

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the year ending May 31, 2013

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, 2013 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").

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. 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, 2013	May 31, 2012	May 31, 2011	May 31, 2010
Total Revenue	\$2,587,922	\$3,110,921	\$3,061,762	\$2,946,657
(Loss)Income before taxes	\$(373,042)	\$(621,774)	\$397,263	\$345,717
Income Taxes	\$122,504	\$14,906	\$126,321	\$56,997
Comprehensive (Loss) Income after Taxes	\$(495,546)	\$(636,680)	\$270,842	\$288,720
Comprehensive (Loss) Income per share	\$(0.03)	\$(0.04)	\$0.02	\$0.02
Total Assets	\$1,579,219	\$1,703,555	\$1,957,643	\$1,564,061
Total Liabilities	\$627,932	\$305,043	\$280,842	\$221,805
Shareholder's Equity, including Non-controlling interests	\$951,287	\$1,398,512	\$1,676,801	\$1,342,256
Dividends	NIL	\$81,796	\$70,679	\$67,994

The Company's total revenue decreased by 17% in 2013 from \$3,110,921 to \$2,587,922

The Company reported a comprehensive loss of \$495,546, due to a combination of the following factors:

- The remaining Goodwill which resulted from the acquisition of The Big & Easy (TBE) and Mister Beer Inc (MB) was deemed to be impaired by \$372,490. The new IFRS requirements state that Goodwill must be judged for Impairment on a regular & continual basis, and as such, the Goodwill was written down to nil by \$372,490. When sales order commitments are ascertained and the division is sustaining monthly earnings, Goodwill Impairment will be re-evaluated and the Impairment may be adjusted at that time.
- The balance of the corporate losses was a result of the ongoing monthly operating losses incurred by the Mister Beer division. The losses amounted to an annualized amount of \$516,792. Despite the significant monthly operating losses, the division continued its quest to develop distributor, wholesaler and retailer and consumer awareness – all the awareness initiatives continue to add and support the new bottle brew brand and category to all potential interested parties which management firmly believes will lead the division into sustained profitability.

NOTE: Armada Data Corporation's core "data" business earned a before tax profit of \$464,737 which was allocated to absorb the ongoing operating losses sustained by Mister Beer Inc.

Selected Quarterly Information

Fiscal Year	2013	2013	2013	2013	2012	2012	2012	2012
Quarter Ended	May-31 2013	Feb-28 2013	Nov-30 2012	Aug-31 2012	May-31 2012	Feb-28 2012	Nov-30 2011	Aug-31 2011
Total Revenue	622,611	612,237	675,288	677,786	728,225	742,239	863,133	777,324
Comprehensive (Loss) Income	(519,430)	26,633	(31,503)	28,754	(604,075)	(71,441)	(36,375)	75,211
Comprehensive (Loss) Income per share	\$(0.03)	\$0.01	\$(0.01)	\$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 Insurance Services division experienced a decrease in revenue, from \$1,128,767 in 2012 to \$833,529 in 2013, or by 26%. The decrease in revenue was the final side effects of losing the ACV (Actual Cash Value) contract that Armada Insurance Services had with Aviva Insurance. The Insurance Services division experienced an increase in 43r (waiver of depreciation) total loss claims; this increase in conjunction with the improved human resources management resulted in the department being a significant contributor in the Data company's profitability (described above).

The Retail Services division revenue was down 20% to \$467,197 from \$581,371 last year primarily due to the need for a completely refreshed and updated CarCostCanada.com website. The current website was overdue for an update and certain temporary fixes, tools and pages (as well as a video) were added while the CarCostCanada sales and marketing team blueprinted the new website. The new website was scheduled to launch in fiscal 2013 but was delayed to launch in Q1 of 2014.

The Dealer Services division revenue decreased by 12%, from \$943,179 in 2012 to \$828,228 in 2013, due to the decrease in the Retail Services division. Revenue in this division is dependent upon membership sales and Wholesale Price Report "builds" within the Retail division. Efficiencies undertaken in the Dealer Services division resulted in a smaller decrease in revenue that was experienced by the Retail Division as well as the addition of new dealer partners throughout the country that reduced the number of unassigned member leads (which result when there is not a dealer within the members geographical area).

The Advertising/Marketing Services division, which derives its revenue from the sale of online third party advertising on CarCostCanada.com and TheCarMagazine.com decreased from \$94,615 to \$67,004, or 29%. This reduction was due to CarCostCanada's decision to further secure the website from ecommerce fraud, site hacking and online intruders; secure websites often do not serve ads as the ad server can occasionally be the gateway into the website by cyber hackers and cyber vandals. Armada will focus in the new fiscal year, on a mini-refresh of TheCarMagazine.com that will be able to host all the ads as well as be a referral conduit for CarCostCanada.com.

The Information Technology division revenue increased 10% to \$235,168, up from \$214,294. IT continues to seek some outside revenues while maintaining its primary role and position as the in-house development team

for Armada's B2C websites (CarCostCanada.com & MbBottleBrew.com) as well as the B2B website (Armadadatacorp.com and ArmadaInsurance.com).

The Mister Beer division's revenues are up from \$326,171 (8 months) to \$515,093 (12 months) or 58%. Direct product costs and labour increased by 102%. The total revenue for Mister Beer Inc. went from \$148,695 in 2012 to \$156,796 in 2013, an increase of 5%. The product and labour cost numbers are skewed in this comparative due to the ramp up required for the production workers, maintenance people and mechanical experts after the plant was commissioned on or about the beginning of December 2012. The direct product costs and labour costs steadily decreased as the team adjusted to the new equipment, processes and systems; product wastage was reduced significantly as well.

Armada's consolidated statement reflects a loss, before corporation taxes, of \$(373,042); this is a decrease compared to the loss of \$(621,774) in 2012. The majority of the loss was a result of a \$372,490 Impairment of Goodwill write-down and a Mister Beer operating loss of \$516,792. Management will re-evaluate this impairment during fiscal 2014, to see if adjustments are warranted.

Total expenses decreased to \$2,539,630 compared to \$3,213,839, a 21% decrease over last year. Management engaged in many cost-cutting measures to reduce expenses in 2013. The majority of the decreases in expenses were in the advertising and marketing of the CarCostCanada.com website's products and services. As management scaled back advertising and marketing expenses, the impact on sales revenues was far less than the additional expenses to generate additional website traffic to CarCost. The result of this scaling will enable CarCostCanada management to make better marketing decisions when a more efficient and updated website is launched in fiscal 2014.

Cash on hand decreased from \$397,256 at May 31, 2012 to an overdraft of \$(200,008) at May 31, 2013, attributed to the preparation and opening of the new Mister Beer Inc. brewery as well as subsidizing the monthly operating losses incurred by the Mister Beer division. Management expects that this trend to be reversed within a reasonable period of time once a major national retailer is signed on to sell the MB Bottle Brew product or, in absence of the national retailers, a sizeable increase in the number of smaller retailers as well as our online purchasing portal. The new production facility is in full operation and production is fully capable of keeping up with an increase in sales orders. However, the new production facility comes with an increase in production costs, as well as an increase in overhead costs.

Accounts receivable increased to \$398,540 as at May 31, 2013 from \$397,256 last year. Related party accounts receivable decreased from \$14,675 to \$3,277; management believes that this downward trend in related party receivables will continue until there is virtually a zero balance.

Accounts payable increased to \$311,291 as at May 31, 2013 from \$217,403 a year earlier. Related parties accounts payable decreased to \$7,983 as at May 31, 2013, from \$16,807 last year. The Note Payable related to the Mister Beer acquisition is NIL compared to \$70,833 last year. Corporation income taxes recoverable are NIL as at May 31, 2013 as compared to \$76,177 last year. Corporation income taxes payable are \$108,650 as at May 31, 2013 compared to NIL as at May 31, 2012.

As a result of the loss reported by the Company in 2013, the Company's retained earnings decreased to a deficit of \$(922,748) as at May 31, 2013 compared to a deficit of \$(427,202) last year.

No dividends were paid out to shareholders in fiscal 2013 compared to \$81,796 last year. Management does not plan on issuing any dividends until further notice.

4th Quarter Results

The quarter ending May 31, 2013 finished with the Company recording revenue of \$622,611 versus \$728,225 last year, a decrease of 14%. Loss before taxes for the 4th quarter 2013 decreased to \$(519,430) compared to \$(604,075) in 2012.

Segmented Annual Information

Revenues earned by divisions were as follows:

	2013	%	2012	%
Insurance Services	\$ 833,259	32	\$1,128,767	36
Retail Services	467,197	18	581,371	19
Dealer Services	828,228	32	\$943,179	30
IT Services	235,168	9	\$214,294	7
Advertising/Marketing Services	67,004	3	\$94,615	3
Total Revenue – Armada Data Corporation	\$2,431,126	94	\$2,962,226	95
Revenue – Mister Beer Inc.	515,093	-	326,171	-
Less: Direct product cost and wages	(358,297)	-	(177,479)	-
Total Revenue - Mister Beer Inc.	156,796	6	148,695	5
Total Consolidated Revenue	\$ 2,587,922	100	\$ 3,110,921	100

Related Party Transactions

Salaries and expenses are paid to an officer of the Company, who is also 25% shareholder of Lease Busters Inc. A spouse of an officer is employed by the Company, and is paid market value salary. Legal fees are paid to a law firm, of which a partner is a (non-remunerated) 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 bank overdraft position of \$(200,008) and accounts receivable of \$398,540, management believes that the company will remain in a debt position utilizing the current bank facility to assist in the ongoing operations of the business. The financing will allow the Mister Beer division to manage the month-to-month operating losses while the sales team continues to build up their network of distributors, wholesalers and retailers; management believes that the majority of the investment in sales has been completed by the Mister Beer sales team and it is only a matter of time before the unique bottle-brow product is embraced by a segment of the marketplace to make the division a contributing profit centre for Armada Data Corporation. 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 2014 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 but had to continuously build market awareness through aggressive and expensive online and traditional marketing campaigns. Currently there is one significant competitor to Armada's CarCostCanada.com retail and dealer services divisions; the competitor appears to re-invent its business model regularly and, as a result, it now closely resembles the proven CarCostCanada model more so today than it did 12 months ago. The competition has increased market awareness to the online new vehicle pricing industry but clearly Armada must launch our modern and updated site to stay atop in this market segment. CarCostCanada's brand new mobile site has demonstrated the need for our vehicle pricing information to be at a member's fingertips and accessible from all major smartphone devices. The barrier to entry remains high within this industry and the new competition will continue to initiate new demands on Armada Data Corporation's new vehicle pricing and dealer referral 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.

Controls and Procedures

Disclosure Controls and Procedures - As at May 31, 2013, 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, 2013 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 Company ceased paying the Note Payable after the December 2012 payment. It is the Company’s position (and the note holders have agreed) that no further payments will be made and as such, the note payable has been extinguished at May 31, 2013.

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. All of these commitments were fulfilled in fiscal 2013 as the all new Mississauga production facility was commissioned and is now producing the bottle brew product. The new MB brewery can produce 10 times more product in a single shift than the original Woodbridge, Ontario facility and management is prepared to add additional shifts when the demand for the product increases.

The Mister Beer acquisition continues to provide an excellent opportunity for the company to expand its revenue base while using the marketing strategies and captive website traffic generated by CarCostCanada and partner websites. Management is disappointed with the sales and distribution results thus far. However the MB sales team remains very confident that a national distributor signing is imminent, as early as Q1 or Q2 in fiscal 2014. The MB team secured some very significant retail chains in fiscal 2013 but the number of retailers carrying the product is still not enough to launch additional regional advertising campaigns; the team continues to work on this distribution network initiative and is confident that the network will be better developed in fiscal 2014.

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.

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 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. 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. Continue the expansion of third-party fee-based online advertising.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer