

## FORM 7

### **MONTHLY PROGRESS REPORT**

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

Trading Symbol: AARM

Number of Outstanding Quoted Securities: 17,252,152

Date: December 5, 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-lending 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 and private companies. Management is working with several client companies and continues to receive leads from its Broker/Dealer, accountants, originators, banking affiliates, and in-house company contacts. The Issuer provides advisory services while participating with management as a merchant banker. The Issuer is continuing to consummate definitive agreements with clients that will increase revenue and bolster assets. The Issuer will disseminate to the public any news related to the above undertakings when available. The Issuer has completed its Annual General Meeting as of November 15, 2004 and passed all resolutions as per the mailed information circular. This Issuer completed its transition application as per the British Columbia Companies Act, filed for a change of directors and changed its corporate and records office address to 301-455 Granville Street, Vancouver, BC V6C 1T1.**

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.

**There were no new products or services developed during the month.**

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.

**ArmadaUSA added a new client and or new relationship for the month of November. Those clients include:**

1. **Compania Minera Mimosa, S.A.: Compañia Minera Mimosa is a gold mining and milling operation located at Mining Concession #371 in Costa Rica with significant long-term profit potential.**
2. **2Phase Technologies Inc.: 2Phase Technologies has developed and patented a rapid tooling system that provides nearly instant manufacture of detailed tools of any size.**

3. The Issuer added MFC Bancorp Ltd. as a merchant banking affiliate for the Issuer's venture lending Chinese clients. MFC Bancorp Ltd. is prepared to provide additional merchant banking services to the Issuer's Chinese clients where expertise and funding go beyond the Issuer's scope and range. MFC Bancorp Ltd. is a fully license Swiss bank with offices in China and Europe.
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.**

**However, as stated in the March 04 progress report, the Issuer has not completed its proposed settlement of a dispute with South Mont Corporation.**

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.

**None**

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.

**None.**

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.**

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

**There were no labour disputes for the Issuer during the period.**

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 <sup>(1)</sup>

*(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.

**None**

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 December 5, 04

Patrick Cole  
Name of Director or Senior  
Officer

*Is/Patrick Cole*  
Signature

President  
Official Capacity

<b>Issuer Details</b> Name of Issuer Armada Mercantile Ltd.		For Month End November 04	Date of Report YY/MM/D November 5, 2004
Issuer Address 301-455 Granville Street			
City/Province/Postal Code Vancouver, BC V6C 1T1	Issuer Fax No. (916) 441-2745	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		