

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the year ending May 31, 2011

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Armada Data Corporation's audited consolidated financial statements for the year ended May 31, 2011 and accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars.

Additional information relating to Armada Data Corporation is filed on SEDAR, and can be viewed at www.sedar.com

Company Overview

Armada Data Corporation ("Armada" or the "Company") is an Information Services Company providing accurate and real-time data, to institutional and retail customers, through developing, owning and operating automotive pricing related web sites and providing information technology and marketing services to its clients.

Armada is a publicly traded Canadian company with its shares listed on the TSX Venture Exchange under the trading symbol ARD. The Company has been based in Mississauga, Ontario since its inception in July 1999.

The Company's operations consist of five main divisions: Insurance Services, Retail Services, Dealer Services, Information Technology Services and Advertising/Marketing Services.

The Insurance Services division derives its revenue from the sale of total-loss replacement vehicle reports to major Canadian insurance companies.

The Retail Services division derives its revenue from the sale of new car pricing data to consumers primarily through the Company's flagship website www.CarCostCanada.com as well as the reselling of new car pricing data to qualified third party vendors, such as Consumers Union/Consumer Reports.

The Dealer Services division generates revenue through the sale of new vehicle leads derived from membership sales from Car Cost Canada.

The Information Technology division derives its revenue from web site hosting, web site development, email services, online marketing, search engine optimization, technical support and network support services.

The Advertising/Marketing Services division derives its revenue from the sale of online third party website advertising, consulting fees and other new car or car business related marketing activities.

Selected Annual Information

Fiscal Year Ended	May. 31, 2011	May. 31, 2010	May. 31, 2009	May. 31, 2008
Total Revenue	\$3,061,762	\$2,946,657	\$2,157,900	\$1,732,944
Net Income before taxes	\$409,095	\$345,717	\$141,146	\$166,003
Income Taxes	\$126,321	\$56,997	NIL	NIL
Net Income after Taxes	\$282,774	\$288,720	\$141,146	\$166,003
Net Profit per share	\$0.02	\$0.02	\$0.01	\$0.01
Total Assets	\$1,969,475	\$1,564,061	\$1,184,070	\$963,555
Total Liabilities	\$280,842	\$221,805	\$180,276	\$103,571
Shareholder's Equity	\$1,688,633	\$1,342,256	\$1,003,794	\$859,984
Shareholder Dividend Paid	\$70,679	\$67,994	NIL	NIL

During the year ended May 31, 2011 Armada achieved a number of important milestones.

- The Company reported the 5th consecutive year of profitability with net income, before taxes of \$409,095 and after taxes of \$282,774 or \$0.02 per share.
- Overall revenue grew from \$2,946,657 in 2010 to \$3,061,762 or an increase of 4%.
- Insurance Services revenue increased from \$1,103,880 in 2010 to \$1,141,456 or an increase of 3%.
- Dealer Services revenue grew from \$849,642 in 2010 to \$977,400 or an increase of 15%.
- The total assets of the Company grew from \$1,564,061 in 2010 to \$1,969,475 or an increase of 26%.
- Shareholders' equity increased from \$1,342,256 in 2010 to \$1,688,633 or an increase of 26%.
- The Company claimed and received a SRED (Scientific Research and Experimental Development) government tax credit of \$54,222, net of consulting fees, for the fiscal year ending May 31, 2009.

Selected Quarterly Information

Fiscal Year	2011	2011	2011	2011	2010	2010	2010	2010
Quarter Ended	May-31 2011	Feb-28 2011	Nov-30 2010	Aug-31 2010	May-31 2010	Feb-28 2010	Nov-30 2009	Aug-31 2009
Total Revenue	855,412	753,013	711,520	743,551	741,817	707,517	750,628	746,695
Net Income (loss)	78,413	49,766	46,996	107,599	109,831	3,451	19,140	156,298
Net Profit per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

Operations

As a result of Armada's progressive operational, sales, marketing and efficiency efforts for the fiscal period, total revenue rose to a record \$3,061,762 versus \$2,946,657. A 4% increase over last year.

The Company's two largest divisions were up. Insurance Services revenue was up 3% to \$1,141,456 from \$1,103,880 last year and Dealer Services revenue was up 15% to \$977,400 from \$849,642 last year.

The Retail Services division revenue was down 16% to \$723,658 from \$861,994 last year primarily due to a more competitive online search and advertising environment and advertising spend which was down 4% to \$506,853 from \$528,417 last year. The Advertising/Marketing Services division, which derives its revenue from the sale of online third party advertising on CarCostCanada.com and TheCarMagazine.com was down 70% to \$37,217 from \$123,647 last year due to lower traffic levels and a switch to a different advertising agency, which underperformed. Subsequent to year end, the Company engaged a new agency and initial results are up significantly from the same period last year.

The Information Technology division added \$177,566 revenue, plus more importantly, lowered related expenses which had previously been outsourced and improved work flow efficiencies throughout the company.

Total net income, before taxes increased to \$409,095 compared to \$345,717. An 18% increase over last year.

Total expenses, increased to \$2,652,667 compared to \$2,600,940. A 2% increase over last year. The increase in operating expenses at 2% continues to be out-paced by the increase in revenues at 4% as efficiencies continue to improve, despite the acquisition of the IT Services division and moving to a larger location. Much of the credit for the low expense increase can be attributed to the IT Services division's focus on improving efficiencies throughout the company and the lower cost of IT related expenses after bringing them in-house. The Company also claimed and received a SRED (Scientific Research and Experimental Development) government tax credit of \$54,222, net of consulting fees, for the fiscal year ending May 31, 2009

The Company, after applying all previous year losses carried forward during the previous fiscal year, was subject to corporate income taxes this year of \$126,321 compared to \$56,997 last year, which resulted in the company recording a net profit after taxes of \$282,774 compared to \$288,720 last year.

Cash on hand decreased to \$1,074,263 at May 31, 2011 from \$1,081,165 last year.

Accounts receivable increased to \$601,902 as at May 31, 2011 from \$411,938 last year. This increase is primarily due to improved revenues during Q4 in the Insurance and Dealer Services divisions.

Accounts payable increased to \$240,842 as at May 31, 2011 from \$164,808 a year earlier. Note payable related to the IT Services acquisition was \$40,000 compared to NIL last year. Corporation income taxes payable as at May 31, 2011 were NIL as compared to \$56,997 last year.

As a result of the profit reported by the Company in 2011, the Company's retained earnings increased to \$303,106 as at May 31, 2011 compared to \$91,011 last year.

Annual Dividends totalling \$70,679 were paid out to shareholders in September of 2010 compared to \$67,994 last year.

4th Quarter Results

The quarter ending May 31, 2011 finished with the Company recording the highest 4th quarter revenue in the Company's history, of \$855,412 versus \$741,817 last year, an increase of 15%. Net income after taxes for the 4th quarter decreased to \$78,413 compared to \$109,831 last year. The decreased net income was primarily due

to increased income taxes, compared to last year where the Company was able to apply previous year losses carried forward to minimize taxes payable.

Segmented Annual Information

Revenues earned by divisions were as follows:

	2011	%	2010	%
Insurance Services	\$1,141,456	37	\$1,103,880	38
Retail Services	\$723,658	24	\$861,994	29
Dealer Services	\$977,400	32	\$849,642	29
IT Services	\$177,566	6	\$0	0
Advertising/Marketing Services	\$37,217	1	\$123,647	4
Auto Marketing Group Services	\$4,465	0	\$7,494	0
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Total Revenue	\$3,061,762	100	\$2,946,657	100

Related Party Transactions

Salaries and expenses are paid to two officers of the Company, who are also major shareholders of Lease Busters Inc. Spouses of two of the officers are employed by the Company, and are paid market value salaries. Legal fees are paid to a law firm, of which a partner is a (non-remunerating) director of the Company. All of the actual costs noted in this section are paid at fair market value in the normal course of business.

Liquidity

Based on a year-end cash position of \$1,074,263 and accounts receivable of \$601,902, no bank debt and positive cash flow, Management believes Armada is in a good position to meet all current and foreseeable financial obligations.

As the Company has begun its new fiscal year, which commenced June 1st 2011, the future of the Company appears positive. The Company is debt free and is poised, under current conditions, to continue to report profitable and sustainable bottom-line results for the coming fiscal year.

As for our competition; history has demonstrated that due to the proprietary nature of much of our data, the barrier to entry into our business remains high. To the best of management's knowledge, currently there is no other company offering both the range of products and services and the ability to deliver these products and services online operating in Canada.

Risk Management

Armada Data Corporation is subject to the risk generally associated with the operation of income-producing websites and normal course business risk. These risks include fluctuations in site traffic, sales, operating

expenses, and the risk of unavailability of further equity financing and/or funding. Other associated risks may include competition, technical constraints in further business development, and possible service interruptions.

Future accounting changes – International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional year. In February, 2010, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time; however the company has engaged a consultant to assist them in the transition and expects to file all IFRS related statements on a timely basis as required by all regulatory bodies.

Controls and Procedures

Disclosure Controls and Procedures - As at May 31, 2011, the Company’s senior management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures and concluded that they were effective.

Internal Control Over Financial Reporting - There have been no changes in the Company’s internal control over financial reporting during the year ended May 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Management believes that Armada Data Corporation, with its financial resources, is poised for significant growth as it grows its niche markets in all aspects of its Internet and traditionally based businesses.

It is expected that Management can meet these objectives regardless of economic conditions. Although a robust economy can lead to a greater number of cars sold and thus a potentially larger market opportunity for many of Armada’s divisions, a down economy has proven to have an equally positive impact as individuals, dealers and insurance companies become more cost conscious.

Proposed Acquisition of The Big & Easy Bottle Brewing Company Inc.

On August 8th, 2011 the Company announced that it entered into an agreement in principal to acquire 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 invented and has a pending patent on a unique ‘microbrewery in a bottle’, allowing 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 to be acquired by Armada will be \$857,000. For further details on the terms of the proposed acquisition, please refer to the Company’s press release dated August 8, 2011.

The closing of the transaction related to the acquisition of TBE is expected to occur during Armada's fiscal second quarter and is conditional on Armada and the shareholders of TBE entering into a share purchase agreement and shareholders agreement, and Mister Beer Inc. (as approved by Armada) entering into an employment agreement with Mr. Riedelsheimer. Armada will also commit to financing capital investments for the Mister Beer business of \$700,000 over a 36 month period and contributing \$100,000 towards marketing and business development costs for the Mister Beer business.

This acquisition expands the Company's strategy of diversifying its revenue streams and leveraging its cost-effective online marketing expertise. By combining TBE's products with Armada's financial strength and marketing strategies, management is confident this acquisition will have a positive impact on Armada's earnings moving forward.

The Armada board has approved the transaction and the transaction qualifies as an expedited transaction pursuant to TSX-V policies, and will not therefore require shareholder approval.

Costs associated with ramping up the TBE business to the point of profitability will have a negative impact on Armada's current cash reserves. Beyond the acquisition expenses, the company anticipates a total negative cash flow of approximately \$250,000 to \$300,000 from the TBE business during the initial 12 month period after the acquisition is completed.

Outlook

The Company's outlook is to continue to aggressively increase sales and deliver bottom line results to our shareholders by way of the following:

1. Build on the success of the Company's ongoing sales and marketing effort focused on increasing sales at Retail Services, Dealer Services and Advertising/Marketing Services divisions.
2. Close the TBE deal and execute a plan to grow the Mister Beer brand
3. Expand the implementation of our A.C.V. Insurance Services product offering.
4. Maintain operating expenses and achieve the economies of scales of an Internet based business.
5. Continue the expansion of third-party fee-based online advertising.
6. Sustain material levels of growth and profitability with ongoing sequential earnings growth while obtaining and achieving cost efficiencies and savings in all operations where possible.

On behalf of the Board of Directors

"Paul Timoteo"

Paul Timoteo

President and C.F.O.