

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the year ending May 31, 2016 – effective September 19, 2016

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, 2016 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. Management made the decision to close the Mister Beer production facility and cease operations, effective December 31, 2014.

The Company's 2016 operations consisted 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.

The Dealer Services division generates revenue through the sale of new vehicle customer leads derived from membership sales from Car Cost Canada.

The Information Technology division comprises web and email hosting, online marketing, search engine optimization, technical support and network support services (for both internal use resulting in saving the company from the costs associated with high price IT services and external sales).

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. derived its revenue from the retail sales of the Mister Beer Inc. beer-making kit and wholesale sales of unfermented beer. This division operated for eight (8) months only, from June 1 to December 31, 2014, when the production facility was closed and operations ceased.

Selected Annual Information

Fiscal Year Ended	May 31, 2016	May 31, 2015	May 31, 2014	May 31, 2013
Total Revenue	\$2,258,188	\$2,008,772	\$2,260,200	\$2,587,922
Income (Loss) before taxes	\$359,015	\$(640,434)	\$(137,853)	\$(424,721)
Income Taxes	\$75,468	NIL	\$(102,289)	\$(122,504)
Comprehensive Income (Loss) after Taxes	\$283,547	\$(640,434)	\$(240,142)	\$(547,225)
Comprehensive Income (Loss) per share	\$0.02	\$(0.04)	\$(0.01)	\$(0.03)
Total Assets	\$953,751	\$730,565	\$1,256,286	\$1,579,219
Total Liabilities	\$599,493	\$659,854	\$545,141	\$627,932
Shareholder's Equity, including Non-controlling interests	\$354,258	\$70,711	\$711,145	\$951,287
Dividends	NIL	NIL	NIL	NIL

The Company's total revenue increased by 12% in 2016 from \$2,008,772 to \$2,258,188.

The Company reported comprehensive income of \$283,547, due to the following factors:

- Management's decision to close the brewing facility of Mister Beer on January 1, 2015 – the combination of no expenses for this division and disposal of its remaining assets meant that Mister Beer no longer had a negative financial impact on the Company.
- A sub-tenant was found for the brewing facility on November 1, 2015, to offset the rent expense of the lease obligation for these premises, and the Company is no longer responsible for utility, insurance and maintenance expenses for the same premises.
- Insurance claims increased drastically in May 2016 due to the Fort McMurray fires, and as a result, the insurance division revenue increased, which has carried over into June 2016 for fiscal 2017.

Selected Quarterly Information

Fiscal Year	2016	2016	2016	2016	2015	2015	2015	2015
Quarter Ended	May-31 2016	Feb-29 2016	Nov-30 2015	Aug-31 2015	May-31 2015	Feb-28 2015	Nov-30 2014	Aug-31 2014
Total Revenue	661,263	522,663	545,409	528,853	463,056	466,797	526,884	552,035
Comprehensive Income (Loss)	97,589	81,419	34,364	70,175	(505,629)	(52,028)	(71,214)	(11,563)
Comprehensive Income (Loss) per share	\$0.02	\$0.00	\$0.00	\$0.00	\$(0.03)	\$0.00	\$0.00	\$0.00

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

Operations

The Insurance Services division experienced an increase in revenue, from \$909,656 in 2015 to \$1,108,745 in 2016, or by 22%. The increase in revenue was the result of fires in Fort McMurray, Alberta in May 2016, which resulted in an unusually high number of claims processed.

The Retail Services division revenue was down 30% to \$227,038 from \$323,012. The new CarCostCanada.com website and a new French-language site devoted to the Quebec market were not effective enough to stop the steady decline of membership revenues due to a competitor providing a similar service. Membership overall remained steady as a result of regular promotions and management decided to uphold a discounted membership fee to not lose further market share.

The Dealer Services division revenue decreased from \$695,017 in 2015 to \$660,540 in 2016. Despite the larger decrease in membership sales, which drive the dealer lead generation program, and some manufacturer intervention on the part of an automaker that discourages their dealer-body from participating in any type of third-party lead generation program, this division managed to keep the reduction in revenue to 5%.

The Advertising/Marketing Services division, which derives its revenue from the sale of online third party advertising on CarCostCanada.com and TheCarMagazine.com increased from \$12,251 to \$74,624. Management was successful in their efforts to search out additional sources of revenue in this division.

The Information Technology division revenue decreased by 5% to \$121,289 in 2016, from \$127,649 in 2015. 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.

The Mister Beer division's revenues were down from \$107,790 to \$17,578 or 84%. Direct product costs and labour decreased by 129%, from \$166,603 to \$(48,374). The net revenue for Mister Beer Inc. went from \$(58,813) in 2015 to \$65,952 in 2016. Management made the decision to close this division and production facility effective January 1, 2015. On August 31, 2015, the plant equipment was sold for \$45,000, and on November 1, 2015, a new sub-tenant took over the premises originally leased for the brewery.

Armada's consolidated statement reflects income this year, before corporation income taxes, of \$359,015, compared to the loss before corporation income taxes of \$(640,434) in 2015. Corporation income tax expense is \$75,468 in 2016, compared to nil in 2015.

Total expenses before amortization decreased to \$1,857,802 compared to \$2,137,421, a 13% decrease over last year. Management engaged in many cost-cutting measures to reduce expenses in 2016, including reductions in advertising, management salaries, computer consulting and rent.

Accounts receivable increased to \$417,171 as at May 31, 2016 from \$267,182 last year, a result of the increase in Insurance Services revenue. Related party accounts receivable increased from \$3,493 to \$3,780.

Accounts payable decreased 2%, to \$250,001 as at May 31, 2016 from \$254,762 a year earlier. Related parties accounts payable decreased to \$537 as at May 31, 2016, from \$1,469 last year. Corporation income taxes payables are \$42,955 as at May 31, 2016 compared to \$110,623 as at May 31, 2015. Related Party Notes Payable-current portion increased from 212,000 at May 31, 2015 to \$281,000 at May 31, 2016, and Related Party Notes Payable – long term portion went from \$81,000 at May 31, 2015 to nil at May 31, 2016.

As a result of the income reported by the Company in 2016, the Company's deficit decreased to \$(1,551,269) as at May 31, 2016 compared to \$(1,834,816) the prior year. Earnings per share at May 31, 2016 are \$0.02 versus \$(0.04) per share at May 31, 2015.

No dividends were paid out to shareholders in fiscal 2016 or fiscal 2015. Management does not plan on issuing any dividends until further notice.

4th Quarter Results

The quarter ending May 31, 2016 finished with the Company recording revenue of \$661,263 versus \$463,056 last year, an increase of 43%. Income before taxes for the 4th quarter of 2016 is \$97,589, compared to \$(505,629) in 2015.

Segmented Annual Information

Revenues earned by divisions were as follows:

	2016	%	2015	%
Insurance Services	\$1,108,745	49	\$ 909,656	46
Retail Services	227,038	10	323,012	16
Dealer Services	660,540	29	695,017	35
IT Services	121,289	6	127,649	6
Advertising/Marketing Services	74,624	3	12,251	-
Total Revenue – Armada Data Corporation	\$2,192,236	97	\$2,067,585	103
Revenue – Mister Beer Inc.	17,578	-	107,790	-
Less: Direct product cost and wages	48,374	-	(166,603)	-
Total Revenue - Mister Beer Inc.	65,952	3	(58,813)	(3)
Total Consolidated Revenue	\$ 2,258,188	100	\$ 2,008,772	100

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. The Company obtained financing from a private company controlled by a director and officer 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.

Liquidity

Based on a year-end cash position of \$231,242, accounts receivable of \$417,171, accounts payable of \$250,001, and current notes payable of \$281,000, management believes that the company will remain in a debt position utilizing private financing to assist in ongoing operations of the Company. By closing the Mister Beer division,

management has reduced overall expenses and commitments. The other divisions of Armada are poised for revenue gains this fiscal year as a result of new project and feature launches as well as more than one significant partnership that the Insurance and Retail Service teams are working on. Management believes that the data 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 May 31, 2016, 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, 2016 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 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 Insurance Services.
2. Exploit market awareness and demand for new vehicle pricing information and dealer referrals that result from the additional competition within that market space; by putting more emphasis on outside partners, data outsourcing and our underutilized online magazine TheCarMagazine.com
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. Expand third-party fee-based online advertising, by developing improved and more secure advertising methods.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer