



**Technical Report and Mineral Resource Estimate
McGarry Project
McGarry Township (Virginiatown), Ontario**



Prepared by:

Erik Andersen, P.Eng.

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1. Summary

Introduction and Infrastructure

Armistice Resources Corp. (“Armistice”) completed an underground exploration campaign during 2007-2008 at its wholly-controlled McGarry gold project located at Virginiatown, Ontario. The work was carried out entirely on the 2250 Level. It consisted of 44,500 feet of underground diamond drilling; 2,408 feet of drifting; 130 feet of raising; bulk sampling from 34 drift rounds; and trial mining from two test stopes. In addition, metallurgical testing and a preliminary assessment (scoping study) was completed. The study was carried out by Python Mining Consultants (“Python”), an independent firm with experience in narrow vein gold mining operations in Ontario.

The McGarry Property consists of 33 contiguous, patented mining claims and mining licences of occupation totalling 1,134.6 acres with surface rights on a majority of the claims totalling 975.56 acres. The mining rights and surface rights are all in good standing and are maintained by the payment of annual taxes since no work requirements exist. All proceeds of production from the Property are to Armistice, subject to a royalty interest held by Sheldon-Larder Mines Limited which provides for a Net Smelter royalty payable to Sheldon-Larder starting at 2% and increasing to 4% when the price of gold exceeds \$US 800 per ounce or an advance royalty of \$C 21,573 payable quarterly. The current status of royalty payments to Sheldon-Larder is in compliance with the agreement.

The McGarry Property is located in the heart of an established mining district that is well served by local labour skilled at narrow vein gold mining techniques and by equipment and service suppliers specializing in underground mining. The Property is traversed by a part of the Trans-Canada Highway system and by a Hydro One three-phase electric transmission line, both within a few hundred feet of the headframe.

The McGarry Property has established mining infrastructure installed or upgraded since the mid 1980's and all owned by Armistice. This infrastructure includes a 110 ft production-ready headframe, a 3 compartment shaft to 2290 feet below surface with two 6 ft by 6 ft hoisting compartments equipped with a service cage and a 5 ton skip respectively. In addition, there is a fully operational 10 ft double drum hoist capable of production hoisting at 1000 tons per day to a depth of 4400 ft. There is a mine air heater installed over a ventilation raise capable of heating all the fresh air required for production mode. Other infrastructure includes fresh water supply, compressed air, high speed communications, pumping systems, electrical substation, surface change-house and workshop, surface equipment fleet and 3 scooptrams, a full compliment of underground fans, drills, pumps and electrical substations. The shaft has stations cut at 200 ft level intervals and established levels at 550, 650, 1250, 1650, 2050 and 2250 feet below surface. The most extensive level is 2250 which extends 2700 ft west of the shaft and 400 ft east.

These factors will give a producing mine at McGarry definite cost advantages.

Geological Setting, Mineralization, Drilling and Sampling

The McGarry Property has been actively explored since at least the 1930's with major underground campaigns in the mid 1940's, 1980's, 1990's and in 2007-2008. Exploration work consists of mainly underground diamond drilling in 407 holes totalling over 302,000 ft; by drifting on 6 levels; and bulk sampling from 5 different locations. The deepest drill holes test to 5600 feet below surface.

Geologically, the Property sits astride the Larder Lake "Break" which is a major feature extending from Val d'Or in Quebec to Kirkland Lake in Ontario. Numerous past and present gold mines exist in geological environments associated with this "Break" including the Kerr Addison Gold Mine immediately to the east of the McGarry Property. The Kerr Addison Mine produced over 11 million ounces of gold from 1938 to its closure in 1996 making it one of the world's premier gold mines. The geological setting for both the Kerr Addison gold mineralization and that identified at McGarry have similarities. The setting includes a band of nearly vertically dipping and highly altered volcanics probably mixed with some sediments. The intense alteration has resulted in carbonate-rich units with various amounts of quartz and pyrite. Two types of gold-bearing environments within the alteration zone were mined at Kerr Addison: "green carbonate" and "flow ore" in a ratio of about 40:60 and at grades of 0.23 and 0.33 oz/t gold, respectively. Economically, pyritic "flow ore" was the most important type at Kerr Addison.

Although both types of gold mineralization are recognized at McGarry, "pyritic mudstone" ("flow ore" at Kerr Addison) appears to be the most important.

The most extensive drilling data is from the 2250 Level where fans of a nominal 7 holes each have been drilled over a strike extent of about 3000 feet at 100 ft intervals. Part of the 2007-2008 programme resulted in the completion of drill testing of a 600 ft gap in this pattern. During this campaign, holes were also drilled to continue the depth confirmation of gold mineralization to the 4000 ft elevation and to test an exploration gap between the 2250 and 1250 Levels west of the shaft.

In order to understand the nature and continuity of the gold-bearing zones, detailed sampling programmes were undertaken on the 2250 Level in 2007-2008. This work included cross cut drifting and panel sampling at 3 sections along the strike; bulk sampling of 34 drift rounds; bulk sampling of 2 test stopes; and in-fill drilling on a 50 ft spacing at one location.

An evaluation of the results of the recent detailed sampling programmes, considered together with previous bulk sampling programmes, leads to the conclusion that drill testing on 50 to 25 ft centres will be required to sufficiently define gold-bearing zones for production planning. It is also concluded that a stoping method will require guidance from in-stope face sampling and geological mapping on a daily basis in order for mining to follow local changes in strike, dip and plunge. Further, any mining method applied at McGarry will have to be of the narrow-vein type, for example, shrinkage stoping. Structures related to shearing and faulting sub-parallel to the identified gold zones are not fully understood yet. It has been concluded that these structures may cause off-sets at a stope scale and will require special

attention to reduce hanging wall and footwall dilution. In general, ground conditions in the underground workings are very good except within well defined graphic shear zones.

Mineral Resources

A mineral resource for the Property to NI 43-101 standards was estimated in 2004 and reported by an independent qualified person as an Indicated Mineral Resource of 433,981 tons at a grade of 0.25 oz/t gold using a cut off grade of 0.10 oz/t gold above a depth of 2600 feet. This mineral resource has been updated to include all the assay and geological data available at 8 April 2009. The updated mineral resource is presented in the table below. The existing shaft provides full access to the 2250 Level and a ramp could easily extend this access to the 2300 elevation, therefore the Indicated and Inferred Resources above and below the 2300 elevation are tabulated separately.

Undiluted Mineral Resource Estimate – April 8, 2009

Mineral Resource Category	Tons (short tons)	Cut to 1.50 oz/t		Uncut	
		Grade (oz/t gold)	Gold (oz)	Grade (oz/t gold)	Gold (oz)
Indicated					
Above 2300 elevation (all zones)	374,000	0.22	82,000	0.25	93,000
Below 2300 elevation (all zones)	118,000	0.25	30,000	0.26	30,000
Total Indicated (all zones)	492,000	0.23	112,000	0.25	123,000
Inferred					
Above 2300 elevation (all zones)	59,000	0.17	10,000	0.19	11,000
Below 2300 elevation (all zones)	113,000	0.16	19,000	0.16	19,000
Total Inferred (all zones)	172,000	0.17	29,000	0.17	30,000

- Mineral resources estimated according to CIM definition standards (2005).
- A 0.10 oz/t gold cut-off grade was used with high-grade values uncapped and capped at 1.5 oz/t gold.
- A fixed specific gravity of 2.79 was used.
- Undiluted resources, all drill hole intercepts are calculated using a minimum horizontal width of 5 ft, using the grade of adjacent material, if assayed, or zero if not assayed.
- Gold grades determined using the polygonal method with polygons determined from interpretation on vertical cross sections and elevation plans. Maximum distance to the edge of a block from a drill hole or chip sample intercept of 50 ft has been applied. Maximum block size is 10,000 sq ft.
- A confidence level of $\pm 10\%$ is estimated for the Indicated Mineral Resource and $\pm 25\%$ for the Inferred Mineral Resource.
- Effective date of resource estimate is 8 April 2009.
- Qualified Person for the mineral resource estimate is Erik Andersen, P.Eng. (Armistice Resources Corp.)
- Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues although the Qualified Person is not aware of any such issues.

Metallurgy

A review of metallurgical test data as previously reported in an NI 43-101 report in 2004 and the data from test work completed in 2007-2008 shows that recoveries of 95% of the gold has been demonstrated using conventional carbon-in-leach processes. In addition, test work has shown that recoveries of 44 to 65% of the gold in 6 to 16%, respectively, of the weight of the mill feed has been demonstrated by gravity or gravity/flotation techniques alone. The gravity testing has been done using shaking tables only. No test work with centrifugal concentrators has yet been done. These results warrant continued testing to optimize non-leach gold recovery options.

Scoping Study

In order to gain insight into the requirements for a basis to convert the investment at McGarry into an economic venture, Python Mining Consultants (“Python”) was engaged to conduct a preliminary assessment (scoping study) for potential production between the 1250 and 2250 Levels where underground access and other infrastructure already exists. The Scoping Study has a $\pm 25\%$ level of accuracy.

Above the 2250 Level, diamond drill testing has been restricted in large part to a corridor about 300 feet east and west of the shaft. This has resulted because no practical drill platforms exist beyond the confines of the limited level development from the shaft stations – except for the 2250 Level. As a consequence, there is a significant gap in drill testing of the prospective geology for gold-bearing zones between the 2250 and 1250 Levels both east and west of the tested corridor.

As noted above, in order to define stope scale gold-bearing zones, it has been concluded that drill spacings of 50 to 25 feet will be required. This is not considered practical or feasible to complete without the establishment of new mined openings for drill platforms.

Assumptions are made for the Scoping Study that zones as described above can be discovered each with minimum mining widths of 5 feet and diluted grades of at least 0.19 oz/t gold. Assumptions about productivity and unit costs based on the experience of over 12 months of actual development mining at McGarry during 2007-2008 were used by Python to set out a template for mining operations. The template estimates a 7 month period of development before enough stopes could reasonably be expected to be outlined and developed for production at an initial rate of about 350 tons per day. After 12 months at this rate, the template contemplates that the mining rate could be increased to 600 tons per day. It would take about 4.5 years to completely mine out between the 2250 and 1250 Levels based on the assumptions above. Using these assumptions plus very conservative metallurgical recoveries of 85% and a gold price of \$C 800 per ounce, it could reasonably be expected that by the end of the first year, there would be revenues from custom milling to cover ongoing operating costs. Repaying the initial investment could take about 3 years from the start-up. It must be emphasized that the Python work does not meet the requirements of a feasibility study and has an estimated accuracy of $\pm 25\%$.

The study was conducted to determine if the project can demonstrate a robustness to warrant advancement to the next stage of underground development. The conclusion is positive, supporting the next stage of work at McGarry following the template set out in the Python Study. The study was based on certain forward looking assumptions that have not yet been proven and actual experience may vary from these assumptions.

Recommendations

Based, therefore, on all available results and evaluations, it is recommended that the McGarry Project be advanced to the next stage of work to consist of:

- Complete the ventilation and escapeway raise system from the 2250 Level to the 1250 Level and outfit the existing ventilation raise as an escapeway from the 1250 Level to surface.
- Complete a main access drift over the full strike length of the 2250 Level using mobile equipment and establish short-hole diamond drill testing at initial 50 ft centres closing to 25 ft centres as warranted.
- Establish a main access drift over the full strike length of the 2050 Level using tracked equipment and test with diamond drilling as on the 2250 Level.
- For all potential stoping areas identified by the short-hole definition work on the 2250 and 2050 Levels, establish stope access drifts and sill drifts at the base of potential stopes. Establish access raises and draw points for shrinkage mining and proceed with stoping operations. Stockpile all material exceeding a threshold grade of about 0.10 oz/t gold on surface for gold recovery by batch processing at a custom milling operation.
- On a continuing basis, evaluate the results of the programme for economic implications and make adjustments as warranted.
- Continue with metallurgical test work towards optimizing non-leach gold recovery.
- Continue to build the computer based geological database and the petrologic, mineralogical and structural knowledge to improve understanding of the controls on gold mineralization.
- The estimated cost of the first 12 months of this programme is \$C 12 million \pm 25%, say, \$C 15 million at the top cost range.