

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

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 August 31, 2011 and accompanying notes. The results reported herein have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars.

These are the company's first unaudited interim consolidated financial statements prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be 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 adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under 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"). The impact of the transition to Canadian GAAP to IFRS is explained in Note 12 on the unaudited interim consolidated financial statements.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual period that are relevant to these unaudited interim consolidated financial statements will be finalized only when the first annual IFRS audited consolidated complete interim financial statements are prepared for the year ended May 31, 2012.

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

Company Overview

Armada Data is a diversified Canadian publicly traded Information & Marketing Services Company providing data to a diverse group of corporate and retail clients. Armada also provides information technology, e-commerce and online marketing services to its clients.

The company has been able to continue to grow profitably while at the same time improve its financial position and strengthen its balance sheet. The combination of revenue and net earnings growth coupled with increasing Shareholder's equity, ample cash flow, essentially no debt and an annual shareholder dividend makes Armada poised for further growth and expansion.

Armada Data shares are listed on the TSX Venture exchange under the trading Symbol ARD. Armada currently has a total of 16,359,154 shares outstanding. 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, cloud services, 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.

Subsequent Events

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 produce premium beer at roughly half the cost of regular beer.

The aggregate purchase price for 90% of the shares of TBE to be acquired by Armada will be \$857,000 payable as follows: (i) \$238,000 cash payable on closing; (ii) a convertible promissory note in the amount of \$100,000; (iii) \$400,000 worth of Armada common shares issued at closing at an issue price of \$0.20, such that 2,000,000 shares of Armada will be issued; and (iv) assumption by Armada of \$77,000 of debt of the Mister Beer business. The Note will be payable in monthly non-interest bearing installments of \$4,167 over a 24 month term. The outstanding principal balance on the Note is convertible into share of Armada at the conversion rate of \$0.25 per share or Armada at any time during the 24 month term of the Note. The share to be issued will be subject to all applicable securities and regulatory hold periods.

The closing of the transaction related to the acquisition of TBE 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 a key employee. 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 transaction has not been completed as at August 31, 2011. The transaction was completed as at October 1, 2011.

During the quarter ended August 31, 2011 Armada achieved a number of important milestones.

Comparisons for the quarter are versus the same period last year.

- The Company reported the highest first quarter revenue in the Company's history
- Overall revenue increased to \$777,324 versus \$743,551 last year or an increase of 5%.
- Insurance Services revenue increased to \$293,656 from \$261,325 or an increase of 12%.

- Dealer Services revenue increased to \$255,532 from \$239,174 last year or an increase of 7%.
- IT Services revenue increased to \$44,649 from \$28,160 last year or an increase of 59%.
- Shareholder's equity increased to \$1,752,012 from \$1,522,186 last year or an increase of 13%.

Selected Quarterly Information

Fiscal Year	2011	2011	2011	2011	2011	2010	2010	2010
Quarter Ended	Aug-31 2011	May-31 2011	Feb-28 2011	Nov-30 2010	Aug-31 2010	May-31 2010	Feb-28 2010	Nov-30 2009
Total Revenue	777,324	855,412	753,013	711,520	743,551	741,817	707,517	750,628
Net Income (loss)	75,211	78,413	49,766	46,996	74,201	109,831	3,451	19,140
Net Profit per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

Amounts in some columns in the above chart have been adjusted to conform to IFRS.

Operations Overview

Management is pleased to report the results of the first quarter ending August 31, 2011. The Company generated the highest first quarter revenue in the company's history.

The Company is now in the strongest financial position in its history and it is anticipated that Armada will continue to experience revenue and net income growth, moving forward.

Overall revenue increased to \$777,324 versus \$743,551 last year or an increase of 5%.

Wages and Other Office expenses increased to \$656,171 from \$581,728 last year or an increase of 13%. The majority of the increase can be attributed to the costs associated with new premises, increased advertising, and an increase in professional fees.

Operationally the company recorded a profit, before corporate income taxes, of \$116,211 compared to a profit, before corporate income taxes, of \$120,211 last year, a decrease of 3%.

Non-cash items included amortization expenses, which increased to \$4,942 from \$2,563 last year (adjusted to conform to IFRS), stock-based compensation expenses which decreased to nil from \$2,229 last year, and an income tax provision of \$41,000.

The company recorded a net profit, after amortization, stock-based compensation and corporate income tax, of \$75,211 compared to \$74,201 last year, an increase of 1%.

Based on a quarter-end cash position of \$1,087,249, receivables of \$642,055, current liabilities of \$260,824, no long term debt and the continuation of positive cash flow going forward, management believe 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. 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 August 31, 2011. 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

Despite the unseasonably dry weather in most parts of Canada during the quarter, revenue for the Company's Insurance Services division increased to \$293,656 from \$261,325 last year, an increase of 12%. For the quarter Insurance Services generated 38% of the company's revenue versus 35% last year.

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

Retail Services

Overall revenue from Retail Services decreased to \$167,899 from a \$199,251 last year, a decrease of 16%. For the quarter Retail Services generated 22% of the company's revenue versus 27% last year.

Dealer Services

Despite the reduction in CarCostCanada sales, revenue from Dealer Services increased to \$255,532 from \$239,174 last year, an increase of 7%. For the quarter Dealer Services generated 33% of the company's revenue versus 32% last year.

Dealer Services generates revenue through the sale of new vehicle leads derived from members of Car Cost Canada. Typically as Retail Services revenue increases, so does Dealer Services revenue. However, due to additional coverage in previously underserved areas, dealer services now generates higher revenues than Retail Services and moving forward, is expected to continue to do so.

Advertising/Marketing Services

Third party advertising revenue on CarCostCanada.com and TheCarMagazine.com remained much the same, \$15,588 this year, and \$15,641 last year.

Information Technology Services

IT Services became Armada's newest division after the acquisition of certain assets of Cybernetfinder Corporation. The acquisition was completed on July 21, 2010. Its revenue contribution to the Company's quarterly results this year was \$44,649, compared to \$28,160 last year, an increase of 59%.

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 August 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 quarter ended August 31, 2011 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:

- The Company continues to diversify its revenue streams to ensure continued success
- Retail & Dealer Services continue to generate over 50% of revenues
- Insurance Services continue to generate the highest revenue of all divisions
- Company remains virtually debt free
- Company continues to strengthen its balance sheet
- Company assets now over \$2,000,000
- Company liabilities under \$300,000
- Company cash reserves now over \$1,100,000
- Shareholder's equity now over \$1,700,000
- Company has generated over \$450,000 of net income over the last 8 quarters
- Company continues to be one of the very few micro-cap companies to pay an annual dividend
- 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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President and C.F.O.