 labour disruptions, the inability to obtain suitable or adequate machinery, equipment or labour 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 gold 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 favourable. 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 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. The new debt acquired during this year has a fixed interest rate attached to it.

Estimates of Mineral Resources and Production Risks

The mineral resource estimates of the Corporation are estimates only and no assurance can be given that any indicated or inferred resources 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 casing 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 Project

The Corporation's activities are focused primarily on the McGarry Project. 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.

CONTRACTUAL OBLIGATIONS

Sheldon-Larder, the royalty holder, is entitled to the greater of: (i) a Net Smelter Return Royalty of 2% for periods when the price of gold is less than U.S. $500 per troy ounce; 3% when such price is U.S. $500 or more and less than U.S. $800 per troy ounce; and 4% when such price is U.S. $800 per troy ounce or more; (ii) $1.00 per short ton of ore derived from the properties; (iii) an advance royalty payment of $21,573.61 per quarter. Royalty expense capitalized during the year amounted to $93,848 (2008 - $92,255).

The loan to Kirkland and District Community Development Corporation bears interest at 7% per annum. The loan is secured by a general security agreement and an assignment of insurance. It is repayable in monthly payments of $46,014 plus interest beginning January 2010.

SUBSEQUENT EVENTS TO JUNE 30, 2009

On July 16, 2009 the Corporation signed an engagement letter with Sandfire Securities Inc. (Sandfire) to complete an equity offering composed of common shares and flow-through common shares. Sandfire was also engaged to complete a debt facility in the amount of $15 million. On September 28, 2009 the Corporation closed the equity financing for gross proceeds of $1,172,400. There is a further tranche scheduled to close mid October for an additional $350,000. These amounts will be used for further exploration as well as development of the McGarry mine toward production and for general corporate purposes.

* * * * * * *

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:

Armistice Resources Corp.
P.O. Box 130
Virginiatown, Ontario
P0K 1X0
tel: (705) 567-4567, fax: (866) 855-5379
info@armistice.ca