

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the quarter ending November 30, 2017 – effective January 29, 2018

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 period ended November 30, 2017, and accompanying notes, and the Company's annual audited consolidated financial statements for the year ended May 31, 2017. 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. These accounting policies have been applied consistently to all periods presented.

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 July 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. Management made the decision to close the Mister Beer production facility and cease operations, effective December 31, 2014.

The Company's operations consisted of three main segments: Insurance Services, CarCostCanada, (combining the former Retail, Dealer and Advertising/Marketing divisions) and Information Technology (IT) Services.

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

The CarCostCanada division derives its revenue from several sources tied to the purchase of new vehicles by consumers. These sources are: the sale of new car pricing data to consumers primarily through the Company's flagship website www.CarCostCanada.com; the reselling of new car pricing data to qualified third party vendors; the sale of online third party website advertising; the sale of new vehicle customer leads to automobile dealers; and consulting fees and other new car or car business-related marketing activities. Management made the decision to combine the three divisions because revenues previously attributed to them are initially derived from the carcostcanada.com website.

The Information Technology division comprises web and email hosting, dedicated servers, technical support and network support services (for both internal use and retail sales), and the resale of software solutions from Microsoft, Dropbox, Blackberry and Webroot.

Selected Quarterly Information

| Fiscal Year | 2018 | 2018 | 2017 | 2017 | 2017 | 2017 | 2016 | 2016 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Quarter Ended | Nov-30 2017 | Aug-31 2017 | May-31 2017 | Feb-28 2017 | Nov-30 2016 | Aug-31 2016 | May-31 2016 | Feb-29 2016 |
| Total Revenue | 758,242 | 777,838 | 594,625 | 568,029 | 633,385 | 595,147 | 611,939 | 534,779 |
| Comprehensive Income(Loss) before taxes | 166,941 | 199,064 | (38,395) | 51,733 | 117,741 | 144,743 | 175,057 | 79,419 |
| Comprehensive Income per share | \$0.01 | \$0.01 | \$0.00 | \$0.00 | \$0.01 | \$0.01 | \$0.01 | \$0.00 |

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

Operations

The Company's total revenue increased by 20% in the period ended November 30, 2017 to \$758,242 from \$633,385 in the same period a year earlier. Comprehensive income increased to \$166,941 in this quarter, up 42% from \$117,741 at November 30, 2016.

The Insurance Services division experienced an increase in revenue, from \$352,177 in the three months ended November 30, 2016 to \$382,744 in 2017, or by 9%. The increase in revenue was the result of the concerted effort by the Insurance Division to process more claims faster.

The Company has combined the Retail, Dealer and Advertising/Marketing divisions into one segment, known as CarCostCanada, due to the fact that the revenues earned by these divisions comes directly or indirectly from the carcostcanada.com website, and as the Company has moved into free trial memberships, the business model for the former Retail Services Division has changed. CarCostCanada revenue was up 31% to \$311,960 from \$237,735 in 2016. An increase in dealer sales, along with the expansion into Quebec accounts for this increase in revenue.

The Information Technology division revenue increased by 46% to \$63,538 in the second quarter of fiscal 2018 ended November 30, 2017, from \$43,473 in the same quarter in fiscal 2017. IT continues to offer technical support and web site hosting to hundreds of customers, and is developing new customer relationships on a regular basis, as well as offering new services for sale.

Expenses in this second quarter of fiscal 2018 before amortization increased to \$581,435, compared to \$505,866, a 15% increase over the same period last year. After the many cost-cutting measures to reduce expenses in 2015 and 2016, the largest increase is in salaries and wages, and advertising expense is up due to new radio advertising campaigns.

Accounts receivable increased 70% to \$568,554 as at November 30, 2017, compared to \$334,324 as at November 30, 2016, mainly due to the increase in insurance claims. Related party accounts receivable decreased from \$4,166 to \$2,416.

Accounts payable increased 62%, to \$261,390 as at November 30, 2017 from \$160,950 a year earlier. Related parties accounts payable decreased to \$1,569 as at November 30, 2017, from \$ 1,894 last year. Related Party Notes Payable-current portion decreased from \$275,000 at November 30, 2016 to nil at November 30, 2017. These Notes Payable matured and were paid out in full at maturity.

As a result of the income reported by the Company in this quarter ended November 30, 2017, the Company's deficit decreased to \$(839,709) compared to \$(1,142,417) at the quarter ended November 30, 2016. Earnings per share at November 30, 2017 are \$0.01, unchanged from \$0.01 per share at November 30, 2016.

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

Related Party Transactions

Salaries and expenses are paid to a director and officer of the Company, who is also 50% shareholder of Lease Busters Inc. Legal fees are paid to a law firm, of which a partner is a (non-remunerated) director of the Company. In management's opinion, the actual costs noted in this section were paid at fair market value in the normal course of business.

Included in expenses are the following paid to directors and parties related to directors of the Company.

| | 3 months ended November 30, 2017 | 3 months ended November 30, 2016 | year ended May 31, 2017 |
|----------------------------------|---|---|------------------------------------|
| Advertising | \$ 325 | \$ 450 | \$ 5,322 |
| Automobile | 3,600 | 3,600 | 14,400 |
| Computer Consulting | 2,295 | 5,505 | 9,980 |
| Interest | - | 8,310 | 19,460 |
| Management Salaries | 75,000 | 75,000 | 330,048 |
| Professional Fees | 12,961 | 5,595 | 1,848 |
| Rent | 3,000 | 3,000 | 12,000 |
| | <u>\$ 97,181</u> | <u>\$ 101,460</u> | <u>\$ 393,058</u> |
| Amounts due from Related Parties | <u>\$ 2,416</u> | <u>\$ 4,166</u> | <u>\$ 2,442</u> |
| Amounts owing to Related Parties | <u>\$ 1,569</u> | <u>\$ 1,894</u> | <u>\$ 2,340</u> |

Segmented Quarterly Information

Revenues earned by divisions were as follows:

| | 3 months ended November 30, 2017 | % | 3 months ended November 30, 2016 | % |
|---|---|------------|---|------------|
| Insurance Services | \$ 382,744 | 50 | \$ 352,177 | 55 |
| CarCostCanada | 311,960 | 42 | 237,735 | 38 |
| IT Services | 63,538 | 8 | 43,473 | 7 |
| Total Revenue – Armada Data Corporation | <u>\$ 758,242</u> | <u>100</u> | <u>\$ 633,385</u> | <u>100</u> |

Liquidity

Based on a quarter-end cash position of \$368,231, accounts receivable of \$568,554, and accounts payable of \$261,390, the company is in a positive cash position. Armada is poised for revenue gains in fiscal 2018 as a result of new projects and feature launches as well as more than one significant partnership that the Insurance Services and CarCostCanada teams are working on. Management believes that these 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 aggressive 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.

Accounting changes – International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that significantly affected financial reporting requirements for Canadian companies. The AcSB strategic plan outlined 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 was the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date was for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 required the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011.

Controls and Procedures

Disclosure Controls and Procedures - As at November 30, 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 November 30, 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, has reduced the drain on Company finances.

Acquisition of The Big & Easy Bottle Brewing Company Inc. and Mister Beer Inc.

On October 1st, 2011 the Company 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 invented 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 acquired by Armada was \$500,000, paid as follows: (i) a convertible promissory note in the amount of \$100,000; and (ii) \$400,000 worth of Armada common shares issued at closing at an issue price of \$0.20, such that 2,000,000 share of Armada were issued. The Note was payable in monthly non-interest bearing installments of \$4,167 over a 24-month term.

The Armada Board of Directors approved this transaction and the transaction qualified as an expedited transaction pursuant to TSX-V policies, and did not therefore require shareholder approval.

Mister Beer ceased operations on December 31, 2014.

Outlook

The Company's outlook is to maintain our current growth pattern, and to continue to find new ways to leverage and monetize our new car data, our up-to-date factory incentive platform, and our customer list. The following is a short list of initiatives that Armada is building upon to add shareholder value:

1. Continue to enhance the CarCostCanada new car data, display quality and membership features and benefits.
2. Build upon the existing CarCostCanada national online and traditional marketing and awareness programs, as well as enhancing the membership registration process.
3. Forge new and sophisticated partnerships with our insurance company clients, car business suppliers, and new car marketing agencies to grow the CarCostCanada membership base.
4. Develop new first-to-the-market tools and features that will provide new car buyers with additional tools to improve their new car buying experience and relationships with their new car dealerships.
5. Continue our growth pattern in the Insurance Services division by adding additional Canadian insurance companies to our client list.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer