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Armadillo Resources Ltd.

ARO: CNSX

Junior Explorer Controls Vast Amazon Exploration Holdings

Young Armadillo Resources Ltd. was organized in 2007 as a capital pool group; in early 2009 it acquired the significant asset that constituted the “Qualifying Transaction” necessary to trade as a regular TSX Venture listed company. The Waverley-Tangier property is a silver-gold-copper-zinc-lead prospect that has a compelling history of 19th century high-grade production. The project is moving ahead, but it is a more recent acquisition that has grabbed the attention of those who track the junior market, and which will likely define the company’s future.

AMAZONIA, BRAZIL

The winter of 2010-11 saw a major addition to Armadillo’s portfolio with the announcement that the company signed a letter of intent to acquire 99% of Amazonia Capital e Participacoes Ltda that held an enormous 860,000 hectares of exploration concessions in northern Brazil, organized into eleven project areas. The move into South America represented a significant departure from a professed North American centric mandate, but it was an opportunity so big that president Les Kjosness was compelled to act.

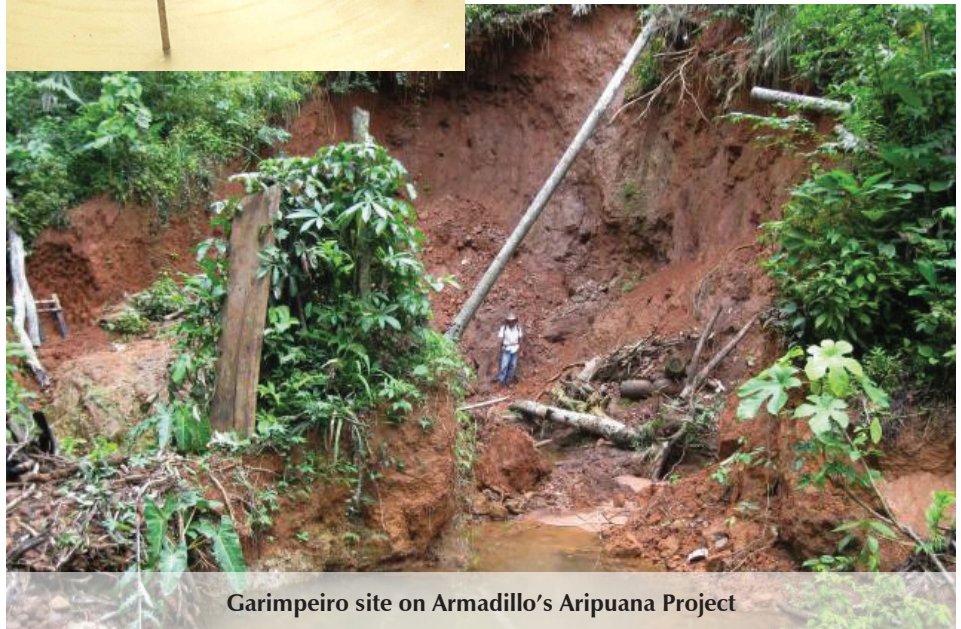
The deal got even larger by the time of the close of the transaction late in May, as another 390,000 hectares that had been in dispute were awarded to Amazonia.

Most of Amazonia’s concessions were staked over Archean to Lower Proterozoic greenstone belts considered to be pro-



spective for gold. Some of the exploration concessions are relatively close to the new (2007) Apui gold discovery and the prolific Tapajos River Gold District. Artisanal miners (garimpeiros) have been mining gold for generations, and continue to do so, in and around these recently acquired concessions. Many of the world’s major mining companies, including Rio Tinto, BHP, Barrick Gold, Yamana, and others are active in and around Armadillo’s holdings.

A NI 43-101 Technical Report on the holdings indicates that many of the con-



Garimpeiro site on Armadillo’s Aripuana Project

“Armadillo is particularly interested in the gold potential of the Amazonia holdings, but the properties also show prospectivity for diamonds, copper, zinc, iron, tin and manganese.”

cessions were acquired to cover the known garimpeiro operations. Note that the enormous gold-platinum-palladium Serra Pelada deposit of Colossus Minerals was also worked first by garimpeiros. The report recommends an aggressive two-phase exploration program for the property. The first phase will entail consolidation of existing data including past geophysical surveys, along with mapping, sampling and trenching programs. The work would identify the most prospective zones and allow trimming off the less interesting claims. The second phase will involve additional mapping and sampling, trenching and initial diamond drilling.

Armadillo is particularly interested in the gold potential of the Amazonia holdings, but the properties also show prospectivity for diamonds, copper, zinc, iron, tin and manganese. Because of the enormity of the holdings, portions of the holdings will likely be optioned out to joint venture partners to advance, particularly the base metal opportunities.

As it prepares exploration plans for its Brazilian projects, Armadillo hired Brazilian-borne geologist Andre Klumb M.Sc. to be its Regional Manager. Mr. Klumb worked for Geological Survey of Brazil, and has relevant field experience in Canada, USA, Mexico and Peru.

WAVERLEY-TANGIER, BC

Armadillo's Qualifying Transaction in 2009 was the option to earn a 60% interest in the Waverley-Tangier Property, located some 50 kms north of Revelstoke in east-central British Columbia. The property comprises two separate showings, the Waverley Workings and Tangier Workings. The holding has a romantic history; earliest exploration on the claims commenced in the latter portion of the 19th century, and it is reported that about 13 tonnes of carefully hand-picked sulphide ore from the Waverley mine was shipped to Wales yielding 51.4 gpt gold, 4,456.4 gpt silver and 25% lead. Limited production and underground exploration took place during this period and continued sporadically through until 1921.

Silver, lead, and zinc with some gold values occur on the property in both sulphide vein and carbonate-replacement deposits. A description of the Waverley holding written in 1896 notes that six samples taken from a broad vein of mineralized ore averaged 104 ounces per ton silver, with some picked specimens running as high as 1,400 opt. The same vein on the Tangier Claim



Armadillo President Les Kjosness surveys the old Tangier shaft on the Waverley-Tangier property in east-central British Columbia

produced assays up to 100 opt silver and 1.5 opt gold.

Armadillo's claims continue through to the George claim thirteen km to the south which was also worked in the late 1800s. Historical records note an assay of 2.85 opt gold, 1,155 opt silver and 13.9% copper. Armadillo believes that the vein at the George holding is the same vein as at the Waverley and Tangier showings.

The Waverley-Tangier property has only been developed by shaft sinking and tunnelling, the only exploration means available at the time of the initial discovery. Armadillo believes that modern exploration can expand known mineralized areas and identify new hidden zones of high grade mineralization.

Armadillo commissioned an airborne geophysical survey over the property in June 2009. After a preliminary review of the data, Armadillo more than doubled the size of the holding to 11,344 ha. That September, Armadillo ran a seven-hole diamond drilling program on the Tangier showing. High-grade gold-silver-lead-zinc intersections were obtained in three of the holes, including 8.53 m of 3.2 gpt gold with 190.3 gpt silver and 11.58 m of 1.66 gpt gold with 148.7 gpt silver.

Armadillo purchased two bridges last fall to improve road access to various locations of the holding—including the Tangier ore dump—which will allow removal of the existing dump material for testing. The roads will also facilitate the 2011 exploration plans to gain access to Waverley workings, develop additional drill targets, and continue drilling on the Tangier zone.

LD PROPERTY, BC

The LD Property is located 12 km southeast of the town of Atlin, in north-

western BC. All-terrain roads provide easy access to the 300 ha holding that straddles the headwaters of major placer gold producing creeks renowned for the large size of their coarse gold nuggets. Gold mineralization reported by previous explorers includes 299.65 gpt gold from a 15 kilogram bulk sample collected from a trenched quartz vein. The highest grab sample assay result was from a 30 cm quartz vein which assayed 1615.77 gpt gold. Standard Gold held the property in the mid 1980s and in the course of a trenching program reportedly uncovered a remarkable 52 ounce gold nugget.

DYNAMIC CONCLUSION

For a small company, the enormity of the Amazonia acquisition was quite a coup, and a significant company change. Taking over the issued capital of Amazonia Capitale Participacoes, according to the TSX, constituted a reverse-takeover as the deal calls for the issuance of 25 million shares to close the transaction. Rather than quarrel with the TSX about the arrangement, Armadillo decided to proceed with the acquisition on the Canadian National Stock Exchange (CNSX) where it was listed in February of 2011. The company's daily share price and trading activity can be followed on the CNSX website at www.cnsx.ca.

Armadillo completed a \$1.95 million private placement in February with the funds going toward the 2011 exploration programs planned for the Amazon Basin projects and the Waverley-Tangier property. With the price of silver and gold at all-time highs, positive results should see the current micro-cap expand considerably. Anticipated option agreements for much of the Amazonia holdings will give the company exposure to exploration programs that are funded by other groups, a nice situation for Armadillo shareholders.

Shares Outstanding: 76.4 million

6 Month High: \$0.42 / Low \$0.10

FOR MORE INFORMATION

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