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**Evogy, Inc. receives Phase II United States Army contract**

**NEWS RELEASE**

Armada Mercantile Ltd. (the Company), through its wholly-owned subsidiary Armada Group USA, Inc. (ArmadaUSA), reports that Evogy, Inc. (Evogy) together with project partner Altex Technologies Corporation (Altex) has received a Phase II contract with the United States Army (Army). Evogy completed a program review with an Army project manager and delivered a tubular Solid Oxide Fuel Cell (SOFC) operating at a temperature below 600C. The Evogy SOFC, in combination with an Altex pre-reformer, operated on JP8 logistic fuel and generated impressive results, which concluded the Army Phase I and Phase I option of the program. Starting in January 2007, Evogy and Altex will begin Phase II of the program and, if successful, may lead to the Army becoming Evogy's first customer.

Evogy is a twenty-five percent owned portfolio company of ArmadaUSA. ArmadaUSA purchased the ownership by way of a preferred stock offering in 2005.

About Evogy: "Evolution of Energy" produces low cost, high-performance SOFC stacks – the "electrochemical engine" within fuel cell systems. Evogy's patented breakthrough technology incorporates novel components, low-cost materials, and proprietary designs representing industry-leading cost benefits and performance relative to competing SOFC stacks. These advantages include high power density, lower operating temperature, state-of-the-art stack design, rapid thermal cycling, unique thermal integration, and low-cost fabrication and assembly techniques. All combined, these benefits substantially reduce the manufacturing cost of SOFC stacks, thereby enabling the mass commercial market entry of "Evogy-powered" SOFC systems. Evogy's disruptive technology leap-frogs other SOFC-based projects under development and will be the catalyst behind a paradigm shift whereby SOFCs replace traditional power supply platforms.

For more information pertaining to the Company, visit [www.armadamercentile.com](http://www.armadamercentile.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"  
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.*

