

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

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, 2013 and accompanying notes and the Company's annual audited consolidated financial statements for the year ended May 31, 2013. 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 unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as was 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 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").

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 & Marketing 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's information and marketing experience has enabled the company to leverage that experience into the beverage industry by acquiring Mister Beer Inc.

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 Oct 1, 2011, Armada acquired 90% of the issued and outstanding shares of The Big & Easy Bottle Brewing Company Inc. ("TBE"). TBE owns 100% of all the issued and outstanding common shares of Mister Beer Inc. ("MB"), a company which invented and has a patent pending on a unique "microbrewery in a bottle" or more specifically, "bottle-brew". This new beer category (bottle-brew) allows consumers to produce/brew premium beer at home at roughly half the cost of regular premium or imported beers. This acquisition and business line adds a new dimension to Armada which management believes has potential for increasing shareholder value.

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

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, internal 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 priced IT services, and external sales/service).

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 wholesale distribution sale of the Mister Beer Inc. beer-making kit and wholesale sales of unfermented beer.

Selected Quarterly Information

| Fiscal Year | 2014 | 2013 | 2013 | 2013 | 2013 | 2012 | 2012 | 2012 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Quarter Ended | Aug-31 2013 | May-31 2013 | Feb-28 2013 | Nov-30 2012 | Aug-31 2012 | May 31 2012 | Feb-28 2012 | Nov-30 2011 |
| Total Revenue | 702,542 | 622,611 | 612,237 | 675,288 | 677,786 | 728,225 | 742,239 | 863,133 |
| Comprehensive Income (Loss) | 154,941 | (519,430) | 26,633 | (31,503) | 28,754 | (604,075) | (71,441) | (36,375) |
| Comprehensive (Loss) Income per share | \$0.01 | \$(0.03) | \$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 period's presentation.

Operations

August 31, 2013 revenue increased to \$702,542 versus \$678,786 at August 31, 2012 or an increase of 3%.

Wages and other office expenses decreased to \$519,449 from \$647,650 at August 31, 2012 or a decrease of 20%. Management is committed to keeping expenses controlled during periods of change, therefore the decrease in expenses is greater than the decrease in revenue.

The Company recorded comprehensive income before corporate income tax provision, of \$154,941 compared to \$28,754 last year, an increase of 439%. This change is a direct result of the reduction of divisional expenses offsetting the divisional loss in the Mister Beer Inc. operations and the increase in revenue in the Insurance Services division.

Amortization expense increased to \$39,378 from \$14,829 last year, due to the capital expenditures the Company has invested in for the Mister Beer Inc. division's new brewery facility.

The Insurance Services division revenue increased to \$284,400 from \$193,490, or by 47%. Insurance Services contributed 40% of the Company's total revenue this quarter, compared to 29% for the quarter ended August 31,

2012. July 2013 saw the busiest month in the Company's history for this division, due to the unusual flooding in Alberta and Ontario.

The Retail Services division revenue remained unchanged at \$123,482 from \$123,753 last year. The Company launched the division's updated website during this quarter and the announcements of new value-add partnerships. The Retail Services division contributed 18% of the Company's total revenue, remaining the same as the prior year's quarter.

The Dealer Services division revenue decreased by 11% (to \$205,512 from \$230,564) from the prior year's quarter. The continuation of efficiencies undertaken by management has ensured that this decrease is more than matched by decreases in expenses. Management expects additional revenues within this department as a result of new revenue opportunities being market tested. The Dealer Services division's contribution of 29% to the Company's total revenue is a decrease over last year's contribution of 34%.

The Internet Technology division revenue decreased by 40%, from \$58,329 to \$35,090. The division's focus has been redirected to the internal needs of the organization as opposed to outside projects. There are several new technological trends within this sector and management is committed to ensuring that all of Armada's divisions keep pace with the market to the best of their ability. The IT division contributed 5% of the corporate quarterly revenue; a decrease over the 9% contribution in the prior year's quarter.

The Advertising/Marketing division decreased to \$7,466 from \$22,420, a decrease of 67%. The contribution to total revenue has decreased from 3% in the prior year's quarter; the division now brings in 1% of the corporate revenues.

The Mister Beer Inc. division had gross sales of \$108,626, less \$62,034 of direct costs and labour, to report net revenues of \$46,592, compared to gross sales of \$119,745 less \$69,515 direct costs and labour resulting in net revenue of \$50,230 in the quarter ended August 31, 2012. Mister Beer Inc. contributed 7% to the Company's total revenue, compared to 7% from the previous year's quarter. Inventory on hand increased to \$70,079 at August 31, 2013 from \$29,595 at August 31, 2012.

Cash on hand decreased from \$230,272 at August 31, 2012 to an overdraft of \$(134,783) at August 31, 2013. This cash on hand reduction is directly attributed to the acquisition of 90% interest in TBE/Mister Beer Inc. In addition, capital investments in the new Mister Beer Inc. brewery have had and will continue to have significant impact on the Company's cash on hand. The Company has obtained a credit facility from its bank to assist in day-to-day operations.

Accounts receivable increased from \$431,394 in the prior year's quarter to \$487,518 in the quarter ended August 31, 2013. Related party Accounts Receivable increased to \$4,719 from \$2,348.

Accounts payable decreased to \$252,587 from \$262,233. Related party Accounts Payables decreased from \$14,572 to \$6,547. The Note payable related to the TBE/Mister Beer Inc. acquisition is \$Nil, compared to \$58,334 last year.

As a result of the comprehensive loss reported by the Company for fiscal 2013 and comprehensive income for this first quarter of 2014, the retained earnings are a deficit of \$(767,807), as compared to retained earnings of a deficit of \$(398,448) at August 31, 2012.

Revenues earned by division were as follows:

| | 3 months ended August 31, 2013 | | 3 months ended August 31, 2012 | | year ended May 31, 2013 | |
|----------------------------------|-----------------------------------|------|-----------------------------------|------|----------------------------|------|
| Insurance Services | \$ 284,400 | 40% | \$ 193,490 | 29% | \$ 833,529 | 32% |
| Retail Services | 123,482 | 18% | 123,753 | 18% | 467,197 | 18% |
| Dealer Services | 205,512 | 29% | 230,564 | 34% | 828,228 | 32% |
| Internet Technology | 35,090 | 5% | 58,329 | 9% | 235,168 | 9% |
| Advertising/Marketing | 7,466 | 1% | 22,420 | 3% | 67,004 | 3% |
| | <u>655,950</u> | 93% | <u>628,556</u> | 93% | <u>2,431,126</u> | 94% |
| Revenue-Mister Beer Inc. | \$ 108,626 | | 119,745 | | 515,093 | |
| Less: Direct product costs/wages | <u>(62,034)</u> | | <u>(69,515)</u> | | <u>(358,297)</u> | |
| Net revenue Mister Beer Inc. | <u>46,592</u> | 7% | <u>50,230</u> | 7% | <u>156,796</u> | 6% |
| Total consolidated revenue | <u>\$ 702,542</u> | 100% | <u>\$ 678,786</u> | 100% | <u>\$ 2,587,922</u> | 100% |

Related Party Transactions

Salary and expenses are paid to an officer of the Company, who is also a director and 25% shareholder of Lease Busters Inc. A spouse of an officer is employed by the Company, and is paid a 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 bank indebtedness of (\$134,783) and accounts receivable of \$487,518, 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 Company 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 balance of this 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. Currently there is one significant competitor to the Company's CarCostCanada.com website. This competition has increased market awareness to the online new vehicle pricing industry, which necessitated the launching of the updated and refreshed CarCostCanada.com site. The new mobile CarCostCanada.com website has made our vehicle pricing information available on all major smartphone devices. The barrier to entry remains high within this industry and the 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.

Controls and Procedures

Disclosure Controls and Procedures - As at August 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 quarter ended August 31, 2013 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.

Management has made certain critical accounting estimates pertaining to the Amortization of Capital Assets. These critical estimates were based on the expected useful lives of the particular asset when they were acquired. Management also 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. The Mister Beer Inc. division does not have enough supportive 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.

Outlook

The company's outlook is 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 the 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 addition 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 operation expenses and achieve the economies of scale of an Internet based business.

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

Armada Data Corporation is poised and preparing for new levels of growth as it capitalizes and grows in the existing markets and begins to realize the potential of being a part of Canada's beer market.

It is expected that Management can meet these objectives regardless of economic conditions.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews

Chief Executive Officer