

FORM 7

MONTHLY PROGRESS REPORT

Name of CNQ Issuer: Armada Mercantile Ltd. (the "Issuer").

Trading Symbol: AARM

Number of Outstanding Quoted Securities: 16,112,512

Date: March 04

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNQ Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNQ.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNQ Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer continued its operations as per its Merchant Banking and Venture Lending business plan. The Issuer is a financial services company that focuses on merchant banking primarily through its wholly-owned subsidiary Armada

Group USA, Inc. (“ArmadaUSA”) ArmadaUSA, is a direct funding Venture Lender in the venture-leasing and asset-backed financing marketplace.

2. Provide a general overview and discussion of the activities of management.

Management, through ArmadaUSA, focused its efforts on generating new Venture Lending clients while seeking to make loans to emerging-growth publicly traded companies and private companies. Management procured several client company leads from its Broker/Dealer, originator, affiliates, and in-house company contacts. Management completed the development of a credit line facility especially designed for its publicly-traded client companies seeking to raise capital. The credit line allows the client company to control the dollar limit and take down timing. Credit lines are a source of Venture Lending capital that allows the Issuer to fund its client companies without the need to raise additional capital through the public markets, thereby creating further dilution for shareholders. The Issuer continues to seek to purchase, and is in discussions with, several banking facilities that are in a jurisdiction other than the United States. The Issuer will make available to the public and news of the above undertakings when available.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

During the month of December, ArmadaUSA provided advisory services to its client companies seeking introductions to Broker/Dealers, investment bankers, and high-net individuals in order to tap into the capital markets. They also made introductions to individuals or trusts capable of investing capital. ArmadaUSA structured and prepared, on behalf of certain client companies, letters of intent between the client company and the potential investor. Further, ArmadaUSA provided advisory services to its client companies pertaining to public offerings, entering the public markets, and locating suitable public vehicles, as requested by its client companies.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

No products or services were discontinued by the Issuer.

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

The Issuer completed memorandum of understanding and small investment with South Mont Corporation. South Mont is a former publicly traded company that ArmadaUSA is seeking to revitalize and utilize for a merger with a client company.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

There were no expiry dates on any contracts or agreements during the month.

The Issuer, as stated above, is seeking to revitalize South Mont Corporation and has completed a payment of US\$10,000 to initiate the process. Subsequently after completing the initial payment the Issuer received expert advice from sources that reviewed the memorandum of understanding between the Issuer and the delivering party. The experts advice brought into question the terms and conditions of the memorandum of understanding and the feasibility of completing the revitalization as promised, on time and on budget. Therefore, the Issuer has initiated written dialogue with the delivering party to unwind the transaction and return a majority of the monies. For the moment, the memorandum of understanding is in dispute and the Issuer is seeking to resolve the dispute with the delivering party.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

The Issuer did not engage in any acquisitions or dispositions of assets.

8. Describe the acquisition of new customers or loss of customers.

The Issuer received Raheel Foods as a new client company and lost Pacificap Entertainment Inc.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

The Issuer did not complete any new developments.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

There were no new hiring's for the month. Dianne Szigety tendered her resignation to the Issuer's board of directors. Ms. Szigety has stated that her duties as per Publico Services Ltd. are not allowing sufficient time to continue working with the Issuer. However, the Issuer's board of directors have extended an offer to Ms. Szigety to return should she seek to do so. The Issuer is completing an advisory board agreement with an individual who possesses

numerous merchant banking skills that wishes to join the board of advisors of ArmadaUSA. The Issuer will release any news as it becomes available.

11. Report on any labour disputes and resolutions of those disputes if applicable.

There were no labor disputes for the Issuer during the period. However, starting February 25, 2004 Ely Mandell ceased to be a member of the Issuers advisory board and beginning March 8, 2004, Mr. Ely Mandell will be relieved of his duties on the Armada Group USA, Inc. board of advisors.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None

14. Provide details of any securities issued and options or warrants granted.

None

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None

16. Provide details of any changes in directors, officers or committee members.

As stated in Section 10 and 11 above.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Issuer does not anticipate any trends that would effect the Issuer's market, political or regulatory trends.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNQ that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNQ Requirements (as defined in CNQ Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated March 4, 2004.

Patrick Cole
Name of Director or Senior
Officer

Is/Patrick Cole
Signature

President
Official Capacity

<i>Issuer Details</i> Name of Issuer Armada Mercantile Ltd.	For Month End February 04	Date of Report YY/MM/D March 4, 2004
Issuer Address Suite 2300, 1066 West Hastings Street		
City/Province/Postal Code Vancouver, B.C. V6E 3X2	Issuer Fax No. (604) 681-1118	Issuer Telephone No. (916) 446-1585
Contact Name Patrick Cole	Contact Position President	Contact Telephone No. 916-446-1585
Contact Email Address patrickdcole@comcast.net	Web Site Address www.armadamercantile.com	

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