

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the year ending May 31, 2012

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, 2012 and accompanying notes. The results reported herein have been prepared in accordance with International Accounting Standards, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These are the Company's first annual consolidated financial statements reported under IFRS for the year ending May 31, 2012 with comparative financial information for the year ending May 31, 2011. Previously the company prepared consolidated financial statements in accordance with the 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 May 31, 2011 consolidated financial statements prepared under Canadian GAAP. The accounting policies set out in the consolidated financial statements for the year ending May 31, 2012, 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 of 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 16,559,154 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. This adds a new dimension to Armada which management believes has great potential for increasing shareholder value.

The Company's operations consist of six main segments: Insurance Services, Retail Services, Dealer Services, Information Technology (IT) Services, Advertising/Marketing Services and Mister Beer Inc.

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 comprises web and email hosting, web site development and design, 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. derives its revenue from the retail sales of the Mister Beer Inc. beer-making kit and wholesale sales of unfermented beer.

Selected Annual Information

| Fiscal Year Ended | May 31, 2012 | May 31, 2011 | May 31, 2010 | May 31, 2009 |
|---|--------------|--------------|--------------|--------------|
| Total Revenue | \$3,110,921 | \$3,061,762 | \$2,946,657 | \$2,157,900 |
| (Loss)Income before taxes | \$(621,774) | \$397,263 | \$345,717 | \$141,146 |
| Income Taxes | \$14,906 | \$126,321 | \$56,997 | NIL |
| Comprehensive (Loss) Income after Taxes | \$(636,680) | \$270,942 | \$288,720 | \$141,146 |
| Comprehensive (Loss) Income per share | \$(0.04) | \$0.02 | \$0.02 | \$0.01 |
| Total Assets | \$1,703,555 | \$1,957,643 | \$1,564,061 | \$1,184,070 |
| Total Liabilities | \$305,043 | \$280,842 | \$221,805 | \$180,276 |
| Shareholder's Equity, including Non-controlling interests | \$1,398,512 | \$1,676,801 | \$1,342,256 | \$1,003,794 |
| Dividends | \$81,796 | \$70,679 | \$67,994 | NIL |

The company's total revenue increased by 2% in 2012 from \$3,061,762 to \$3,110,921; revenue growth was expected to be closer to 10% however there were certain market factors that prevented this anticipated increase.

The Company reported a net loss of \$636,680, due to a combination of the following factors:

- The addition of two (2) significant competitors in the online new vehicle pricing and dealer referral services. The competitors have modified the CarCostCanada business model to create a similar offering that now provides new car buyers and researchers additional options to retain prior to purchasing a new vehicle.
- The insurance services group lost a significant ACV (actual cash value) account due to the client's choice to remain with a low cost vehicle valuation service as opposed to Armada's more expensive premium vehicle valuation service.

- Ongoing monthly operational losses in the Mister Beer division that were unavoidable during the transition stages of (a) becoming part of the Armada Data Corporation administrative business model and (b) researching new branding concepts, design concepts and sales directives and (c) the commencement of professional costs associated with the construction of a new brewery with production capacity of well over 10 times the current production facility.
- The Goodwill which arose on the acquisition of TBE and MB was found to be impaired by \$400,000. The new IFRS requirements state that Goodwill must be judged for Impairment on a regular & continual basis. Given the fact that the new Mister Beer production facility has not been built nor was there any outstanding sales agreements or commitments, the Goodwill was written down by \$400,000. When the production facility is built, sales order commitments are ascertained and the division is sustaining monthly earnings the Goodwill Impairment will be re-evaluated and the \$400,000 Impairment may be adjusted at that time.

Selected Quarterly Information

| Fiscal Year | 2012 | 2012 | 2012 | 2012 | 2011 | 2011 | 2011 | 2011 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Quarter Ended | May-31 2012 | Feb-28 2012 | Nov-30 2011 | Aug-31 2011 | May-31 2011 | Feb-28 2011 | Nov-30 2010 | Aug-31 2010 |
| Total Revenue | 728,164 | 742,263 | 863,170 | 777,324 | 849,359 | 772,562 | 730,337 | 763,726 |
| Comprehensive (Loss) Income | (616,539) | (94,307) | (36,412) | 75,210 | 66,580 | 49,766 | 46,996 | 107,599 |
| Comprehensive (Loss) Income per share | \$(0.04) | \$(0.01) | \$0.00 | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.01 |

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

Operations

The Retail Services division revenue was down 20% to \$581,371 from \$723,658 last year primarily due to a more competitive online search and advertising environment. The CarCostCanada team has identified the competition and has studied their models in order to formulate a strategy to reverse this sales trend and management expects to bounce back from this slide as a result of the increase in market awareness amongst new car buyers in Canada requiring the services supplied by our retail services division.

The Dealer Services division revenue decreased by 4%, from \$977,400 in 2011 to \$943,179 in 2012, due to the decrease in the Retail Services division. Revenue in this division is dependent upon revenues in the Retail division. Efficiencies undertaken in the Dealer Services division resulted in a smaller decrease in revenue that was experienced by the Retail Division.

The Advertising/Marketing Services division, which derives its revenue from the sale of online third party advertising on CarCostCanada.com and TheCarMagazine.com increased significantly from 41,682 to 94,615, or 127%, due to the increased performance by the new advertising agency retained at the beginning of fiscal year 2012.

The Information Technology division revenue increased 21% to \$214,294, up from \$177,566, and management is expecting an increase in fiscal year 2013. The increase will be as a result of new projects in development during fiscal 2013.

Income, before corporation taxes decreased to \$(621,774) compared to profit of \$397,263. The majority of the loss was a result of a \$400,000 Impairment of goodwill write-down. Management will re-evaluate this impairment regularly during fiscal 2013, to see if adjustments are warranted.

Total expenses increased to \$3,213,839 compared to \$2,647,026, a 21% increase over last year. The majority of the expenses were attributable to the Mister Beer business line and the professional fees associated with the transition of the organization, market researching and sales efforts.

Cash on hand decreased from \$1,074,263 at May 31, 2011 to \$301,596 at May 31, 2012, attributed to the acquisition of 90% interest in Mister Beer Inc. The acquisition costs, legal fees, professional fees and ongoing increases in expenses has had a significant impact on the company's cash on hand. However, management expects that this trend to be reversed within a reasonable period of time.

Accounts receivable decreased to \$397,256 as at May 31, 2012 from \$526,880 last year. This decrease is due to an improvement in collection methods and billing procedures that ensure payment in a more efficient and expeditious fashion. Related party accounts receivable decreased from \$75,022 to \$14,675; management believes that this downward trend in related party receivables will continue.

Accounts payable decreased to \$217,403 as at May 31, 2012 from \$221,476 a year earlier. Related parties accounts payable decreased to \$16,807 as at May 31, 2012, from \$19,366 last year. Notes payable related to the IT Services acquisition is NIL compared to \$40,000 last year. The Note Payable related to the Mister Beer acquisition is \$70,833 compared to NIL last year. Corporation income taxes recoverable as at May 31, 2012 are \$76,177 as compared to \$21 last year.

As a result of the loss reported by the Company in 2012, the Company's retained earnings decreased to a deficit of \$(427,202) as at May 31, 2012 compared to \$291,274 last year.

Dividends totalling \$81,796 were paid out to shareholders in September of 2011 compared to \$70,679 last year. Management does not plan on issuing any dividends until further notice.

4th Quarter Results

The quarter ending May 31, 2012 finished with the Company recording revenue of \$728,164 versus \$849,359 last year, a decrease of 14%. Comprehensive income after taxes for the 4th quarter decreased to \$(616,539) compared to \$66,580 last year. The decrease in comprehensive income was primarily due to the write down or impairment of the Goodwill on the acquisition of TBE/Mister Beer, as well as removing a refund of \$116,517 for a scientific research and experimental development tax claim.

Segmented Annual Information

Revenues earned by divisions were as follows:

| | 2012 | % | 2011 | % |
|---|-------------|-----|-------------|-----|
| Insurance Services | \$1,128,767 | 36 | \$1,141,456 | 37 |
| Retail Services | 581,371 | 19 | 723,658 | 24 |
| Dealer Services | 943,179 | 30 | \$977,400 | 32 |
| IT Services | 214,294 | 7 | \$177,566 | 6 |
| Advertising/Marketing Services | 94,615 | 3 | \$41,682 | 1 |
| Total Revenue – Armada Data Corporation | \$2,962,226 | 95 | \$3,061,762 | 100 |
| Mister Beer – Net Revenue | 148,695 | 5 | - | - |
| Total Consolidated Revenue | \$3,110,921 | 100 | \$3,061,762 | 100 |

Related Party Transactions

Salaries and expenses are paid to two officers of the Company, who are also 50% (in the aggregate) 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. A firm controlled by a (non-remunerated) director of the company has been retained for sales consulting for the Mister Beer Inc. division 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 \$301,596 and accounts receivable of \$397,256, management believes that the company will require additional funding to complete the construction of a new production facility for the Mister Beer division. Management is in discussions with the company's bank to obtain a credit facility that will assist in day-to-day operations as well as a specific facility to finance new and pre-owned brewery equipment and machinery.

As the Company has begun its new fiscal year, the future of the Company appears poised for growth and new opportunities for revenues. The Company currently has minimal debt but realizes the need for additional financing to achieve future goals of revenue increases based on the Mister Beer Inc. division's potential impact into the market place. The "data" divisions (Insurance Services, Retail Services, Dealer Services, Advertising/Marketing Services and IT Services) under current conditions fully expect to continue to report profitable results for the 2013 fiscal year and will support the Mister Beer Inc. division until it reaches the projected growth, sales and revenue objectives.

With respect to market competition, the Retail and Dealer services divisions enjoyed several years without competition. However over the past twelve months, two new automobile pricing data and dealer referral organizations entered the marketplace. The barrier to entry remains high within this industry and the new competition will initiate new demands to Armada Data Corporation's "data" products and services.

Risk Management

Armada Data Corporation is subject to the risk generally associated with the operation of income-producing websites, production of a beer-based product/kit 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 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 required the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011. The Company retained an outside consultant in 2012 to assist in the adoption of IFRS for 2012.

Controls and Procedures

Disclosure Controls and Procedures - As at May 31, 2012, 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, 2012 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 begin to realize a return on investment in the Mister Beer Inc. division as a result of a new production facility, packaging improvements, marketing and branding efforts and the opening of sales and distribution channels throughout the major markets in Canada.

It is expected that Management can meet these objectives in the “data” divisions. However, the Mister Beer Inc. division does not have enough sales history and contracts to accurately report optimistic results; the Mister Beer Inc. bottle-brew product is a unique beverage/kit within its category and has no known competition and has a current customer base to build upon in the coming months and years. A robust or downward trending economy will have some impact on the future growth expectations however, “data” has historically benefited in either economic trends and historical evidence supports increases in beer type beverages during economic downturns.

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 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 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 is 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 shares of Armada at the conversion rate of \$0.25 per share of Armada at any time during the 24 month term of the Note, should no cash payments be made. The shares to be issued will be subject to all applicable securities and regulatory hold periods.

Armada has committed 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. A portion of these commitments were exercised in fiscal 2012 and it is expected that the majority of these commitments will be expended in fiscal 2013.

The Mister Beer acquisition provides an opportunity for the Company to diversify its revenue streams and leverage a cost-effective online marketing program using our current website traffic base, our CarCostCanda.com customer base and our search engine marketing expertise to promote all our B2C divisions. By combining TBE's products with Armada's marketing strategies, management is confident this acquisition will have a positive impression on Armada's earnings moving forward.

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.

Costs associated with ramping up the Mister Beer Inc. business to the point of profitability have had a negative impact on Armada's current cash reserves. Beyond the acquisition expenses, the company anticipated a total negative cash flow of approximately \$500,000 to \$600,000 from the Mister Beer Inc. business during the initial 12 month period after the acquisition was completed.

Outlook

The Company's outlook is to continue to increase sales, update and improve our data services products and services, complete the construction of the Mister Beer Inc. production facility 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 Advertising/Marketing Services divisions.
2. Exploit the new market awareness and demand for new vehicle pricing information and dealer referrals that result from the additional competition within that market space.
3. Complete the construction of a new Mister Beer Inc. production facility that will allow our Mister Beer Inc. sales team to accept sales orders from the largest distribution channels in the country.
4. 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.
5. Maintain operating expenses and achieve the economies of scales of an Internet based business.
6. Continue the expansion of third-party fee-based online advertising.



5710 Timberlea Blvd Suite #201
Mississauga, Ontario
L4W 4W1, CANADA
Tel: 866-453-6995
Fax: 905-624-3259

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer