



## PRESS RELEASE

ARMISTICE RESOURCES CORP.

For Immediate Release

### **Armistice Resources Executes Term Sheet with Sprott Resource Lending Partnership for Proposed \$11 Million Project Loan Facility**

- Financing will enable Armistice to move forward with mining operations at McGarry Mine
- Portion of financing intended to fund exploration of the Kerr-Addison property
- Armistice targeting 2011 fourth quarter for start of gold production

Toronto, Ontario, November 15, 2010 – Armistice Resources Corp. (Armistice) (TSX: AZ), which expects to begin gold production in 2011 from its McGarry Mine in the Kirkland Lake area of northeastern Ontario, today announced that it has signed a term sheet with respect to entering into a loan facility agreement for up to \$11 million with Sprott Resource Lending Partnership (SRLP).

The term sheet proposes that SRLP will make an initial advance to Armistice of \$7 million on closing, with an additional \$4 million second tranche available on or before June 30, 2011. Armistice expects to use the proceeds of the loan facility for the development of its McGarry Mine gold project and for exploration of the Kerr-Addison property. Closing of the loan facility is subject to the satisfaction of terms and conditions standard for such transactions, including, among other things, completion of the definitive documentation, satisfactory due diligence, and the receipt of all applicable exchange and regulatory approvals. If completed, it is currently expected that the loan facility would be due and payable in full on or before November 30, 2012.

“We are nearing completion of the process necessary for us to close our purchase of the Kerr-Addison property. We are very positive about this acquisition and the additional opportunities that it will offer us to create value for Armistice’s shareholders,” said Todd J. Morgan, Armistice’s President and Chief Executive Officer.

On January 8, 2010, Armistice announced that it had signed a letter of intent with a group of private investors to purchase up to 100 percent of the former Kerr-Addison Mine and related mineral properties totalling more than 2,000 acres. The Kerr-Addison property adjoins the McGarry Mine gold project and covers an additional four miles of strike straddling the prolific gold-producing Larder Lake-Cadillac Break.

“This loan facility from SRLP is the core funding that we were seeking to enable us to begin mining operations at the McGarry Mine with gold production anticipated to start in the fourth quarter of 2011. We have been very patient in our efforts to arrange the necessary financing for the McGarry project. In the interest of our shareholders and the longer-term development and growth of Armistice, we were determined to take the time necessary to do the funding deal that best fit our project in the current economic environment. It provides us with flexibility and minimizes dilution which were the two key criteria we sought,” Mr. Morgan said.

Pursuant to the term sheet, if only the initial \$7 million advance takes place, then the loan facility will be repaid through monthly cash payments based on a notional amount of 778 ounces of

gold priced at the prior-day closing spot rate (based on the London Metal Exchange), over the term of the loan facility. SRLP would be paid based on \$1,050 per ounce if the prior-day closing spot rate is between \$1,050 and \$1,300. If the prior-day closing spot rate is above \$1,300, then SRLP receives \$1,050 plus 85% of the amount above \$1,300. The number of ounces of gold to be delivered totals 9,336. This payment would be made on the last business day of each month. Payments would commence on December 31, 2011 and would run until November 30, 2012.

If the second advance of \$4 million takes place, then the loan facility would be repaid through monthly cash payments based on a notional amount of 1,222 ounces of gold priced at the prior-day closing spot rate (based on the London Metal Exchange), over the term of the loan facility. SRLP would be paid based on \$1,000 per ounce if the prior-day closing spot rate is between \$1,050 and \$1,300. If the prior-day closing spot rate is above \$1,300, then SRLP receives \$1,050 plus 85% of the amount above \$1,300. The number of ounces of gold to be delivered totals 14,667. This payment will be made on the last business day of each month. Payments would commence on December 31, 2011 and would run until November 30, 2012. The term sheet stipulates that, in each case, the aforementioned notional amounts of ounces of gold shall be locked-in at the time of the initial \$7 million advance based upon the then current gold price.

The proposed terms contemplate that Armistice could prepay the loan facility at any time prior to maturity, without penalty. Notwithstanding the foregoing, Armistice would guarantee a minimum rate of return to SRLP of 5% per annum on the aggregate principal amount of loan facility over the life of the facility. The minimum rate of return would be calculated on the maturity date.

In consideration for the structuring and syndication of the loan facility, Armistice has agreed that at the closing of the initial advance it will (i) pay a \$110,000 cash structuring fee at the closing of the first tranche, and (ii) make a non-refundable bonus payment to SRLP payable at closing of the initial advance in common shares of Armistice, at a price equal to a 10% discount to the 10-day weighted average closing price of Armistice's common shares as they trade on the Toronto Stock Exchange prior to the day of signing of the term sheet, up to an amount equal in value to \$1.1 million (equal to 10% of the principal amount of the loan facility). The shares would have a hold period not to exceed four months and one day.

### **About Sprott Resource Lending Partnership**

Sprott Resource Lending Partnership is a wholly owned subsidiary of Sprott Resource Lending Corp. (TSX: SIL), a publicly owned corporation that specializes in bridge and mezzanine lending to precious and base metal mining, exploration and development companies, and oil and gas companies on a global basis. Headquartered in Toronto, the corporation seeks to generate income from lending activities as well as the upside potential of bonus arrangements with borrowers generally tied to the underlying property or shares of the borrower.

Sprott Resource Lending was founded by Quest Capital Corp. and Sprott Lending Consulting Limited Partnership. Sprott Lending Consulting Limited Partnership is a wholly owned subsidiary of Sprott Inc., the parent of Sprott Asset Management LP ([www.sprott.com](http://www.sprott.com)), a leading Canadian independent money manager. For more information about Sprott Resource Lending Corp., please visit SEDAR ([www.sedar.com](http://www.sedar.com)).

### **About Armistice Resources Corp.**

Armistice Resources, a Canadian-based exploration and development company, expects to begin gold production in 2011 from its McGarry Mine in the Kirkland Lake area of northeastern Ontario. The McGarry Mine is located in Virginiatown on the prolific Larder Lake-Cadillac Break that extends 200 km east-west straddling the Ontario and Quebec border and that has produced 95 million ounces of gold. The McGarry Mine is adjacent to the Kerr-Addison Gold Mine that

has produced more than 11 million ounces of gold. The McGarry Mine consists of 33 contiguous patented mining claims, including three licenses of occupation, totalling 484 hectares. The McGarry Mine is fully permitted and all equipment and systems at the site have been brought up to standards, including its installed mining plant. Armistice Resources is listed on the Toronto Stock Exchange (Symbol: AZ) and currently has approximately 86,836,899 million common shares issued and outstanding. To find out more about Armistice Resources, please visit the company's website at [www.armistice.ca](http://www.armistice.ca).

### **Forward-Looking Statements**

This news release may contain forward-looking statements, including current expectations on the timing of the commencement of production, the acquisition of the Kerr-Addison property and the completion of the required financing. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks 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; and the degree to which factors which would make a mineral deposit commercially viable are present; the risks and hazards associated with underground operations. Risks and uncertainties about Armistice Resources' business are more fully discussed in the company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com) and readers are urged to read these. Armistice Resources assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements unless required by law.

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