



The following Management's Discussion and Analysis ("MD&A") for the three month and twelve month periods ended December 31, 2009 was prepared by management on February 28, 2009 for AgriMarine Holdings Inc. (formerly known as AXEA Energy Inc.) and its subsidiaries (collectively, the "Company"). This MD&A should be read in conjunction with the unaudited financial statements of the Company for the three month and twelve month periods ended December 31, 2009 and the audited financial statements of the Company for the year ended December 31, 2008, and related notes attached thereto. These statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP") and require management to make estimates and assumptions that affect amounts reported and disclosed in such financial statements and related notes. All dollar amounts in this MD&A are in Canadian dollars unless otherwise stated.

Additional information relevant to the Company is available for review on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements. While the Company may elect to, the Company does not undertake to update this information at any particular time except as required in accordance with applicable securities legislation.

Corporation Overview

AgriMarine Holdings Inc., formerly AXEA Energy Inc. ("AXEA"), together with its subsidiaries, is engaged in the development and commercialization of proprietary closed containment aquaculture technology, which can be used to rearing of salmon and other finfish in a controlled rearing water environment. The Company's technology addresses many of the environmental issues created by the present net cage rearing practices worldwide and permits the installation of fish production systems near consumer markets. Through the wholly-owned subsidiary of AgriMarine Industries Inc. ("AgriMarine Industries"), Benxi AgriMarine Industries Inc. ("Benxi AgriMarine"), the first commercial tank farm was installed in China to produce large steelhead trout and salmon.

On December 31, 2007, AXEA, a company incorporated on April 5, 2007 under the laws of British Columbia and listed on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company, entered into a share purchase agreement ("Agreement") with AgriMarine Industries to purchase all of the issued and outstanding securities of AgriMarine Industries, as its Qualifying Transaction (the "QT") under Policy 2.4 of the Exchange.



On April 15, 2009, the QT was completed and the Company's name was changed to AgriMarine Holdings Inc. The Company's fiscal year end has also been changed to March 31. Pursuant to the terms of the Agreement entered into with AgriMarine Industries and its shareholders, the Company issued 15,129,269 common shares to acquire 100% of the 45,846,265 outstanding common shares of AgriMarine Industries and issued 1,165,451 common shares to convertible debentures holders. The common shares of the Company were posted to trading under the ticker symbol "FSH" on June 3, 2009.

As a result of the transaction, the shareholders of AgriMarine Industries became the owners of a significant amount of the issued and outstanding common shares of the Company and the directors of AgriMarine became directors of the Company. Accordingly, this acquisition was accounted for as a reverse takeover transaction ("RTO"). AgriMarine, legally the Company's wholly-owned subsidiary, is considered the acquiring company and the continuing entity for accounting purposes and the transaction is accounted for as a recapitalization of the consolidated entity. The consolidated financial statements are issued under the name of the legal parent (AgriMarine Holdings Inc.), but are deemed to be a continuation of the legal subsidiary – AgriMarine Industries. Consequently, the comparative figures presented are those of AgriMarine Industries.

Company Strategy

The Company's strategy is to design, build, install and operate floating solid wall closed containment systems that allows for total control of the rearing water environment. These systems will typically produce finfish, specifically trout, salmon, tuna, yellow croaker and other species. The Company is considering joint venture opportunities worldwide. Once the technology and system are sufficiently developed, the Company will also consider licensing opportunities. The Company will continue working to develop the technology, to remain a leader in its industry and to ensure optimization of continued growth and profitability.

Overall Performance

The fourth quarter of 2009 was marked by strong and continued progress towards the Company's primary short-term goal of building out the tank farm and expanding operations at Benxi Guanmenshan reservoir, and towards the middle-term goal of investigating the potential sites for utilizing the Company's technology in China and North America. The company is planning processing facilities in Benxi County to handle local harvests from their production sites.

The Company has made significant progress as follows:

Second Tank Construction at Guanmenshan Reservoir: The construction of Guanmenshan Reservoir commenced in September of 2009 and the second of ten solid wall containment tanks is expected to be delivered and installed in the spring of 2010. The project is designed to eventually install ten - 24m diameter tanks, each containing 3,000 cubic meters of water circulated with low head pumps for the husbandry of 75,000 fish per tank, with an annual farm output of over 1,000 metric tonnes of large size sea-trout. In December, the second tank was ready to deliver from the manufacturer in Shenyang. However, due to adverse weather conditions (reservoir frozen over), the second tank will be installed in spring 2010.

The RMB 2.5million Loan from Qingdao Richen: The third tranche of RMB 2.5million (\$387,500) loan from Qingdao Richen was advanced to Benxi AgriMarine. The loan proceeds



will be used to complete a floating solid wall closed fish containment system for use at the Guanmenshan Reservoir closed containment rearing project and for general working capital.

Memorandum of Understanding ("MOU") signed with Siping City, China

In December 2009, the Company signed a MOU with Siping City in Jilin Province, China. Under the terms of the Memorandum, the Company will investigate potential fish farming site locations in flood control and power reservoirs for the purpose of developing closed containment salmon rearing operations and infrastructure facilities including feed mills and processing plants in the Siping City.

Discussion of Fourth Quarter 2009

Selected Financial Information as of December 31, 2009

	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenue	\$29,722	\$ 28,783	\$ 10,000	\$30,000
Net Loss	\$530,719	\$ 1,065,346	\$ 428,606	\$257,754
Net Loss per Share	\$ 0.02	\$ 0.04	\$ 0.04	\$0.01
Total Assets	\$ 3,370,896	\$ 2,948,697	\$ 2,081,309	\$1,268,590
Total Liabilities	\$ 4,719,761	\$ 3,878,351	\$ 3,250,167	\$2,955,600

Results of Operations

Quarter ended December 31, 2009

The net loss for the three month quarter was \$530,719 compared to \$1,065,346 in the prior quarter. On a per share basis, the net loss is \$0.02 for the quarter, versus \$0.04 in the prior quarter. Net loss for the three months ended December 31, 2008 was \$753,872.

The net loss for the quarter ended December 31, 2009 consisted of operating costs of \$467,816 versus \$887,865 in prior quarter(\$394,435 for the three months ended December 31, 2008) and interest expense of \$152,693 versus \$162,529 in previous quarter (\$39,180 for the same period in 2008), foreign exchange losses of \$10,068(\$48,961 in prior quarter and gain of \$15,270 for the same period in 2008), offset by other income of \$29,722 (\$28,783 in prior quarter, nil for same period in 2008).

Operation costs consisted of depreciation of \$8,793 versus \$9,943 in previous quarter (\$1,657 for the same period in 2008) and general and administrative expenses of \$459,022 versus \$877,922 in previous quarter (\$392,778 for the same period in 2008).

In October 2009, the Company moved 35,000 fish with a value of \$122,700 from its Middle Bay site. The purpose of disposal was to maintain the density of rearing fish to a more comfort level. Due to the size of fish, the Company could not sell them and therefore delivered them to a non profit organization as a gift. Therefore, the write-down of inventory, in the amount of \$122,700, was recognized as an expense and included in donation during the three months ended December 31, 2009 (three months ended December 31, 2008 - \$Nil.)



Exclusive of a non-cash item (, general and administrative expenses for the quarter decreased by 24% or \$108,618, to \$336,322 compared to \$444,940 in the prior quarter. The non-cash item was related to inventory write-down of \$122,700 in the three month period ended December 31, 2009.

In January 2010, FBP Capital was granted a default judgement and the Company will pay FBP Capital the sum of \$60,883 in settlement. The interest of \$15,833 was accrued in this period.

The net loss for the twelve months period was \$2,332,425 compared to \$1,323,021 in the same period in 2008. On a per share basis, the net loss was \$0.09 versus \$0.03 in 2008. The change primarily due to QT transaction, increased financing activities and increased loan liability, representing the costs associated with interest costs, professional fees, travel expense increased significantly.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

Summary of Historical Financial Information

As a result of the RTO, AgriMarine Industries is treated as the acquiring entity for accounting purposes. The following table summarizes selected financial information from the AgriMarine Industries's prior interim financial statements.

Quarter Ended	Revenue	Loss	Loss Per Share
December 31, 2009	\$ 29,722	\$ 530,719	\$ 0.02
September 30, 2009	28,783	1,065,345	0.04
June 30, 2009	10,000	428,606	0.04
March 31, 2009	30,000	257,754	0.01
December 31, 2008	30,000	753,872	0.02
September 30, 2008	30,000	199,945	0.00
June 30, 2008	30,000	257,737	0.01
March 31, 2008	30,000	111,467	0.00
December 31, 2007	90,000	103,160	0.00

Additional Selected Financial Information

	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Working Capital	(\$1,710,773)	\$ 590,819	\$300,284	(\$214,746)
Cash Flow used in operations	(\$207,204)	(\$718,886)	(\$375,404)	(\$192,020)
Cash Flow From Financing Activities	\$454,481	\$1,238,214	\$911,814	\$33,763
Cash Flow Used in Investing Activities	(\$238,650)	(\$494,646)	(\$254,434)	(\$66,411)
Total Assets	\$3,370,896	\$2,948,697	\$2,081,309	\$1,268,590
Total Liabilities	\$4,719,761	\$3,878,351	\$3,253,367	\$2,955,600
Shareholders' Deficit	(\$1,348,865)	(\$929,694)	(\$1,172,058)	(\$1,687,010)



Working Capital Requirement and Liquidity

As at December 31, 2009, current assets were \$1,956,873 (Dec.31, 2008- \$873,182), including cash of \$331,857 (Dec. 31, 2008-\$241,252), against current liabilities of \$3,667,646 (Dec.31, 2008-\$875,775), this results in a working capital deficiency of (\$1,710,773) (Dec.31, 2008-(\$2,593)). This compares to current assets of \$1,785,687 and net working capital of \$590,819 at September 30, 2009.

The working capital deficit resulted from significant increased current liabilities as the long-term loan of \$2,250,000 will be due within one year and allocated to current liabilities. The relatively high accounts payable balance of \$1,339,985 was reflective most significantly of increasing expenditures on lease site and culturing fish in Middle Bay.

Cash flows from operating activities

Cash used in operations activities during the twelve months ended December 31, 2009 was (\$1,496,727) compared to (\$645,340) in the same period of 2008, reflective again of the increased net loss from increased activity as discussed earlier in this MD&A.

Cash flows from investing activities

Cash used in investing activities was (\$1,117,498) during the twelve months ended December 31, 2009 compared to (\$506,555) in prior year, the increase of cash outflows primarily relating to the construction of Guanmenshan Reservoir project in China and purchase of production equipment.

Cash flows from financing activities

Cash provided by financing activities during the twelve months ended December 31, 2009 was \$2,704,830 compared to \$1,069,298 in the same period of 2008, the increase of cash inflow largely due to fund from non-brokered private placement completed in the third quarter, cash held from AXEA upon the completion of the QT and long term loan borrowed from Qingdao Richen.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Neither of the Company's subsidiaries has been able to provide sufficient operating revenues to cover operating costs and support expansion and, accordingly, the Company is focusing its efforts on commercializing its technology internationally.

The Company has yet to achieve sustained profitable operations and our current projects are at an early stage. We have financed our operations and technology development through equity financing. We are seeking additional equity investment through the private placement issuance of the Company's common stock in order to remedy this deficiency and provide adequate working capital for operations through the balance of the fiscal year.

Based on current budgets and internal estimates, the Company will require a significant amount of capital and there can be no assurances that the Company will be able to raise adequate short-term capital to sustain its current operations.



Commitments and Contingencies

- a) The Company has an office lease agreement expiring on January 31, 2010. Annual rent is payable at \$23,101. During the period, rental fee of the Company incurred \$28,885 (2008 – \$21,116) in rent, taxes and operating cost in connection with the lease.
- b) The Company is part of a consortium of MBSAI, MBPI and MBLP to undertake a project to demonstrate commercialize scale closed containment salmon rearing technology developed by the Company ("Project"). The Project is estimated to cost \$ 14.5 million.

In 2006, the Company entered a commercial agreement with MBSAI, MBLP and MBPI for the demonstration of the closed containment salmon rearing technology. Title and ownership of Project assets including demonstration tanks belong to MBSAI. Tanks will be leased to MBLP who has the salmon rearing license. MBLP will own the fish raised in the tanks. Tanks will be built on the premise owned by MBPI. The Company is responsible for project management, information collection, project documentation and other related tasks.

Pertaining to the Project, the Company entered into a consortium agreement in 2007 with MBSAI, MBLP, MBPI and Gordon & Betty Moore Foundation for the financial contribution of the Project. The Company is committed to fund approximately \$ 2.4 million cash or in-kind to the Project. MBLP is committed to contribute approximately \$1.1 million in-kind salmon production to the Project. Gordon & Betty Moore Foundation has contributed \$1.1 million cash. Sustainable Development Technology Canada has also signed a contribution agreement for \$ 2.36 million and advanced \$ 1.1 million to date. MBPI is committed to contribute \$1.6 million in-kind land and marine site to the Project. The agreement is done on an ongoing basis until individual participant reaches their contribution limit.

In connection with the commercial agreement, the Company acting as the General Partner for MBLP entered into a 5-year lease agreement with MBPI for the use of the Middle Bay marine site and adjacent land owned by MBPI to build facilities for researching and commercialization of closed containment salmon rearing technology. During the period, the Company incurred \$120,000 (2008 – \$60,000) in connection with this lease.

The future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$120,000
2011	\$120,000
2012	\$120,000

- c) On March 28, 2008, Benxi AgriMarine entered into a 20 year lease agreement with the Benxi Guanmenshan Reservoir Administration in China for the Company's use of two water lots and adjacent access land and buildings for the development of closed containment trout rearing farms in China. The annual rental is \$8,565 (RMB 50,000) for



each water lot and \$5,139 (RMB30, 000) for the building. During the period, the rent for the building was \$3,854 (RMB 22,500).

- d) On December 18, 2008, MBLP obtained an authorization from Department of Fisheries and Oceans Canada ("DFO") for works or undertaking affecting fish habitat. The authorization will expire on December 31, 2013. Pursuant to the Authorization, MBLP will install four tanks and one containment bag in Middle Bay fish farm site during 2009. MBLP is solely responsible for all safety and workmanship aspects of all the works and operations in the area. AgriMarine Industries acting as the general partner of MBLP issued a letter of credit to DFO in the amount of \$88,394 as a security deposit. DFO may withdraw funds against this letter of credit for any activities required but not completed by MBLP. DFO will release \$69,550 upon successful completion of partial construction of the compensatory habitat which is expected to be completed in summer 2009. The rest of \$18,844 as the monitoring and contingency fund will be released at the expired date of the authorization.

Due to the delay of the construction, DFO released \$63,394 in October 2009. Once MBLP is to resume the construction next year and move forward with the condition of the authorization, MBLP will restore the deposit.

- e) On January 15, 2009, Benxi AgriMarine, the Chinese subsidiary of the Company, signed an Asset Sales and Transfer Agreement (the "Agreement") with Benxi Trout Hatchery ("BTH"), a state owned company running a cold water fish hatchery in Benxi City, China.

Pursuant to the Agreement, Benxi AgriMarine agreed to purchase from BTH all operating assets, the land use rights and the land leasing right for 50 years. Total consideration of the purchase is RMB 7,400,000 (approx. \$1,366,780). Benxi AgriMarine has paid BTH RMB 2,800,000 (\$471,368). Pursuant to the Agreement, Benxi AgriMarine recognized \$167,425 (RMB 1,000,000) of payment as building and hatchery improvement during the period. The remaining balance of \$267,880 (RMB 1,800,000) was presented as long term prepayment. Pursuant to the same Agreement, the Company will pay BTH the balance of RMB 4,600,000 under a payment schedule with the BTH. The ownership of land will not be transferred to the Company until the entire purchase amount is paid to BTH.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as defined by applicable securities regulations in Canada at December 31, 2009 that have, or are reasonably likely to have, a current or future material effect on our results of operations or financial condition.

Related Party Transactions

Related party transactions not disclosed elsewhere in these financial statements are as follows:

	December 31, 2009	December 31, 2008
Due from MBSAI	\$ 156,120	\$ -
Due to MBPI	(\$259,699)	(\$157,691)



In September, 2007, the Company entered into a commercial lease agreement (see note 11a) with MBPI, to lease a premise owned by MBPI with a term of 5 years. An officer of MBPI is also a director and officer of the Company.

As at December 31, 2009, a balance of \$259,699 (2008- \$157,691) was owed to MBPI.

During the period, the Company provided management services for \$40,000 (2008- \$60,000) and administrative service for \$56,122 (2008- nil) to Middle Bay Sustainable Aquaculture Institute ("MBSAI"), a not for profit organization. A director of MBSAI is also a director and officer of the Company. As at December 31, 2009, the Company has \$156,120 balance owed by MBSAI (December 31, 2008 - \$nil owed by MBSAI).

During the period, the Company paid \$53,277 for the rental of shared office space to a company with common directors.

The transactions with related parties during the year are measured at the exchange amount, which is the amount of consideration established and agreed by the parties. The balances with related parties are unsecured, non-interest bearing, and due on demand.

Outstanding Securities

As at December 31, 2009, the Company has 29,719,720 common shares issued and outstanding (on an undiluted basis). In addition, the Company had 3,190,000 stock options outstanding and 11,040,468 warrants outstanding at December 31, 2009.

Subsequent Events

In February 2010, the Company entered an agreement with the lender of \$2.25 million loan. Pursuant to the agreement, the Company agreed to pay outstanding interests and fee on or before April 15, 2010.

In February 2010, the Company announced the signing of a MOU with Lax Kw'alaams First Nation, in British Columbia. Under the terms of the agreement, both parties will jointly investigate the possibility of developing closed containment cultured salmon operations utilizing the Company's closed containment rearing technology in Band territory located on the North Coast of British Columbia.

Critical Accounting Estimates

The Company considers the following policies to be most critical in understanding its financial results:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets, and commitments at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates due to factors such as



changes in economic conditions, regulatory matters and negotiations with other parties. Significant estimates include, among others, the recoverability of accounts and notes receivable.

Share-based compensation

The Company uses the fair value method of accounting for options granted under its share-based compensation plan. Share purchase options granted to employees are measured at the fair value and are charged to operations over the vesting period. Share purchase options granted to consultants are valued at the time the options vest and re-measured at the end of each reporting period for those not yet vested. The offset is credited to the contributed surplus. Cash received on the exercise of share purchase options is recorded in share capital and the related compensation included in contributed surplus is transferred to share capital to recognize the total consideration for the shares issued.

The Company uses the Black-Scholes option pricing model to calculate the fair value of share purchase options granted. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time. At the time the fair value is determined; the methodology the Company uses is based on historical information, as well as anticipated future events.

Government Grant for Capital Expenditure

Government grants for building close container system are deferred and amortized into other income the same manner as the equipment are amortized.

Changes in Accounting Policies including Initial Adoption

Changes in Accounting Policies

On January 1, 2009, the Company adopted the following new Canadian Institute of Chartered Accountants ("CICA") accounting standard and Emerging Issues Committee ("EIC") abstract.

Section 3064 Goodwill and Intangible Assets, which replaced previous guidance: The standard establishes guidelines for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to initial recognition. The standard had no impact on the Company's consolidated financial statements.

EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities: This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. Adoption of this guidance had no impact on the Company's consolidated financial statements.

Future Accounting Standards

The CICA has issued the following Handbook Sections which apply commencing with the Company's fiscal years noted below.

In January 2009, the CICA issued Section 1601 Consolidations and Section 1602 Non-controlling Interests. CICA 1601 establishes standards for the preparation of consolidated financial statements. CICA 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business



combination. These standards are applicable to interim and annual financial statements of the Company beginning on April 1, 2011. The Company is in the process of evaluating the impact of these standards.

In January 2009, the CICA issued Section 1582, Business Combinations replacing Section 1581 Business Combinations. The new section improves the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. The section is applicable to the annual and interim financial statements of the Company beginning on or April 1, 2011, with early adoption permitted. The Company is in the process of evaluating the impact of this standard.

International Financial Reporting Standards ("IFRS")

In 2006, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("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 GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after April 1, 2011. The transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments

The Company's financial instruments consist of cash, other receivable, pledge receivable, accounts payable and accrued liabilities, notes payable short-term loan and long-term loans. Unless otherwise noted, it is management's opinion the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Risks and Uncertainties

The risks and uncertainties of the Company business are described in detail in the Filing Statement in respect of the Qualifying Transaction, which has been filed in accordance with regulation and is available for public viewing at www.sedar.com. The reader is encouraged to review the Filing Statement and specifically the risks and uncertainties associated with the Company's business.