



# Arris Holdings Inc.

**Arris Holdings Inc.  
Management Discussion & Analysis**

Three and six months ended March 31, 2012.

**This MD&A is dated May 15, 2012**

## Management's Discussion and Analysis

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of the operations of Arris Holdings Inc. ("AHI" or the "Company") for the three and six months ended March 31, 2012.

The Company's audited financial statements for the most recent year ended September 30, 2011 ("2011 Annual Financial Statements") were prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Effective October 1, 2011 the Company adopted International Financial Reporting Standards ("IFRS") as required by the Canadian Institute of Chartered Accountants. In accordance with these requirements, the transition date (the "Transition Date") for implementation of IFRS was set at October 1, 2010. Except as otherwise noted, all amounts for prior periods reported in this MD&A have been restated or reclassified to conform to IFRS.

This MD&A should be read in conjunction with the 2011 Annual Financial statements, and the Company's condensed interim financial statements for the three and six months ended March 31, 2012 ("2012 Q2 Interim Financial Report"), which are prepared in accordance with IFRS. Financial statements of the Company are available at [www.sedar.com](http://www.sedar.com). This MD&A has been prepared effective as of May 15, 2012.

Readers can find the Company's financial statements and additional information regarding the company and its operations on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

### Forward Looking Statements

*This MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are usually preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'may', 'will', or similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on management's current expectations and involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks & Uncertainties section.*

*The Company has recently become an exploration stage company with principal business of exploration and development of mineral properties. Readers are cautioned that the Company is in the early stage of reviewing technical reports and other data pertaining to these properties and at this time cannot accurately predict what course of action will and can be taken with respect to these properties. There are risks inherent in the mining sector and, as an early stage exploration company, the Company is subject to these risks, including, but not limited to commodity prices, location of the properties, availability of qualified workers, government regulations and management expertise.*

*While we believe the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Arris Holdings Inc. has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by, or on behalf of, the Company.*

## **About Arris Holdings Inc.**

Arris Holdings Inc. was incorporated on October 30, 2009 under the Business Corporations Act (British Columbia). The common shares of the Company are currently traded on the Canadian National Stock Exchange under the Symbol AAF.

## **Overall Performance**

### Principal Business

The Company's previous principal activity was the development of its investment in marketable securities. In June 2011, the Company underwent a corporate restructuring (the "Corporate Restructuring") whereby it transferred significantly all of its investments in marketable securities to its former subsidiary, Cielo Gold Corp. Following the Corporate Restructuring, the Company has become an exploration stage company whose principal activity is the exploration and development of mineral properties.

### Proposed Business Acquisition

During the three months ended March 31, 2012, the Company executed a letter of intent (the "Letter of Intent") to acquire AlgaeCan Biotech Inc., a British Columbia company that has perfected a proprietary system to produce Astaxanthin - the microalgae based antioxidant commonly found in salmon and krill oil (the "Acquisition"). Under the terms of the Letter of Intent, the Company will issue 41,500,000 common shares to the shareholders of AlgaeCan Biotech Inc. for the Acquisition.

Subsequent to the quarter ended March 31, 2012, the Company cancelled the Letter of Intent on April 22, 2012. The Company is actively pursuing new investment opportunities and will continue to assess, explore and, if feasible, seek out further potential opportunities for the Company and its shareholders.

### Exploration and Evaluation Assets

On March 22, 2011 the Company acquired five mineral claims from Choice Gold Corp. for cash consideration of \$7,500; these claims are collectively known as the Maggie Gold Property and are located near Squamish, British Columbia. The Company also received a technical report in connection with this transaction and is currently reviewing the report with a view to determining what further action should be taken.

The Company has not started exploration on the Maggie Gold Property. During the three and six months ended March 31, 2012, management was still reviewing the Maggie Gold Property and did not incur any deferred exploration costs.

Continuity of the Company's exploration and evaluation assets can be found in Note 6 of the Company's 2012 Q2 Interim Financial Report.

## Selected Quarterly Information

The following table summarizes the results of operations for the Company's eight most recent quarters.

	Quarter Ended							
	March	December	September	June 30,	March 31,	December	September	June 30,
	31, 2012	31, 2011	30, 2011	2011	2011	31, 2010	30, 2010	2010
	\$	\$	\$	\$	\$	\$	\$	\$
	(i)	(i)	(i)	(i)	(i)	(i)	(ii)	(ii)
Total Revenue	-	-	-	-	-	-	-	-
Loss(gain) from disposition of investment	1,595	-	187,504	75,246	-	-	-	-
Loss (gain) from market value adjustment of investments	-	(12,500)	(187,504)	177,799	(25,330)	35,035	13,100	193,500
Operating expenses	31,849	17,617	39,502	31,849	39,210	27,376	47,153	20,465
Net loss	33,444	5,117	35,002	284,894	13,880	62,411	60,253	213,965
Net loss per share, basic and diluted	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01

(i) prepared in accordance with IFRS

(ii) prepared in accordance with Canadian GAAP

We expect general operating and administrative costs to remain low while AHI is a development stage company.

## Results of Operations

### For the Six Months Ended March 31, 2011 (the "Current Period")

As a development stage company, the Company has not earned any revenue since inception, and does not expect to have revenue in the foreseeable future. Loss for the Current Period was \$38,561 comparing to \$76,291 loss in the comparable period in last year. Loss in the Current Period was a combined result of a \$1,595 loss from the disposition of investments (2011-\$Nil), \$12,500 gain from market value adjustment of investment (2011- \$9,705 loss), and operating expenses of \$49,466 (2011-\$66,586).

The \$49,466 operating expenses incurred consisted mainly of \$22,500 in consulting fees (2011 - \$30,050), \$12,000 of occupancy costs (2011 - \$12,000), and \$7,175 in professional fees (2011 - \$6,275). There were no significant changes as the Company was in development stage in both periods.

The Company has classified its short-term investments as fair-value-through-profit-or-loss financial instruments. As a result, the Company is required to mark its investments to their fair values at the end of each reporting period. Unrealized loss or gain will be recorded accordingly. In addition, gain/loss from disposition of investment will be recorded when the Company sells its investments. As a result, the gain/ loss from fair value adjustment and from disposition are expected to fluctuate from quarter to quarter depends on the market value of the investments held.

The Company disposed its only investment on hand in March, 2012 and realized a loss of \$1,595. The Company did not have similar disposition in the comparative period in last year.

#### For the Three Months Ended March 31, 2012 (“2012 Q2”)

Loss for 2012 Q2 was \$33,444 (2011 Q2 – loss of \$13,880), which was a combined result of a \$1,595 loss from disposition of investment, \$ Nil of gain from market value adjustment of investments (2011 Q1– gain of \$25,330) and operating expenses of \$31,849 (2011 Q2–\$39,210).

The \$31,849 operating expenses consisted mainly of \$15,500 in consulting fees (2011 Q2 - \$15,000), \$6,000 of occupancy costs (2011 Q2 - \$6,000), and \$4,655 in professional fees (2011Q2 - \$3,175). There were no significant changes as the Company was in development stage in both periods.

The nature and fluctuation of the gain/loss in connection with the disposition and fair value adjustment of the Company’s investments in 2012 Q2 have been discussed as above.

#### **Liquidity and Capital Resources**

Financing of operations has been achieved primarily through equity financing. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they are due. As at March 31, 2012, the Company had a working capital deficiency of \$47,845. Management is reviewing different alternatives, including, but not limited to, equity financing, to provide the Company with adequate liquidity to maintain its operations in the future.

The Company did not have cash inflow (outflow) from its financing and investing activities during the three and six months period ended March 31, 2012.

AHI is an development stage company and therefore has no regular source of income. As a result, AHI's ability to conduct exploration, development, and acquisition of resource properties, is based on its ability to raise funds, primarily from equity sources, in the future.

While the Company believes it will be able to raise additional financing when required, there is no guarantee that the Company can complete equity or debt financings in the future. There are inherent risks associated with the equities market and fluctuations in this market could negatively impact the Company’s liquidity and access to capital resources. See the “Risks and Uncertainties” for further discussion of the risks the Company may have.

#### **Proposed Transactions**

There are no proposed transactions that may have material impact to the Company.

#### **Outstanding Share Data**

As at the date of this MD&A, the Company has the following shares or equities that are convertible to the Company’s share capital:

Class A Common Shares	21,583,372
2010 Series 1 Warrants	-0-
Stock Options	-0-

#### **Off-Balance Sheet Arrangements**

The company has no off-balance sheet arrangements.

## Transactions with Related Parties

Related Party	Six Months Period Ended March 31,		Description
	2011	2010	
Cabmerl Industries Ltd. <sup>1</sup>	\$ 12,000	\$ 12,000	Occupancy cost
	\$ 30,000	\$ 30,000	Consulting Fees

1. Lucky Janda, a director of the Company is also a director of Cabmerl Industries Ltd. ("Cabmerl").

On May 1, 2010, AHI entered into a lease agreement and a consulting agreement with Cabmerl Industries Ltd. The monthly rent and consulting fees are \$2,000 and \$5,000, respectively. The terms of these two agreements are not fixed and can be terminated with thirty days' notice. The transactions with Cabmerl have occurred in the normal course of operations and have been measured at exchange amounts agreed by both parties.

As at March 31, 2012, the Company's accounts payable and accrued liabilities balance included a \$75,000 payable balance owing to Cabmerl (September 30, 2011 - \$33,000). This related-party payable is un-secured and non-interest bearing.

## Critical Accounting Estimates

This section is not applicable to Venture issuers.

## Financial Instruments and Other Instruments

Refer to Notes 3(e) and 9 to the Company's unaudited interim condensed financial statements for the three months ended December 31, 2011 for details of the Company's financial instruments and the Company's management of risks in connection with financial instruments.

## Changes in Accounting Policies including Initial Adoption

The Company's comprehensive IFRS conversion plan addresses changes in accounting policies, restatement of comparative periods, organization, internal controls and any required changes to business processes. The Company believes that its accounting personnel have attained a thorough understanding of IFRS.

The Company has reviewed its accounting system, its internal controls and its disclosure control processes and believes they do not require significant modification as a result of the conversion of IFRS.

### Initial adoption of IFRS

The Company has adopted IFRS commencing October 1, 2011 with the "First-time Adoption of International Financial Reporting Standards" sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retroactively at the Transition Date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. Management is in the opinion that there are not any optional exemptions available by IFRS 1 that is applicable to the Company. Accordingly, the Company has not elected to apply any optional exemptions provided by IFRS1.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the Transition Date must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of the Transition Date are consistent with its Canadian GAAP estimates for the same date.

### Impact of IFRS Conversion

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption of IFRS will not have any material impact on the financial information previously disclosed under Canadian GAAP. Following is a summary of the impacts from IFRS conversion:

a) Impacts to statements of loss and comprehensive loss

The IFRS transition has no impact to the company's statements of loss and comprehensive loss, and statements of cash flows for the three and six months ended March 31, 2011, and for the year ended September 30, 2011.

b) Impacts to statements of financial position

Under Canadian GAAP, the Company recorded the fair value of warrants issued in private placement to the account of contributed surplus. Under IFRS, these amounts have been reclassified to a specific account "reserve: warrants". Reconciliation between Canadian GAAP and IFRS is as follows:

	<b>Canadian GAAP</b> <b>Contributed surplus</b>	<b>IFRS</b> <b>Reserve: warrants</b>
	\$	\$
<b>October 1, 2010</b>	40,000	40,000
<b>March 31, 2011</b>	Nil	Nil
<b>September 30, 2011</b>	Nil	Nil

There was no other changes/reclassification required to make to the Company's balance sheets at the above dates.

c) Impacts to statements of change in shareholders' equity (deficiency)

The adoption of IFRS did not have any impact on equity previously reported in accordance with Canadian GAAP as at October 1, 2010, March 31, 2011 and September 30, 2011 except the reclassification between contributed surplus under Canadian GAAP to reserves under IFRS as discussed in above.

### New accounting policies yet adopted

Refer to the Note 3 to 2012 Q2 Interim Financial Report.

### **Risks and Uncertainties**

Risks of the Company's business include the following:

#### New Enterprise

Our business is subject to risks inherent in the establishment of a new business enterprise, such as limited historical financial information, limited capital resources and the inability to raise additional funds when required. No commitments to provide additional funds have been made by management or other shareholders.

#### Dilution to the Existing Shareholders

The Issuer has no other capital resources other than the ability to use its common stock to raise additional capital. The issuance of additional equity securities by the Issuer could result in a significant dilution in the equity interests of existing shareholders.

#### Reliance on Management's Expertise

AHI strongly depends on the business acumen and investing expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team

could have a material adverse affect on the Issuer. AHI does not have any key person insurance in place for management. Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive.

### Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

### Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.



### Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

### Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against.

### Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of metal has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable.

Depending on the price of metal, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades

will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

#### Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

#### Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

#### Title of Properties

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

#### **Financial and Disclosure Controls and Procedures**

During the period ended December 31, 2011, there has been no significant change in the Company's internal control over financial reporting.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **Directors and Officers**

Navchand Jagpal	Director & CEO
Lucky Janda	Director
Rana Vig	Director
Jamie Lewin	Chief Financial Officer