

**ARMADA MERCANTILE LTD.**  
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**June 26, 2006**

**TRADE SYMBOL: AARM -Canadian Trading and Quotation System Inc.**  
**US TRADE SYMBOL: AAMTF.PK**

**Series A Preferred Shares**

**NEWS RELEASE**

Armada Mercantile Ltd. (the "Company" or "Armada"), announced today that it has agreed to enter into debt settlement arrangements with one creditor. The Company has agreed to issue 526,315 shares of Series A Preferred Shares (the "Convertible Preferred Shares") at a price of USD\$0.285 (C\$ 0.32) each issued to a creditor in settlement of indebtedness in the amount of USD\$150,000.00. The Convertible Preferred Shares will be convertible at the option of the Company after the first anniversary date of the date of issuance into common shares of the Company on a one for one basis. The Company will have the right to redeem the outstanding Convertible Preferred Shares after the first anniversary from the Closing Date at a price of USD\$0.285 per share. Therefore, the issuance of the Convertible Preferred Shares does not automatically represent further dilution to the shareholders of the Company. The Convertible Preferred Shares are non-voting and do not have dividend rights. The Convertible Preferred Shares will be considered restricted securities and subject to a four month hold period from the date of issuance.

For more information pertaining to the Company, visit [www.armadamercantile.com](http://www.armadamercantile.com). For investor relations, please contact Doren Quinton, President of QIS Capital at (250) 376-8989, [info@qiscapital.com](mailto:info@qiscapital.com) or [www.qiscapital.com](http://www.qiscapital.com).

*"Patrick Cole"*

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President

*Certain statements included herein are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Management cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not necessarily limited to, the risks and uncertainties discussed in documents filed by the Company with the British Columbia, Alberta and Ontario Securities Commissions.*