

# **ARMADA DATA CORPORATION**

## **MANAGEMENT INFORMATION CIRCULAR October 11, 2011**

### **SOLICITATION OF PROXIES**

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Armada Data Corporation (the "Corporation") for use at the annual meeting (the "Meeting") of shareholders of the Corporation to be held on the 16<sup>th</sup> day of November, 2011, at the hour of four o'clock, in the afternoon, Toronto time, at 5710 Timberlea Boulevard, Suite 201, Mississauga, Ontario L4W 4W1, and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. While the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone or facsimile by the regular employees of the Corporation at nominal cost. The cost for solicitation will be borne by the Corporation.**

### **VOTING OF PROXIES**

**All common shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the common shares represented by the proxy will be voted in accordance with such specifications. In the absence of any such specifications, the management designees, if named as proxy, will vote in favour of all the matters set out herein.**

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date of this Management Information Circular, the Corporation is not aware of any amendments to, or variations of the matters stipulated in the Notice of Meeting, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, the management designees intend to vote in accordance with the judgment of the management of the Corporation.

Proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or an adjournment of the Meeting.

### **APPOINTMENT OF PROXY**

**The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. A shareholder has the right to designate a person (who need not be a shareholder of the Corporation) other than Paul Timoteo and James Matthews, the management designees, to attend and act for him at the Meeting. Such right may be exercised by inserting in the blank space provided, the name of the person to be**

**designated and deleting therefrom the names of the management designees or by completing another proper form of proxy and, in either case, depositing the form of proxy with the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9, not less than 48 hours, excluding, Saturdays, Sundays and holidays, preceding the Meeting or an adjournment of the Meeting.**

## **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A shareholder may revoke a proxy by either: (a) depositing an instrument in writing, executed by him or his attorney authorized in writing at the offices of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9, prior to the close of business on the day preceding the date on which the Meeting is to be held or any adjournment thereof, or with the Chairman of the Meeting before any vote in respect of which the proxy is to be used shall have been taken; or (b) attending the Meeting in person and registering with the scrutineer as a shareholder personally present.

## **NON-REGISTERED SHAREHOLDERS**

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation will have distributed copies of the Notice of Meeting, this Management Information Circular and the form of proxy or voting instruction form (collectively, the "meeting materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. In circumstances where a Non-Registered Holder has provided instructions to an Intermediary holding the shares in an account on behalf of the Non-Registered Holder that the Non-Registered Holder does not object, for that account, to the Intermediary disclosing ownership information about the Non-Registered Holder ("Non Objecting Beneficial Owner" or "NOBO"), the Corporation may send the meeting materials directly to such NOBOs. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the

Corporation, c/o Computershare Trust Company of Canada, 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9; or

- (ii) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions that contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (iii) be given a voting instruction form, in which case the Non-Registered Holder should complete the voting instruction form and submit it to the Corporation, c/o Computershare Trust Company of Canada, 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Holder who receives a form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder or such other person’s name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy authorization form (voting instructions) or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or Executive Officers (as such term is defined hereunder in the section, Executive Compensation) of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors or the appointment of auditors.

#### **VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES**

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value, of which 16,359,154 common shares are issued and outstanding as at the date hereof and entitled to vote at the Meeting on the basis of one vote for each common share held.

The holders of common shares of record at the close of business on the record date, set by the directors of the Corporation to be October 11, 2011, are entitled to vote such common shares at the Meeting on the basis of one vote for each common share held, except to the extent that:

- (a) such person transfers his shares after the record date; and
- (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes his ownership to the shares;

and makes a demand to the Registrar and Transfer Agent of the Corporation, not later than ten (10) days before the Meeting, that his name be included on the shareholders' list. A complete list of the shareholders entitled to vote at the Meeting will be open to examination by any shareholder, for any purpose germane to the Meeting, during ordinary business hours for a period of ten (10) days prior to the Meeting, at the offices of the Corporation's Transfer Agent, Computershare Trust Company of Canada of 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9.

The Articles of the Corporation provide that two (2) persons present and representing in person or by proxy not less than five percent (5%) of the issued shares entitled to vote at the Meeting, constitute a quorum for the Meeting.

To the knowledge of the directors and Executive Officers of the Corporation, the following table sets out the name of each of the persons who beneficially owns, or controls or directs, directly or indirectly, shares carrying more than 10% of the voting rights of the outstanding common shares of the Corporation as of September 30, 2011.

<b>Name of Shareholder</b>	<b>Position</b>	<b>Common Shares of Corporation</b>	<b>Percentage of total shares outstanding</b>
James Matthews	Director and Chief Executive Officer and Secretary of the Corporation	2,445,099 <sup>(1)</sup>	14.9%
Paul Timoteo	Director and Chief Financial Officer and President of the Corporation	2,692,395 <sup>(2)</sup>	16.5%
Eli Oszlak	Director and Chief Technical Officer and Vice President of the Corporation	1,866,550	11.4%

**Notes:**

<sup>(1)</sup> Included in the total for Mr. Matthews are 165,058 common shares held by 2190960 Ontario Ltd., a private company owned by the Matthews Family Trust. Mr. Matthews is a discretionary beneficiary of the Matthews Family Trust.

<sup>(2)</sup> Included in the total for Mr. Timoteo are 547,057 common shares held by 2190956 Ontario Ltd., a private company owned by the Timoteo Family Trust. Mr. Timoteo is a discretionary beneficiary of the Timoteo Family Trust.

### **Votes Necessary To Pass Resolutions At The Annual Meeting**

Other than as herein set forth, under the Corporation's Articles and the *Business Corporations Act* (British Columbia) a majority of the votes cast at the Meeting (in person or by proxy) is required in order to elect directors and to pass the resolutions referred to in the

accompanying Notice of Meeting.

## ELECTION OF DIRECTORS

The directors of the Corporation are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholders of the Corporation will be asked to pass an ordinary resolution to set the number of directors of the Corporation for the ensuing year at seven (7). Management of the Corporation proposes to nominate each of the following seven (7) persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<b>Name, resident province and country, and position held with the Corporation</b>	<b>Principal Occupation or Employment for Past Five Years</b>	<b>Date of Appointment as director</b>	<b>Number of Shares Beneficially Owned or Controlled</b>
Michael Cooper, Ontario, Canada, Director	President of Cooper Financial Research from 2004 to present.	May 11, 2009	NIL
Gregory Harris, <sup>(1)</sup> Ontario, Canada, Director	Partner and Corporate Solicitor with Harris + Harris LLP from 1992 to present.	May 14, 2002	NIL
Fred Marotta, <sup>(1)</sup> Ontario, Canada, Director	President of Provision Sales and Marketing Inc. from 1997 to present.	May 11, 2009	NIL
James Matthews, Ontario, Canada, Chief Executive Officer and Secretary, Director	Chief Executive Officer and Secretary of the Corporation from October 2000 to present. Secretary of Lease Busters Inc. from 1990 to present.	October 30, 2000	2,445,099 <sup>(2)</sup>
Rob Montemarano, <sup>(1)</sup> Ontario, Canada, Director	Vice President of Lakeview Homes Inc. from November 1998 to present.	November 26, 2002	72,500
Eli Oszlak, Ontario, Canada, Chief Technical Officer and Vice President, Director	Chief Technical Officer and Vice President of the Corporation from October 2000 to present.	October 30, 2000	1,866,550
Paul Timoteo, Ontario, Canada, Chief Financial Officer and President, Director	Chief Financial Officer and President of the Corporation from October 2000 to present. President of Lease Busters Inc. from 1990 to present.	October 30, 2000	2,692,395 <sup>(3)</sup>

**Notes:**

(1) Member of Audit Committee.

(2) Included in the total for Mr. Matthews are 165,058 common shares held by 2190960 Ontario Ltd., a private company owned by the Matthews Family Trust. Mr. Matthews is a discretionary beneficiary of the Matthews Family Trust.

(3) Included in the total for Mr. Timoteo are 547,057 common shares held by 2190956 Ontario Ltd., a private company owned by the Timoteo Family Trust. Mr. Timoteo is a discretionary beneficiary of the Timoteo Family Trust.

Each of the proposed directors is independent other than Mr. James Matthews, Mr. Paul Timoteo, Mr. Eli Oszlak and Mr. Gregory Harris. Mr. Matthews is not considered independent due to the fact that he is Chief Executive Officer and Secretary of the Corporation while Mr. Timoteo is President and Chief Financial Officer of the Corporation and Mr. Oszlak is Chief Technical Officer and Vice President of the Corporation. Mr. Harris is a partner in a firm which provides legal services to the Corporation. The board of directors of the Corporation (the "Board") facilitates the exercise of independent supervision over management by granting to the independent directors unfettered access to information regarding the Corporation's activities. In addition, the independent directors have the ability to engage outside advisors at the expense of the Corporation and the authority to meet independently of management.

No proposed director is, as at the date of this Management Information Circular, or has been, within ten (10) years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of any company (including the company in respect of which this Management Information Circular is being prepared) that:

- (a) was subject to an order (a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order (a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days) that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (c) is as at the date of this Management Information Circular, or has been within ten (10) years before the date of this Management Information Circular, a director or executive officer of any company (including the company in respect of which the information circular is being prepared) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within the ten (10) years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The current members of the Corporation's Audit Committee are Messrs. Fred Marotta (Chairman), Gregory Harris and Rob Montemarano. Certain disclosure concerning the Audit Committee in accordance with the requirements of Form 52-110F2 of National Instrument 52-110: Audit Committees, is attached hereto as Appendix "A".

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

For the fiscal year ended May 31, 2011, the Named Executive Officers of the Corporation were each paid a base salary of \$78,000, plus a bonus of \$14,202. For the current fiscal year ending May 31, 2012, the Named Executive Officers will each be paid a base salary of \$81,120 per annum, which represents a 4% increase over the previous year. In addition, bonuses will be based on 15% of the net income for the immediately preceding quarter, allocated as a management bonus to be divided equally amongst the three Named Executive Officers, to be paid at the end of each fiscal quarter. Each Named Executive Officer is also paid, either directly or indirectly, a car allowance, totaling \$7,200 per annum.

The Corporation's process for determining executive compensation is based largely on Board discussion. Given the relatively modest base salary for each of the Named Executive Officers, the Board determined that a bonus to be paid based on net income of the Corporation would be appropriate to reward each Named Executive Officer and further align their compensation with the success of the Corporation.

### **Summary Compensation Table**

The following table sets forth the compensation earned during the last three (3) fiscal years by the Named Executive Officers.

For the purposes of this Management Information Circular:

"Executive Officer" of the Corporation means an individual who at any time during the financial year was (a) a chair, vice-chair or president of the Corporation; (b) a vice-president of the Corporation in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer.

"Named Executive Officer" or "NEO" of the Corporation means each of the following individuals: (a) a Chief Executive Officer; (b) a Chief Financial Officer; (c) each of the Corporation's three most highly compensated Executive Officers (other than the Chief Executive Officer and the Chief Financial Officer), at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000.00; and (d) each individual who would be an NEO under (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity at the end of that financial year.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Share Based Awards (d)	Option Based Awards <sup>(7)</sup> (e)	Non-Equity incentive plan compensation (\$) (f)		Pension Value (\$) (g)	All Other Compensation (\$) (h)	Total Compensation (\$) (i)
					Annual Incentive Plans (f1)	Long-Term Incentive Plans (f2)			
James Matthews, CEO	2011	78,000	Nil	494	Nil	Nil	Nil	24,502 <sup>(3)(6)</sup>	102,996
	2010	75,000	Nil	4,153	Nil	Nil	Nil	28,735 <sup>(2)(5)</sup>	107,888
	2009	60,000	Nil	333	Nil	Nil	Nil	22,600 <sup>(1)(4)</sup>	82,933
Paul Timoteo, CFO	2011	78,000	Nil	494	Nil	Nil	Nil	24,502 <sup>(3)(6)</sup>	102,996
	2010	75,000	Nil	4,153	Nil	Nil	Nil	28,735 <sup>(2)(5)</sup>	107,888
	2009	60,000	Nil	333	Nil	Nil	Nil	22,600 <sup>(1)(4)</sup>	82,933
Eli Oszlak, CTO	2011	78,000	Nil	494	Nil	Nil	Nil	21,402 <sup>(3)</sup>	99,896
	2010	75,000	Nil	4,153	Nil	Nil	Nil	23,260 <sup>(2)</sup>	102,413
	2009	60,000	Nil	333	Nil	Nil	Nil	17,200 <sup>(1)</sup>	77,533

**Notes:**

(1) Includes a \$10,000 bonus and a \$7,200 car allowance.

(2) Includes bonuses totalling \$16,060 and a \$7,200 car allowance

(3) Includes bonuses totalling \$14,202 and a \$7,200 car allowance.

(4) Includes \$5400, which is 50% of \$10,800 paid to Lease Busters Inc. for rent and insurance. Lease Busters Inc. is a corporation that was 50% owned by the Matthews Family Trust and 50% owned by the Timoteo Family Trust.

(5) Includes \$5475, which is 25% of \$21,900 paid to Lease Busters Inc. for rent and insurance. Lease Busters Inc. is a corporation that was 25% owned by the Matthews Family Trust and 25% owned by the Timoteo Family Trust.

(6) Includes \$3100, which is 25% of \$12,400 paid to Lease Busters Inc. for rent and insurance. Lease Busters Inc. is a corporation that was 25% owned by the Matthews Family Trust and 25% owned by the Timoteo Family Trust.

(7) The Corporation grants options to its directors, officers and employees. The valuation of these option-based awards is based on the value determined in accordance with Canadian Institute of Chartered Accountants Handbook Section 3870 under the Black Scholes option valuation model at the time of the grant under the following weighted average assumptions:

	<u>2011 Fiscal Year</u>	<u>2010 Fiscal Year</u>	<u>2009 Fiscal Year</u>
Expected volatility	125%	125%	80%
Risk-free interest rate	1.98%	1.98%	3.28%
Expected Life	4.25 years	4.25 years	3 years
Expected Dividend yield	0.05%	0.05%	NIL



### Outstanding Share-based Awards and Option-based Awards

The following table sets forth all share-based and option-based awards outstanding at the end of the most recently completed financial year on May 31, 2011 for each Named Executive Officer.

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Un-Exercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
James Matthews, CEO	NIL	N/A	N/A	N/A	NIL	NIL
Paul Timoteo, CFO	NIL	N/A	N/A	N/A	NIL	NIL
Eli Oszlak, CTO	100,000	0.10	May 11, 2012	8,000.00	NIL	NIL

**Notes:**

<sup>(1)</sup> This amount is calculated based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year, being \$0.18, and the exercise price of the option.

### Incentive Plan Awards - Value Vested or Earned During The Most Recently Completed Financial Year

The following table sets out the financial year end incentive plan awards for Named Executive Officers where the value has vested or was earned during the financial year ended May 31, 2011.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
(a)	(b)	(c)	(d)
James Matthews, CEO	4,000.08	NIL	NIL
Paul Timoteo, CFO	4,000.08	NIL	NIL
Eli Oszlak, CTO	4,000.08	NIL	NIL

## Termination and Change of Control Benefits

There are no employment contracts between either the Corporation or its subsidiaries and the Named Executive Officers.

Neither the Corporation nor any of its subsidiaries has any plan or arrangement with respect to compensation to a Named Executive Officer where the resignation, retirement or any other termination of employment of the Named Executive Officer's employment with the Corporation and its subsidiaries or from a change of control of the Corporation or any subsidiary of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control, would result in a Named Executive Officer receiving more than \$50,000 from the Corporation or its subsidiaries.

## Director Compensation

The following table sets forth all amounts of compensation provided to non-executive directors of the Corporation for the financial year ended May 31, 2011.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Michael Cooper	Nil	Nil	494	Nil	Nil	Nil	494
Gregory Harris	Nil	Nil	494	Nil	Nil	26,333 <sup>(1)</sup>	26,827
Fred Marotta	Nil	Nil	494	Nil	Nil	Nil	494
Rob Montemarano	Nil	Nil	494	Nil	Nil	Nil	494

### Notes:

<sup>(1)</sup> Represents amounts paid to Harris + Harris LLP for providing legal services to the Corporation. Mr. Harris is a partner with the firm.

<sup>(2)</sup> The Corporation grants options to its directors, officers and employees. The valuation of these option-based awards is based on the value determined in accordance with Canadian Institute of Chartered Accountants Handbook Section 3870 under the Black Scholes option valuation model at the time of the grant under the following weighted average assumptions:

	<u>2011 Fiscal Year</u>	<u>2010 Fiscal Year</u>	<u>2009 Fiscal Year</u>
Expected volatility	125%	125%	80%
Risk-free interest rate	1.98%	1.98%	3.28%
Expected Life	4.25 years	4.25 years	3 years
Expected Dividend yield	0.05%	0.05%	NIL

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation grants, and has in the past granted, to directors, employees and consultants of the Corporation options to purchase common shares subject to and in accordance with the prevailing policies of the TSX Venture Exchange. Options are granted based on the assessment by the board of directors of the Corporation of the optionee's past and present contribution to the success of the Corporation. The exercise price of options is subject to approval by the TSX Venture Exchange and is set in accordance with applicable TSX Venture Exchange policies. These options are not transferable and are presently exercisable for a period of up to ten years.

### Equity Compensation Plan Information

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights <sup>(1)</sup>	Number of Securities remaining available for future issuance under equity compensation plans <sup>(2)</sup>
Equity compensation plans approved by security holders <sup>(2)</sup>	500,000	\$0.10	1,280,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	500,000	\$0.10	1,280,000

**Notes:**

<sup>(1)</sup> The foregoing information is presented as of May 31, 2011.

<sup>(2)</sup> Represents the Option Plan of the Corporation. The Option Plan has a fixed maximum of 2,700,000 common shares reserved for issue pursuant to options granted under the Option Plan.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or Executive Officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of such persons, are or have been indebted to the Corporation at any time since the beginning of the Corporation's last completed financial year.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "Informed Person" means (a) a director or Executive Officer of the Corporation; (b) a director or Executive Officer of a person or company that is itself an Informed Person or a subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the notes to the Corporation's financial statements for the financial year ended May 31, 2011, none of:

- (a) the Informed Persons of the Corporation;
- (b) a proposed nominee for election as a director of the Corporation; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any subsidiary of the Corporation.

### **Acquisition of Business of Cybernetfinder Corporation**

In July 2010, the Corporation purchased the information technology and web services business of Cybernetfinder Corporation. The assets of Cybernetfinder Corporation were purchased for \$200,000. The purchase price was satisfied by: (i) a payment of \$20,000 on closing; (ii) the issuance of a promissory note in the principal amount of \$90,000 payable in equal monthly installments, without interest, over eighteen (18) months; and (iii) the issuance of \$90,000 worth of common shares of the Corporation (i.e. 290,323 shares at a deemed value of \$0.31 per share).

Cybernetfinder Corporation was a corporation incorporated under the laws of Canada with its principal place of business at 3034 Palstan Road, Suite 305, Mississauga, ON, L4Y 2Z6.

The purchase of assets from Cybernetfinder Corporation involved an Informed Person since the spouse of Mr. Eli Oszlak (a director and officer of the Corporation) was a 50% shareholder of Cybernetfinder Corporation.

The transaction was completed in accordance with the Policies of, and with approval from, the TSX Venture Exchange.

### **Acquisition of Shares of The Big & Easy Bottle Brewing Company Inc.**

On October 1, 2011, the Corporation acquired 90% of the issued and outstanding shares of The Big & Easy Bottle Brewing Company Inc. ("TBE"). TBE is the holder of all of the shares of Mister Beer Inc., a company which produces and markets a 'microbrewery in a bottle' product, which allows consumers to easily produce premium beer at roughly half the cost of regular beer.

The aggregate purchase price for the 90% of the shares of TBE was \$857,000. The purchase price was satisfied as follows: (i) the issuance of two non interest bearing promissory notes in the aggregate principal amount of \$100,000 payable in monthly instalments of \$4,166.67 over a 24 month term; (ii) the issuance of \$400,000 worth of the Corporation's common shares at an issue price of \$0.20, thereby resulting in the issuance of 2,000,000 shares of the Corporation; (iii) the issuance of two common share purchase warrants to acquire up to an aggregate of 400,000 common shares in the capital of the Corporation at an exercise price of \$0.25 per share, expiring on October 1, 2013; and (iv) the assumption by the Corporation of \$357,000 of debt of TBE.

TBE is a corporation incorporated under the laws of the province of Ontario with its principal place of business at 130 Healey Road, Units 5&6, Bolton ON L7E 5B3.

The acquisition of the shares of TBE involved an Informed Person in the form of a director of a subsidiary of the Corporation. Mr. Stefan Riedelsheimer sold half of the shares in TBE acquired by the Corporation; and Mr. Riedelsheimer is also a director of TBE (a subsidiary of the Corporation) and employed as the general manager of the business. Mr. Riedelsheimer and his spouse continue to own 10% of the shares of TBE.

## **MANAGEMENT CONTRACTS**

Management functions of the Corporation and any subsidiary thereof are not, to any substantial degree, performed other than by the directors or Executive Officers of the Corporation or any subsidiary thereof.

## **CONFLICTS OF INTEREST**

Conflicts of interest may arise as a result of the directors and officers of the Corporation also holding positions as directors and/or officers of other companies, and situations may arise where the directors and the officers will be in direct competition with the Corporation. Messrs. Matthews and Timoteo are directors, officers and indirect shareholders of Lease Busters Inc., a retail automotive sale and leasing business. Lease Busters Inc. is currently not a direct competitor with the Corporation but there may be changes in circumstances or business operations that could result in an overlap of certain portions of the business operated by Lease Busters Inc. and the Corporation. In addition, Messrs. Timoteo and Matthews work for both Lease Busters Inc. and the Corporation and conflicts may arise with respect to their ability to devote sufficient time to both businesses. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Background**

The TSX Venture Exchange Corporate Finance Manual (“TSX-V Policy”) describes the qualifications which must be met by directors and management of the Corporation and prescribes the minimum corporate governance standards required to be implemented by all issuers listed on the TSX Venture Exchange. As the TSX-V Policy prescribes minimum standards only, some of the corporate governance practices maintained by the Corporation are broader than those prescribed by the TSX-V Policy.

### **Duties and Responsibilities of the Board of Directors**

The directors of the Corporation are responsible for the stewardship of the Corporation. The Board reviews the strategic plans presented by management on a periodic basis and monitors the management of the principal risks faced by the Corporation in relation to its business and operations.

### **Other Board Committees/Nomination of Directors/Orientation and Continuing Education**

Given the size of the Corporation and the Board, the Board does not have any committees other than an Audit Committee. The Board does not have a committee responsible for proposing new nominees to the Board, nor does it have a formal orientation and education program for new recruits to the Board. Rather than assigning these matters to a committee, the Board as a whole has the responsibility for developing the Corporation’s approach to these governance issues.

When new directors are considered, the entire Board acts as an ad hoc nominating committee. New Board members meet with senior management of the Corporation to review the business and affairs of the Corporation.

## **Ethical Business Conduct**

The Board encourages and promotes a culture of ethical business conduct.

## **Compensation**

The Board as a whole determines compensation for the directors and the CEO. However, when the compensation for the CEO is set, Mr. Matthews abstains from voting.

## **Assessments**

The Board does not have a specific formal process for assessing the effectiveness of the Board and the individual directors. Rather, the entire Board monitors its effectiveness and the performance of individual directors.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Appointment Of Auditor**

Philip Gigan, Chartered Accountant of 45 St. Clair Avenue, Suite 200, Toronto, Ontario, M4V 1K6 became the auditor of the Corporation upon completion of the Corporation's reverse takeover transaction on October 30, 2000. The shareholders will be asked to consider, and if thought fit to pass, an ordinary resolution appointing Philip Gigan as auditor of the Corporation for the ensuing year to hold office until the close of the next annual meeting of the Corporation. It is proposed that the remuneration to be paid to the auditor of the Corporation be fixed by the Board.

**The management designees, if named as proxy, intend to vote the common shares represented by any such proxy for the appointment of Philip Gigan, Chartered Accountant, of Toronto, Ontario as auditor of the Corporation at a remuneration to be fixed by the Board, unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the appointment of auditor.**

## **OTHER MATTERS**

Management of the Corporation is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and Management Discussion & Analysis for its most recently completed financial year, copies of which are available on SEDAR. Shareholders may also request copies of these documents by contacting the Chief Financial Officer of the Corporation at 5710 Timberlea

Boulevard, Suite 201, Mississauga, Ontario, L4W 4W1.

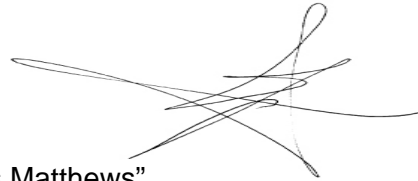
The contents and the sending of this Management Information Circular have been approved by the board of directors of the Corporation.

Dated as of October 11, 2011

On behalf of the Board of Directors



"Paul Timoteo"  
Chief Financial Officer  
Paul Timoteo



"James Matthews"  
Chief Executive Officer  
James Matthews

**APPENDIX "A"**  
**FORM 52-110F2**  
**AUDIT COMMITTEE DISCLOSURE**

**ITEM 1: THE AUDIT COMMITTEE CHARTER**

**Purpose**

The overall purpose of the Audit Committee (the "Committee") of Armada Data Corporation (the "Company") is to assist the board of directors of the Company (the "Board") to discharge its responsibilities. In particular, the Committee works to ensure that the Company's management has designed and implemented an effective system of internal financial controls and reviews and reports on the integrity of the consolidated financial statements and related financial disclosure of the Company.

**Composition, Procedures and Organization**

1. The Committee shall consist of at least three members of the Board.
2. The Board, after each annual Shareholders' meeting, shall appoint or re-appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
5. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four (4) times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend certain meetings of the Committee.
6. The internal auditors and the external auditors shall have a direct line of communication to the Committee.



7. The Committee shall have direct access to such officers and employees of the Company and direct access to the Company's internal and external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
8. The Committee shall have authority:
  - (a) to engage independent counsel and other advisors as it deems necessary to carry out its duties; and
  - (b) to set and pay the compensation for any advisors employed by the Committee.

### **Roles and Responsibilities**

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal auditors, if any, and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
  - (a) to recommend to the Board a firm of external auditors to be engaged by the Company for the purpose of preparing an auditor's report and performing other audit services for the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the compensation, scope and timing of the audit and other related services as well as non-audit services rendered by the external auditors; and
  - (c) to oversee the work of the external auditors engaged for the purpose of preparing an auditor's report or related work including reviewing with the external auditors, upon completion of their audit, the contents of the auditor's report.
  - (d) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles;
  - (e) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and

- (f) to resolve any disagreements between management and the external auditors regarding financial reporting.
3. The duties and responsibilities of the Committee as they relate to the Company's internal auditors, if any, are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's response thereto.
4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (c) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
5. The Committee is also charged with the responsibility to:
- (a) review the Company's:
    - (i) financial statements;
    - (ii) annual report to shareholders;
    - (iii) annual information form, if required;
    - (iv) annual and interim MD&A;
    - (v) prospectuses;
    - (vi) news releases discussing financial results of the Company; and
    - (vii) other public reports of a financial nature requiring approval by the Board, before the Company publicly discloses this information;
  - (b) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;

- (c) review and periodically assess the adequacy of the policies and procedures used in the preparation and disclosure of the Company's consolidated financial statements and other disclosure documents containing financial information extracted or derived from the Company's financial statements;
- (d) review and report on the integrity of the Company's consolidated financial statements;
- (e) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- (f) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (g) review and approve the Company's policies regarding hiring partners, employees, former partners and former employees of the present and former external auditors of the Company.

## **ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE**

The current members of the Committee are Messrs. Fred Marotta (Chairman), Gregory Harris and Rob Montemarano. All members, with the exception of Mr. Harris, are considered independent and all are financially literate, as those terms are used in National Instrument 52-110 (the "Instrument").

Pursuant to the provisions of section 1.5 of the Instrument, Mr. Harris is not considered independent due to the fact that he is a partner of the law firm of Harris + Harris LLP, which has been retained by the Company and receives compensation from the Company for providing legal services.

## **ITEM 3: RELEVANT EDUCATION AND EXPERIENCE**

Mr. Marotta is President and owner of Provision Sales & Marketing Inc., a food marketing and food brokerage business. Mr. Marotta has also been President of other food brokerage companies over the last 22 years where he was responsible for all aspects of the business including the review of financial statements.

Mr. Harris sits on the board of a number of public, private and not for profit corporations. His corporate and securities law practice involves significant interaction and advice to companies and their boards/committees as well as auditors. He is a managing partner of Harris + Harris LLP and has owned and been an active partner/director of a number of private corporations. Mr. Harris has had significant experience reviewing financial statements of both public and private corporations.

Mr. Montemarano is Vice-President of Lakeview Homes Inc., a residential property development and construction company. Mr. Montemarano has been involved in corporate and project financing activities in real estate, and a variety of other industries. He was a director and member of the audit committee for Goldstone Resources Inc. (GRC-TSX) (formerly Ontex

Resources Ltd.) from September 1995 to December 2009. He was also a director of Leader Capital Corp. (LDR-TSX-V) from August 1998 to August 2000, a director of Foundry Holdings Corp. from 2000 to 2003 (FDY-TSX-V), and a director of Global Net Entertainment from 2000 to 2003 (GET-TSX-V).

#### **ITEM 4: AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

#### **ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in section 2.4 of the Instrument dealing with the pre-approval of non-audit services, or an exemption from the Instrument, in whole or in part, granted under Part 8 of the Instrument.

#### **ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES**

The Company has no formal policies and procedures for the engagement of non-audit services.

#### **ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)**

The aggregate fees charged to the Company by the external auditor in each of the last two fiscal years is as follows:

	<b><u>FYE 2010</u></b>	<b><u>FYE 2011</u></b>
Audit Fees for the year ended May 31, 2010	\$16,500	N/A
Audit Fees for the year ended May 31, 2011	N/A	\$18,000
Audit Related Fees	\$11,300	\$2,127
Tax Fees (preparing and filing tax returns)	N/A	N/A
All Other Fees (review of interim financial statements and attendance at board meetings)	\$2,225	\$3,150
Total Fees:	\$30,025	\$23,277

**ITEM 8: EXEMPTION**

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument which exempts venture issuers from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.