This is the form of a material change report required under Section 85(1) of the Securities Act.

FORM 27

BRITISH COLUMBIA SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

<u>NOTE</u>: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

<u>NOTE</u>: Every report required to be filed under Section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

<u>NOTE</u>: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer:

Armada Mercantile Ltd.
c/o 1000 – 355 Burrard Street
Vancouver, B.C. V6C 2G8

Item 2. Date of Material Change

October 23, 2000

Item 3. Press Release

The Press Release dated October 24, 2000 was filed via SEDAR and disseminated via Canada Stockwatch, Market News and Canadian Corporate News

A copy of the Press Release is attached.

Item 4. Summary of Material Change

Appointment of Executive Vice-President, Intellectual Properties and Acquisitions.

Item 5. Full Description of Material Change

For a full description of the material change, see attached News Release.

Item 6. Reliance on Section 85(2) of the Act

If the report is being filed on a confidential basis in reliance of Section 85(2) of the Act, state the reasons for such reliance.

INSTRUCTION:

Refer to Section 85(3) of the Act concerning continuing obligations in respect of reports filed pursuant to this subsection.

Not Applicable.

Item 7. Omitted Information

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but s. 85(3) of the Act will no longer be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to s. 151(3) of the Act.

The reasons for the omission may be contained in a separate letter filed as provided in section 146 of the Regulation.

Not Applicable.

Item 8. Senior Officers

The following Senior Officer of the Company is available to answer questions regarding this report:

Patrick Cole
President
(916) 446-1585

Item 9. Statement of Director

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, B.C., this 27th day of October, 2000

ARMADA MERCANTILE LTD.

Per: *"D. Szigety"*

Dianne Szigety
Corporate Secretary

SCHEDULE 'A'

Armada Mercantile, Ltd.
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Sacramento, California 95816
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E-mail: Aarvse@aol.com

October 24, 2000 **CDNX: AAR**
FOR IMMEDIATE RELEASE

UPDATE TO COMPANY'S CHANGE OF BUSINESS

Armada Mercantile Ltd. (the "Company") wishes to announce that it continues to proceed with its proposed acquisition of a 50% interest in AVO Media Corp. ("AVO Media") including a controlling position on AVO Media's Board, as previously announced in the Company's news releases of July 5, 2000 and August 11, 2000. The Company is in the process of completing the required documentation to be provided to its shareholders to obtain the requisite approvals for this transaction. The Company and AVO Media are continuing to work together in this regard and both are committed to completing the transaction in a timely fashion.

AVO Media, based in Scottsdale, Arizona, is a unique and creative new media interactive marketing company that uses the Internet as a platform and combines the talent of a multimedia house with exclusive cutting edge technology and product delivery capabilities. On September 17, 1999, AVO Media acquired the exclusive distribution rights to market and distribute the AVO-Card for the United States, Canada and Mexico. The AVO-Card contains up to 32MB (150MB using specialized DVD or compression techniques) of multimedia style information to tell an interactive story involving sounds, graphics, 3D animation, voiceover narrative, video, still images, etc. At 32MB, it can hold up to 11,000 pages of information, 4 minutes of video, or 32 minutes of pure audio. In addition to a dynamic presentation of a client's product or service, the AVO-Card presents a private gateway to the client's website, in fact, to specific locations or pages on the website without having to type any address and without the requirement of any keystrokes by the user. Management of AVO Media is projecting sales of $4.6 million for year 2000.

Management of Armada is currently funding an additional $235,000 by way of promissory notes and by the exercise of share purchase warrants. Subject to regulatory approval, Armada will advance these funds to AVO Media Corp. in accordance with the Letter of Intent.

The Company has appointed Mr. Franklin Beninsig as Executive Vice-President, Intellectual Properties and Acquisitions. Mr. Beninsig is a co-founder and managing member of SIPI, LLC (formerly known as Scientific & Intellectual Property Investigations), which provides executive coordinator and consulting services related to mergers, acquisitions and divestitures, litigation, due diligence for business and legal matters, decision-to-market reviews, technology transfer & settlement negotiations, control of legal and consultant costs, information analysis-acquisitions, trademarks, and patent invalidity-validity matters. Mr. Beninsig has developed a worldwide network of affiliations and contacts to assist in business transaction investigations. Additionally, Mr. Beninsig functions as a "transition specialist and executive" in the post due diligence process for mergers, acquisitions and divestitures. On the venture side, Mr. Beninsig is an advisor to several boards of directors where he focuses on medical/biotechnology, entertainment and e-commerce start-up companies based in Northern California. Frank is a U.C. Davis alumni, Agricultural Economics/Business Management and Biochemistry, BS 1981.

On behalf of the Board of Directors

"*Patrick Cole*"
President