



## **PRESS RELEASE**

**ARMISTICE RESOURCES CORP.**

**For Immediate Release**

### **Armistice Resources Announces \$6 Million Equity Offering and \$3 Million Bridge Loan**

Toronto, ON – December 21, 2010 – Armistice Resources Corp. (TSX: AZ) today announced that it has engaged D&D Securities Inc. (D&D) to act as its lead agent for a private-placement equity offering to raise gross proceeds of approximately \$6 million.

The offering, which will be made on a best-efforts basis through a syndicate that will include Northern Securities Inc., will consist of approximately 8,286,111 units at \$0.45 per unit and up to approximately 6,250,000 flow-through shares at \$0.50 per share. Each unit will comprise one common share and one-half of one warrant. Each whole warrant will be exercisable into one common share at a price of \$0.55 for a period of 18 months from the closing date of the offering. The closing of the equity offering is expected to occur in two tranches with the first expected on or about December 30, 2010 and the second expected early in January 2011 subject to Toronto Stock Exchange (TSX) approval.

D&D has also agreed to act as agent in arranging a bridge loan to Armistice of \$3 million through Sprott Resource Lending Partnership (SRLP). Closing of the bridge loan financing is expected on or before January 31, 2011. Under the proposed terms of the bridge loan, it would be due and payable on or before November 30, 2011 and Armistice would have the right to pre-pay the bridge loan without penalty. Interest on the bridge loan would be 12% per annum, compounded monthly (effective annual rate of 12.68%). It is proposed that Armistice will pay SRLP a bonus payment at closing of \$300,000 in cash or common shares of Armistice, at a price equal to a 10% discount to the 10-day weighted average closing price of the common shares on the TSX prior to the date of signing. The bridge loan is subject to the satisfaction of standard conditions, as well as the completion of an equity offering of at least \$6 million and the execution of an option agreement to acquire the Kerr-Addison property.

“It was important to have a significant equity component to our overall financing strategy. This provides us not only with additional funding to move the McGarry Mine into production but allows us the flexibility to acquire additional property and launch a significant exploration program on both the McGarry property and the adjacent Kerr-Addison property after we enter into the option agreement,” said Todd J. Morgan, Armistice’s President and Chief Executive Officer.

D&D will receive a cash commission equal to 4% of the \$3 million bridge loan advanced and 7% of the gross proceeds of the equity offering. D&D also will receive broker's warrants exercisable into that number of common shares equal to 10% of the aggregate number of units and flow-through shares sold in the offering. Each broker's warrant will be exercisable to acquire one common share at a price of \$0.45 per share for a period of 18 months after closing.

Armistice also announced that in view of the agreements on the bridge loan and the equity offering, certain amendments have been made to the terms of the proposed project loan facility from SRLP previously announced on November 15, 2010. Under the proposed new terms, up to \$11 million could be available to Armistice on closing, rather than in two tranches as previously announced. The proposed use of proceeds would include \$3 million to repay the bridge loan; \$7.89 million for the construction of the McGarry project and exploration of the Kerr-Addison project; and the balance of \$110,000 for payment to SRLP as a structuring fee. If completed, it is currently expected that the loan facility would be due and payable in full on or before December 31, 2012 (previously announced as being November 30, 2012). Closing of the loan facility is planned to occur later in 2011 with an outside date of November 30, 2011 and would be subject to various conditions including SRLP's ongoing due-diligence review.

Repayment of the loan facility would be made through monthly cash payments based on a notional amount of gold, currently expected to be 1,222 ounces, priced at the prior-day closing spot rate (based on the London Metal Exchange). 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 would get paid \$1,050 plus 85% of the amount above \$1,300. The total number of ounces of gold to be delivered is currently expected to be 14,664 (such amount may be adjusted closer to the time of closing). The monthly cash payments would be made on the last business day of each month with payments commencing on January 31, 2012. 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.

### **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, totaling 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 86,836,899 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 contains forward-looking statements, including completion of the equity offering, the bridge loan and the project loan facility, current expectations on the timing of the commencement of production, and the execution of an option agreement with respect to the Kerr-Addison property. 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 materials. 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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