

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the second fiscal quarter ending November 30, 2010

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Armada Data Corporation's unaudited consolidated interim financial statements for the quarter ended November 30, 2010 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 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 six main divisions; Insurance Services, Retail Services, Dealer Services, Auto Marketing Group Services (AMGS), 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.

Auto Marketing Group Services (AMGS) derives its revenue from the administration of the www.CaaCarBuyer.ca website and the building and maintenance of the Dealer Network of 'CAA Authorized New Car Sales Centres' for the CAA (Canadian Automobile Association).

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.

During the quarter ended November 30, 2010 Armada achieved a number of important milestones.

Comparisons for the quarter are versus the same period last year

- The Company moved to a new facility allowing all divisions to be in one location
- Operating income (before amortization and stock-based compensation) increased from \$66,660 to \$76,140 or an increase of 14%.
- Operating margin (operating income as a percentage of revenue) increased from 8.9% to 10.7% or an increase of 20%.
- Net income, before taxes (after amortization and stock-based compensation) increased from \$19,140 to \$67,196 or an increase of 251%.
- Net income (after amortization, stock-based compensation and a provision for \$20,200 in taxes increased from \$19,140 to \$46,996 or an increase of 146%.
- Retained earnings increased from (\$22,271) to \$174,927.
- The total assets of the Company grew from \$1,266,564 to \$1,823,140 or an increase of 44%.
- The Company's cash position increased from \$622,639 to \$964,394 or an increase of 55%.
- The Company distributed its second annual dividend which increased from \$67,994 to \$70,679 or an increase of 4%.

Selected Quarterly Information

Fiscal Year	2011	2011	2010	2010	2010	2010	2009	2009
Quarter Ended	Nov-30 2010	Aug-31 2010	May-31 2010	Feb-28 2010	Nov-30 2009	Aug-31 2009	May-31 2009	Feb-28 2009
Total Revenue	711,520	743,551	741,817	707,517	750,628	746,695	737,955	494,907
Net Income	46,996	107,599	109,831	3,451	19,140	156,298	22,357	34,266
Net Profit per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

Operations Overview

Management is pleased to report the results of the second quarter ending November 30, 2010. The Company generated a small decrease in revenue, yet more than doubled its net income. The Company strengthened its balance sheet and is now in the strongest financial position in its history. It is anticipated that Armada will continue to experience improved results moving forward.

Revenue decreased during the quarter to \$711,520 from \$750,628 last year, a decrease of 5%.

Total operational expenses decreased to \$635,380 from \$683,968 last year, a decrease of 7%. The majority of the decrease can be attributed to lower marketing costs related to CarCostCanada.com as well as lowered commissions and investor relations expenses.

Operationally the company recorded a profit, before amortization and stock-based compensation, of \$76,140 compared to a profit, before amortization and stock-based compensation, of \$66,660 last year, an increase of 14%.

Non-cash items included amortization expenses, which decreased to \$7,223 from \$10,302 last year, a decrease of 30% and stock-based compensation expenses which decreased to \$1,721 from \$37,218 last year, a decrease of 95%.

The company recorded a profit, before taxes, after amortization and stock-based compensation, of \$67,196 compared to a profit, before taxes, after amortization and stock-based compensation of \$19,140 last year, an increase of 251%.

The company recorded a net profit after a provision for taxes of \$20,200, amortization and stock-based compensation, of \$46,996 compared to \$19,140 last year, an increase of 146%.

Based on a quarter-end cash position of \$964,394, receivables of \$555,694, total liabilities of \$289,518 and positive cash flow going forward, management feels that the Company is in a good position to meet all current and foreseeable financial obligations.

"Management has made certain critical accounting estimates pertaining to the Amortization of Capital Assets, Intangible Assets and Deferred Acquisition Costs. These critical estimates were based on the expected useful lives of the particular asset when they were acquired".

Stock options and stock-based compensation

The company has a stock-based compensation plan which is described in Note 7 of the Company's unaudited consolidated interim financial statements for the quarter ended November 30, 2010. The company uses the Canadian Institute of Chartered Accountant's handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. All stock-based awards are measured and recognized using the fair-value method as determined by the Black-Scholes option pricing model. Agent's warrants, stock options and direct awards of stock are recorded at fair value on the date of grant.

Insurance Services

Revenue from Armada Insurance Services, decreased to \$271,205 from \$299,895 last year, a decrease of 10%. For the quarter Insurance Services generated 38% of the company's revenue versus 40% last year.

The decreased revenues were primarily the result of unusually mild weather in most of Canada during the quarter, which caused total claims to be lower than normal.

The Company currently works with 26 Insurance Companies in Canada, including eight of the top ten.

The Company continues to test a newer, more automated version of the ACV service which is expected to increase the productivity and profitability of the service. The total market for the ACV service is over ten times greater than the 43r service and the Company expects to continue to increase its market share moving forward.

Retail Services

Overall revenue from Retail Services decreased to \$168,387 from \$212,316 last year, a decrease of 21%. For the quarter Retail Services generated 24% of the company's revenue versus 28% last year.

The majority of the decrease in revenue can be attributed to a reduction in marketing expenses to \$109,850 from \$158,814 last year or a decrease of 31%. Retail services gross profit increased to \$58,537 from \$53,502 last year, or an increase of 9%. Continuous refinement of the marketing plan has allowed for a very high return on investment which the Company anticipates will continue moving forward.

Dealer Services

Overall revenue from Dealer Services increased to \$223,211 from \$197,887 last year, an increase of 13%. For the quarter Dealer Services generated 32% of the company's revenue versus 26% last year.

Dealer Services generates revenue through the sale of new vehicle leads derived from members of Car Cost Canada. Additional coverage in previously underserved areas drove revenue increases despite a decrease in Retail Services.

Advertising/Marketing Services

Third party advertising revenue on CarCostCanada.com and TheCarMagazine.com decreased to \$15,993 from \$39,334 last year, a decrease of 59%. The bulk of the decrease can be attributed to the transition from the company's previous advertising agency and a new one. Although revenues generated by the new agency have been disappointing to date, the company anticipates increased revenues moving forward.

Internet Technology Services

Armada's recent acquisition established the Company's new Information Technology division. It derives its revenue from web site hosting, web site development, email services, online marketing, search engine optimization, technical support and network support services. Additional benefits include the cost-saving advantage of bringing the Company's IT expenditures in-house. During the quarter IT Services generated net revenue of \$31,827, after direct cost of sales and before salaries and other related expenses.

One of the IT Services' core goals will be to use advanced technology solutions to streamline many of the Company's current processes, which will increase efficiencies to generate higher operating margins in all divisions moving forward.

Auto Marketing Group Services (AMGS)

AMGS is derives its revenue from the administration of the www.CaaCarBuyer.ca website and the building and maintenance of the National Dealer Network of 'CAA Authorized New Car Sales Centres' for the CAA (Canadian Automobile Association). Revenues in Q2 were down to \$897 from \$1,196 last year. However, the real value in this relationship is with the credibility that the CAA brings to visitors to CarCostCanada.com. CAA members join CarCostCanada at rates almost three times greater than average visitors to the website.

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, insurance claims, 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 November 30, 2010, 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, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. For all future financial reporting periods, management intends to continue to fully comply with the new disclosure obligations.

Outlook and Investor Highlights

Armada Data continues to attain a number of important fiscal and operational achievements, which include:

- Retail Services operating profits continue to grow
- Dealer Services continues to outpace all divisions in growth
- Insurance Services is entering it's busiest time of the year
- ACV Service provides opportunity for significant revenue generation
- IT Services is expected to increase efficiencies throughout all of the Company's divisions
- Company remains debt free
- Management is focused on National sales growth, expense management and increasing profitability
- An independent audit committee and mandate remains in full force to ensure quality of corporate governance to provide shareholders the confidence they deserve

Armada Data Corporation, with its financial and human resources, is poised for continued growth as it capitalizes and 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 all of Armada's Divisions, a down economy has proven to have an equally positive impact as both individuals and insurance companies become more cost conscious.



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On behalf of the Board of Directors

"Paul Timoteo"

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