

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the quarter ending February 28, 2017 – effective April 28, 2017

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Armada Data Corporation's unaudited interim consolidated financial statements for the quarter ended February 28, 2017 and accompanying notes and the Company's annual audited consolidated financial statements for the year ended May 31, 2016. The results reported herein have been prepared in accordance with International Accounting Standards, using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars.

These unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as was effective May 31, 2012, the Company's first annual IFRS reporting date. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Policies (Canadian GAAP").

The accounting policies set out below have been applied consistently to all periods presented. They have also been applied in the preparation of the opening IFRS statement of financial position as at June 1, 2010, as required by IFRS 1, First time adoption of IFRS ("IFRS 1").

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. Armada currently has a total of 17,670,265 shares outstanding. The Company has been based in Mississauga, Ontario since its inception in 1999.

On October 1, 2011, Armada acquired 90% the issued and outstanding shares of The Big & Easy Bottle Brewing Company Inc. ("TBE"). TBE owns 100% of all the issued and outstanding commons shares of Mister Beer Inc. ("MB"), a company which invented and has a patent pending on a unique "microbrewery in a bottle", allowing consumers to produce premium beer at roughly half the cost of regular beer. The production facility was closed December 31, 2014 in order to pursue a sale or other disposition of the Mister Beer business line. The assets of this division have been disposed of in fiscal year 2016.

The Company's operations consist of five main segments: Insurance Services, Retail Services, Dealer Services, Information Technology (IT) 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.

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

The Information Technology division comprises web and email hosting, online marketing, search engine optimization, technical support and network support services (for both internal purposes resulting in saving the company from the costs associated with high price IT services and external sales/services purposes).

The Advertising/Marketing Services division is made up of the sale of online third party website advertising, consulting fees and other new car or car business related marketing activities.

Mister Beer Inc. derived its revenue from the wholesale distribution sale of the Mister Beer Inc. beer-making kit. This division has been permanently closed, effective December 31, 2014

Selected Quarterly Information

Fiscal Year	2017	2017	2017	2016	2016	2016	2016	2015
Quarter Ended	Feb-28 2017	Nov-30 2016	Aug-31 2016	May-31 2016	Feb-29 2016	Nov-30 2015	Aug-31 2015	May-31 2015
Total Revenue	548,672	624,214	587,134	661,263	522,663	545,409	528,853	463,056
Comprehensive Income (Loss)	51,733	117,740	144,853	97,589	81,419	34,364	70,175	(505,629)
Comprehensive Income (Loss) per share	\$0.00	\$0.01	\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$(0.03)

The prior periods' comparative figures have been reclassified where necessary, to conform to the current period's presentation.

Operations

The Company's total sales increased by 5% in the quarter ended February 28, 2017, from \$522,663 in 2016, to \$548,672. Comprehensive income decreased from \$81,419 in the period ended February 29, 2016 to \$51,733 in the period ended February 28, 2017.

The Insurance Services division experienced a 15% increase in revenue, from \$276,217 in 2016 to \$319,012 in 2017. This is a continuing result of expanding upon existing customer relationships, mergers and acquisitions within the Canadian insurance company landscape and policy-driven mandates within insurance companies to use the Armada Insurance Services replacement value settlement protocol.

The Retail Services division revenue was down 18% to \$36,298 in 2017 from \$44,060 in 2016.

The Dealer Services division revenue decreased 9%, from \$155,525 in 2016, to \$141,195 in 2017.

The Advertising/Marketing Services division, which derives its revenue from the sale of online third party advertising on CarCostCanada.com and TheCarMagazine.com, increased from \$18,425 to \$26,200.

The Information Technology division revenue decreased 9% to \$25,967 in 2017, down from \$28,436 in 2016. IT continues to offer technical support and web site hosting to hundreds of customers, and to develop new customer relationships on a regular basis.

Total expenses before amortization increased to \$487,161, compared to \$431,183, a 13% increase over last year.

Cash on hand increased from \$209,181 as at February 29, 2016 to \$222,633 as at February 28, 2017.

Accounts receivable increased by 3%, \$335,371 as at February 28, 2017, compared to \$324,529 last year. Related party accounts receivable decreased from \$8,763 to \$5,320.

Accounts payable decreased to \$188,157 as at February 28, 2017 from \$305,619 a year earlier. Related party accounts payable decreased to \$ nil as at February 28, 2017, from \$537 last year.

The Company's deficit decreased to \$(1,236,942) as at February 28, 2017 compared to a deficit of \$(1,648,858) last year.

Related Party Transactions

Salaries and expenses are paid to an officer of the Company, who is also 50% shareholder of Lease Busters Inc. Office space is rented from Lease Busters Inc. Legal fees are paid to a law firm, of which a partner is a (non-remunerated) director of the Company. Financing was acquired from a company owned by a director of Armada Data Corporation, and interest was paid to this company on a monthly basis. All of the actual costs noted in this section are paid at fair market value in the normal course of business.

	3 months ended February 28, 2017	3 months ended February 29, 2016
Advertising	\$ 6,027	\$ 1,415
Automobile	3,600	3,600
Computer Consulting	2,750	-
Interest	2,750	6,570
Management Salaries	84,244	67,492
Professional Fees	5,400	3,518
Rent	3,000	3,000
	<u>\$ 107,771</u>	<u>\$ 85,595</u>
Amounts owing from Related Parties	\$ 5,520	\$ 8,763
Amounts owing to Related Parties	\$ -	\$ 537

Revenues earned by the divisions are as follows:

	3 months ended February 28, 2017		3 months ended February 29, 2016		year ended May 31, 2016	
Insurance Services	\$ 319,012	58%	\$ 276,217	53%	\$ 1,108,745	49%
Retail Services	36,298	6%	44,060	8%	227,038	10%
Dealer Services	141,195	26%	155,525	30%	660,540	29%
Internet Technology	25,967	5%	28,436	5%	121,289	6%
Advertising/Marketing Services	26,200	5%	18,425	4%	74,624	3%
Total revenue - Armada Data Corp	<u>548,672</u>	100%	<u>522,663</u>	100%	<u>2,192,236</u>	97%
Revenue - Mister Beer Inc.	-		-		17,578	
Less: Direct product costs/wages - Mister Beer Inc.	-		-		48,374	
Total revenue - Mister Beer Inc.	-		-		65,952	3%
Total consolidated revenue	<u>\$ 548,672</u>	100%	<u>\$ 522,663</u>	100%	<u>\$ 2,258,188</u>	100%

Liquidity

Based on a cash position of \$222,633, accounts receivable of \$335,371, and accounts payable of \$188,157, management feels that the Company is in a good position to meet all current and foreseeable financial obligations. With the closing of the Mister Beer production facility, expenses have been reduced. The other divisions of Armada are poised for revenue gains this fiscal year as a result of new project and feature launches as well as more than one significant partnership that the Insurance and Retail Service teams are working on. Management believes that the data divisions will not only remain very stable and profitable but begin to make significant inroads in new verticals that will result from our partnerships, project releases and new revenue streams.

The Retail and Dealer services division were competition-free for many years and had to re-group and re-strategize in order to prevent further erosion caused by an overly aggressive new competitor. Management expects CarCostCanada.com to start realizing market gains this fiscal year and with the overall new car market remaining poised for more growth nationally (and more specifically in the web-rich Canadian urban centres), the division plans to earn more members to enhance the new car buying process for the Canadian new car buying marketplace.

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.

Controls and Procedures

Disclosure Controls and Procedures - As at February 28, 2017, 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 quarter ended February 28, 2017 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 is taking all the measures necessary to rebound our growth trends in the "data" division, and by divesting itself of the Mister Beer division and its assets, has reduced the drain on Company finances.

It is expected that Management can meet these objectives in the "data" divisions. A robust or downward trending economy will have some impact on the future growth expectations however, "data" has historically benefited in either economic trends.

Management does not plan on issuing any dividends until further notice.

Outlook

The Company's outlook is to continue to increase sales, update and improve our data services products and services, and deliver significantly better results to our shareholders by way of the following:

1. Build on the historical success of the Company's ongoing sales and marketing efforts focused on increasing sales at Retail Services, Dealer Services and Insurance Services.
2. Exploit market awareness and demand for new vehicle pricing information and dealer referrals that result from the additional competition within that market space; by putting more emphasis on outside partners, data outsourcing and our underutilized online magazine TheCarMagazine.com
3. Continue to improve our relationships with some of the largest insurance companies in Canada and partner with some of these organizations to produce new products and services for their vast client base.
4. Maintain operating expenses and achieve the economies of scales of an Internet based business.
5. Expand third-party fee-based online advertising, by developing improved and more secure advertising methods.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer