

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

Item 1. Reporting Issuer

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

Armada Mercantile Ltd.
451 - 34th Street
Sacramento, CA 95816
(916) 446-1585

Item 2. Date of Material Change

May 10, 2001

Item 3. Press Release

The Press Release dated May 10, 2001 was disseminated via Canada Stockwatch and Market News.

Item 4. Summary of Material Change

The Company has agreed to settle debt.

Item 5. Full Description of Material Change

The Company has agreed to settle debt in the amount of \$157,913.14 by the issuance of 1,435,574 shares at \$0.11 per share.

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

Not Applicable.

Item 7. Omitted Information

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 Sacramento, CA, this 10th day of May, 2001.

ARMADA MERCANTILE LTD.

Per: *"D. Szigety"*

Dianne Szigety
Corporate Secretary