

MANAGEMENT'S DISCUSSION AND ANALYSIS of Financial Position and Operating Results for the quarter ending August 31, 2017 – effective October 26, 2017

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 period ended August 31, 2017, and accompanying notes, and the Company's annual audited consolidated financial statements for the year ended May 31, 2017. The results reported herein have been prepared in accordance with International Accounting Standards, 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. These accounting policies have been applied consistently to all periods presented.

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 operations consisted of three main segments: Insurance Services, CarCostCanada, (combining the former Retail, Dealer and Advertising/Marketing divisions) and Information Technology (IT) Services.

The Insurance Services division derives its revenue from the sale of total-loss replacement vehicle reports to major Canadian insurance companies.

The CarCostCanada division derives its revenue from several sources tied to the purchase of new vehicles by consumers. These sources are: the sale of new car pricing data to consumers primarily through the Company's flagship website www.CarCostCanada.com; the reselling of new car pricing data to qualified third party vendors; the sale of online third party website advertising; the sale of new vehicle customer leads to automobile dealers; and consulting fees and other new car or car business-related marketing activities. Management made the decision to combine the three divisions because revenues previously attributed to them are initially derived from the carcostcanada.com website.

The Information Technology division comprises web and email hosting, dedicated servers, technical support and network support services (for both internal use and retail sales), and the resale of software solutions from Microsoft, Dropbox, Blackberry and Webroot.

Selected Quarterly Information

Fiscal Year	2018	2017	2017	2017	2017	2016	2016	2016
Quarter Ended	Aug-31 2017	May-31 2017	Feb-28 2017	Nov-30 2016	Aug-31 2016	May-31 2016	Feb-29 2016	Nov-30 2015
Total Revenue	777,838	594,625	568,029	633,385	595,147	611,939	534,779	558,736
Comprehensive Income(Loss) before taxes	199,064	(38,395)	51,733	117,740	144,743	175,057	79,419	34,364
Comprehensive Income per share	\$0.01	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.00	\$0.00

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

Operations

The Company's total revenue increased by 31% in the period ended August 31, 2017 to \$777,838 from \$595,147 in the same period a year earlier. Comprehensive income increased to \$199,064 in this quarter, up 38% from \$144,743 at August 31, 2016.

The Insurance Services division experienced an increase in revenue, from \$316,525 in the three months ended August 31, 2016 to \$359,470 in 2017, or by 14%. The increase in revenue was the result of the concerted effort by the Insurance Division to process more claims faster.

The Company has combined the Retail, Dealer and Advertising/Marketing divisions into one segment, known as CarCostCanada, due to the fact that the revenues earned by these divisions comes directly or indirectly from the carcostcanada.com website, and as the Company has moved into free trial memberships, the business model for the former Retail Services Division has changed. CarCostCanada revenue was up 45% to \$345,791 from \$238,599 in 2016. An increase in dealer sales, along with the expansion into Quebec accounts for this increase in revenue.

The Information Technology division revenue increased by 81% to \$72,577 in the first quarter of fiscal 2018 ended August 31, 2017, from \$40,023 in the same quarter in fiscal 2017. 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.

Expenses in this first quarter of fiscal 2018 before amortization increased to \$568,908 compared to \$440,626, a 29% increase over the same period last year. After the many cost-cutting measures to reduce expenses in 2015 and 2016, the largest increase is in salaries and wages, and advertising expense is up due to new radio advertising campaigns.

Accounts receivable increased 2% to \$510,299 as at August 31, 2017, compared to \$498,019 as at August 31, 2016. Related party accounts receivable decreased from \$6,340 to \$3,508.

Accounts payable increased 65%, to \$339,317 as at August 31, 2017 from \$205,680 a year earlier. Related parties accounts payable increased to \$1,964 as at August 31, 2017, from \$ nil last year. Related Party Notes Payable-current portion decreased from \$278,000 at August 31, 2016 to nil at August 31, 2017. These Notes Payable matured and were paid out in full at maturity.

As a result of the income reported by the Company in this quarter ended August 31, 2017, the Company's deficit decreased to \$(1,007,480) compared to \$(1,260,984) at the quarter ended August 31, 2016. Earnings per share at August 31, 2017 are \$0.01, unchanged from \$0.01 per share at August 31, 2016.

Management does not plan on issuing any dividends until further notice.

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. In management's opinion, the actual costs noted in this section were paid at fair market value in the normal course of business.

Included in expenses are the following paid to directors and parties related to directors of the Company.

	3 months ended August 31, 2017	3 months ended August 31, 2016	year ended May 31, 2017
Advertising	\$ -	\$ 2,225	\$ 5,322
Automobile	3,600	3,600	14,400
Computer Consulting	2,170	-	9,980
Interest	-	8,400	19,460
Management Salaries	75,000	75,000	330,048
Professional Fees	5,400	5,472	1,848
Rent	3,000	3,000	12,000
	<u>\$ 89,170</u>	<u>\$ 97,697</u>	<u>\$ 393,058</u>
Amounts due from Related Parties	<u>\$ 3,508</u>	<u>\$ 6,340</u>	<u>\$ 2,442</u>
Amounts owing to Related Parties	<u>\$ 1,964</u>	<u>\$ -</u>	<u>\$ 2,340</u>

Segmented Quarterly Information

Revenues earned by divisions were as follows:

	3 month ended August 31, 2017	%	3 months ended August 31, 2016	%
Insurance Services	\$ 359,470	46	\$ 316,525	53
CarCostCanada	345,791	45	238,599	40
IT Services	72,577	9	40,023	7
Total Revenue – Armada Data Corporation	<u>\$ 777,838</u>	<u>100</u>	<u>\$595,147</u>	<u>100</u>

Liquidity

Based on a quarter-end cash position of \$323,496, accounts receivable of \$510,299, and accounts payable of \$339,317, the company is in a positive cash position. Armada is poised for revenue gains in fiscal 2018 as a result of new projects and feature launches as well as more than one significant partnership that the Insurance Services and CarCostCanada teams are working on. Management believes that these 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 August 31, 2017, 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, 2017 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 maintain our current growth pattern, and to continue to find new ways to leverage and monetize our new car data, our up-to-date factory incentive platform, and our customer list. The following is a short list of initiatives that Armada is building upon to add shareholder value:

1. Continue to enhance the CarCostCanada new car data, display quality and membership features and benefits.
2. Build upon the existing CarCostCanada national online and traditional marketing and awareness programs, as well as enhancing the membership registration process.
3. Forge new and sophisticated partnerships with our insurance company clients, car business suppliers, and new car marketing agencies to grow the CarCostCanada membership base.
4. Develop new first-to-the-market tools and features that will provide new car buyers with additional tools to improve their new car buying experience and relationships with their new car dealerships.
5. Continue our growth pattern in the Insurance Services division by adding additional Canadian insurance companies to our client list.

On behalf of the Board of Directors

"R. James Matthews"

R. James Matthews
Chief Executive Officer