CROSSWINDS HOLDINGS INC.

Third Quarter 2014 Report to Shareholders

Three and nine months ended September 30, 2014

Crosswinds Holdings Inc. Reports Third Quarter 2014 Financial Results

Crosswinds Holdings Inc. (Crosswinds or the Company) (formerly, C.A. Bancorp Inc.) announces its financial results for the three and nine months ended September 30, 2014. Crosswinds is listed on the Toronto Stock Exchange (TSX) under the symbol “CWI”.

This management`s discussion and analysis (MD&A) relates to the Company’s International Financial Reporting Standards ("IFRS") condensed interim financial statements for part of the period to be covered by the Company`s first IFRS annual financial statements. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied. The Company’s condensed interim financial statements comply with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Company’s interim financial statements do not include all of the information required for annual financial statements. The comparative financial statements included in the Company’s interim financial statements have been restated to comply with IFRS.

Prior to January 1, 2014, the Company prepared its financial statements using Canadian generally accepted accounting principles (“GAAP” or “Canadian GAAP”) as adopted by the Chartered Professional Accountants of Canada (“CPA Canada”) under Part V of the CPA Canada Handbook - Accounting, and applied Accounting Guideline 18 – Investment Companies (AcG-18). In accordance with AcG-18, the Company accounted for all of its investments at fair value. Until March 8, 2013, the Company applied the liquidation basis of accounting. Liquidation accounting is considered appropriate when, among other things, liquidation of a company is probable and net realizable values of assets are reasonably determinable. Commencing March 8, 2013 and upon a change of control of the Company, the Company began seeking new investment opportunities. The Company discontinued the liquidation basis of accounting on such date and adopted AcG-18. With the transition to IFRS effective January 1, 2014, AcG-18 was discontinued.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

- Revenues of $534,228 compared to $1,370,038 for the same period in 2013;
- Net gain from results of investments of $654,543 compared to $2,094,830 for the same period in 2013; and
- Net earnings of $330,422 or $0.04 per share compared to $2,176,139 or $0.18 per share for the same period in 2013.

FINANCIAL POSITION AS AT SEPTEMBER 30, 2014

- Cash of $17,509,504 or $3.30 per share;
- Investments in private entities valued at $3,948,442 or $0.74 per share; and

- Net book value of $21,279,648 or $4.01 per share.[1]

This MD&A dated November 14, 2014 is presented to (i) provide readers with material information and a discussion and analysis of the operating results of the Company for the three and nine months ended September 30, 2014; and (ii) enable readers to assess material changes in the financial position of the Company as at September 30, 2014, compared with the corresponding periods in prior years. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and the notes thereto for the three and nine months ended September 30, 2014. These documents and additional information relating to the Company, including the Company's 2013 Annual Information Form (AIF) can be accessed under the Company's profile on SEDAR at www.sedar.com.

All dollar amounts in this MD&A are expressed in Canadian dollars (unless otherwise indicated) and have been primarily derived from the Company's condensed financial statements prepared in accordance with IFRS.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue", similar words or the negative thereof. These statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Factors which could cause actual results to differ materially from those set forth in the forward-looking statements include (but are not limited to): risks associated with general economic conditions, the nature and limited number of the Company's investments; the Company's dependence on management of portfolio companies; the concentration of the Company's investments; the Company's dependence on key personnel, external management and contractors; leverage of the businesses in which the Company invests; the market for the Company's securities and volatility of trading price; the trading price of the Company's shares relative to the net book value (net asset value); risks affecting the Company's investments; the need for the Company to make follow-on investments in portfolio companies; investments by the Company in private issuers and illiquid securities; joint investments with third parties; conflicts of interest; no guaranteed returns; use of investment proceeds, success of the Company's growth and investment strategies; ability to raise any required capital to implement corporate objectives; the availability of any required regulatory, shareholder or other approvals; the potential loss of investment in shares; the management of the future prospects of the Company; the ability to identify and execute suitable investment opportunities; remaining eligibility and continued qualification for current accounting treatments; shifts in target exit dates and investment rates of return for investments in private entities; tax treatment; ability to continue to meet the minimum listing requirements on the stock exchange on which the Company's shares trade, and other risks detailed from time to time in the Company's continuous disclosure documents. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Unless otherwise stated, all forward-looking statements speak only as of the date of this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

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[1] Net book value per share is a non-IFRS financial measure and is calculated as total shareholders' equity under IFRS divided by the number of common shares outstanding at period-end. See the cautionary statement regarding use of non-IFRS financial measures on page 4 of this MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT REGARDING THE VALUATION OF INVESTMENTS IN PRIVATE ENTITIES

In the absence of an active market for its investments in private entities, fair values for these investments are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transaction multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the Company's investments in private entities could be disposed of may differ from the fair value assigned and the differences could be material.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS FINANCIAL MEASURES

This MD&A makes reference to the net book value per share which is a non-IFRS financial measure. The Company calculates the net book value per share as it believes it to be an important metric that shareholders use and frequently request and refer to because shareholders often view the Company as a holding company of investments. This non-IFRS financial measure does not have any standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to a similar measure presented by other issuers. This classification is not an IFRS measure and should not be considered either in isolation of, or as a substitute for, a measure prepared in accordance with IFRS.

This MD&A is presented in the following sections:

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COMPANY

The following provides a brief overview of the Company and its operations.

Crosswinds is a publicly traded private equity firm with a focus on the insurance industry**.** The Company is focused on investments, either directly or through entities to be managed by it, in the insurance sector. The Company's shares trade on the Toronto Stock Exchange (TSX) under the symbol **CWI**. The Company changed its name from C.A. Bancorp Inc. to Crosswinds Holdings Inc. in September 2014.

As at September 30, 2014, the Company held one private equity investment in Salbro Bottle Group ("Salbro"). In January 2014, the Company completed the sale of its interests in Digital Payment Technologies Corp. (DPT) (See "Investments in Private Entities – Q1 2014 Realizations").

Current Business Strategy

The Company believes that there are many businesses (both public and private) in Canada and the United States that can benefit significantly from strategic investors who bring new capital and the experience of proven business builders to such businesses. The Company seeks opportunities to make such investments. More specifically, the Company is focused on:

1. Creating long term recurring cash flow streams (i) through the deployment of its capital in investment opportunities with growth potential and (ii) from fees earned through such investment opportunities;
2. Investing a significant component of the capital required for each opportunity, with the balance to be raised from investors, either through a new entity specific to the opportunity or through the issuance of securities of the Company;
3. Analyzing public and private operating businesses including those in the insurance business to identify (i) undervalued North American small and medium-capitalized insurance companies that can benefit from the experience and expertise of the Company's established partnerships; and (ii) successful private companies without viable succession plans or entrepreneur exit strategies; and
4. Sourcing financial investments and opportunistic situations that add value to the Company's asset management activities including in the insurance industry including (i) bankruptcy exits; (ii) legacy leveraged buy-out refinancing or restructurings and (iii) distressed securities where a pledged sponsor is in place.

The Company is currently focused on completing its previously announced joint venture with Federated National Holding Company (FNHC). See "Q3 2014 Review and Outlook - Monarch National Insurance Company".

For a more comprehensive review of the Company and its operations, please refer to the "Q3 2014 Review and Outlook" section of this MD&A and the Company's most recent AIF as updated by periodic news releases, all available under the Company's profile on SEDAR at www.sedar.com.

Q3 2014 REVIEW AND OUTLOOK

Monarch National Insurance Company

During the third quarter, in July 2014, the Company and Federated National Holding Company ("FNHC"), an insurance holding company, announced an agreement to form a new Florida-based property and casualty insurance carrier (the "Monarch Joint Venture") to be named Monarch National Insurance Company ("Monarch"). Transatlantic Reinsurance Company ("TransRe") is taking a minority position in the Joint Venture.

The Company entered into a Subscription Agreement (the "Subscription Agreement"), a copy of which is available under the Company's profile at www.sedar.com, committing USD$14 million to the Joint Venture subject to the satisfaction of a number of conditions including receipt of regulatory approvals, the entering into of the definitive agreements as described herein and completion of the closing of the subscription by December 31, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company is working to establish a majority-owned subsidiary ("Crosswinds Holdco") to make a USD$12 million equity investment in the Joint Venture. The Company has received a binding irrevocable commitment from a third party investor to fund the remaining USD$2 million investment in the Joint Venture in exchange for a proportionate minority position in Crosswinds Holdco.

Pursuant to the Subscription Agreement, the parties to the Joint Venture have organized Monarch Delaware Holdings LLC ("Monarch Parent"), which will become the indirect parent of Monarch following receipt of the approval of the Florida Office of Insurance Regulation (the "Florida OIR"). The application to establish Monarch as a licensed insurer in Florida was submitted to the Florida OIR in September 2014. Monarch Parent is expected to have an initial equity capitalization of USD$33 million. Crosswinds Holdco and FNHC are each expected to own 42.4% of Monarch Parent's equity, with capital contributions of USD$14 million each for voting interests, and TransRe will own the remaining 15.2%, with a capital contribution of USD$5 million for a non-voting interest.

The Subscription Agreement provides that, upon receipt of all required regulatory approvals from the Florida OIR and satisfaction of the other closing conditions as outlined therein, the parties will enter into the following agreements:

- Monarch Parent, Monarch National Holding Company, an intermediate holding company of Monarch ("Monarch Holding") and/or Monarch will enter into an Investment Management Agreement (the "Investment Agreement") with the Company or a newly formed wholly-owned subsidiary of the Company ("Crosswinds AUM"), pursuant to which Crosswinds AUM will manage the Monarch investment portfolio. The management fee, on an annual basis, will be 0.75% of assets under management up to $100 million; 0.50% of assets under management of more than $100 million but less than $200 million; and 0.30% of assets under management of more than $200 million. The Company has been working throughout the quarter to establish Crosswinds AUM.

- Monarch will enter into a Managing General Agent and Claims Administration Agreement (the "MGA Agreement") with Federated National Underwriters, Inc. ("FNU"), a wholly owned subsidiary of FNHC, pursuant to which FNU will provide underwriting, accounting, reinsurance placement and claims administration services to Monarch. For its services under the MGA Agreement, FNU will be entitled to receive 4% of Monarch's total written annual premium, excluding acquisition expenses payable to agents, for FNU's managing general agent services; 3.6% of Monarch's total earned annual premium for FNU's claims administration services; and a per-policy administrative fee of USD$25 for each policy underwritten for Monarch. FNHC will also receive an annual expense reimbursement for accounting and related services.

- TransRe will provide USD$5 million in senior debt to Monarch Holding. The debt will bear interest at 6% per annum, which will be payable annually; will mature in six years; and will be prepayable without penalty.

- Monarch will enter into a Reinsurance Capacity Right of First Refusal Agreement with TransRe, pursuant to which TransRe will have a right of first refusal for all quota share and excess of loss reinsurance that Monarch deems necessary in its sole discretion for so long as TransRe remains a member of Monarch Parent or the senior debt remains outstanding. Pursuant to this agreement, TransRe will have the right to provide, at market rates and terms, a maximum of 15% of any reinsurance coverage obtained by Monarch in any individual reinsurance contract.

The Limited Liability Company Agreement to be entered into upon the formation of Monarch Parent (the "LLC Agreement") will provide that it will be managed by a seven-member Board of Managers, three of whom will be designated by Crosswinds Holdco, three of whom will be designated by FNHC, and one who will be jointly selected by FNHC and Crosswinds Holdco. The LLC Agreement will provide that certain material transactions must be approved by a supermajority of the managers, including a termination or amendment of the Investment Management Agreement or the MGA Agreement. FNHC will be entitled to receive a termination fee equal to the aggregate fees paid under the MGA Agreement for the 12 calendar months prior to the date of termination, if the MGA Agreement is terminated other than for cause. The LLC Agreement will also provide the members with certain redemption, tag-along, drag-along and buy-sell rights.

The Subscription Agreement represents a commitment for a significant portion of the Company`s cash resources. During the third quarter, the Company has been sourcing additional opportunities including the possible establishment of a reinsurance entity. Subsequent to quarter end, the Company has appointed a Chief Operating Officer to work with the Chief Executive and Chief Financial Officer to achieve the execution and establishment of the Monarch initiative as well as other growth activities. The Company may add additional personnel to execute on the Monarch Joint Venture and related growth activities as the Company’s initiatives come to fruition.

Material Events year to date in 2014

The following is a summary of the Company’s material events up to September 30, 2014, updated for subsequent events to the date hereof.

First and Third Quarter 2014	**Sale of Interests in DPT** On January 31, 2014, the Company, together with the other shareholders of DPT, completed the sale of their interests in DPT to a third party pursuant to a court approved plan of arrangement resulting in a payment to Crosswinds of $9,419,450 in respect of contractual amounts that were owing under the debenture and term promissory note including related fees and interest. The Company also received approximately $5,837,515 as consideration for its common and preferred share warrants. In August 2014, the Company received an additional $661,209 representing the Company`s interest in the funds held in escrow to satisfy any claims of the DPT acquiror. In aggregate, the Company received $15,918,174 for the sale of all if its interests in DPT.
First and Second Quarter 2014	**Substantial Issuer Bid** On March 7, 2014, the Board of Directors of the Company approved a substantial issuer bid (the "Offer"), pursuant to which Crosswinds offered to repurchase for cancellation up to $25,000,000 in value of its outstanding common shares (the "Shares") from shareholders for cash. On April 15, 2014, the Company's shareholders deposited 6,995,473 Shares under the Offer. Pursuant to the terms of the Offer, the Company determined the purchase price to be $3.50 per Share. The Company took up 6,965,273 Shares, representing 99.6% of the total number of Shares tendered to the Offer, for aggregate consideration of $24,378,455. These Shares represented approximately 56.8% of the total Shares issued and outstanding as at April 15, 2014 and, following the purchase and cancellation of these Shares, 5,304,007 Shares remain outstanding.
Annual and Special Meeting **Second Quarter 2014**	**Annual and Special Meeting** At the Company`s annual and special meeting on June 23, 2014, shareholders approved a special resolution to approve an amendment to the articles of the Company to change the name of the Company from "C.A. Bancorp Inc." to "Crosswinds Holdings Inc." which change became effective in the third quarter on September 22, 2014. Shareholders also approved the adoption by the Company of a Deferred Share Unit Plan ("DSU Plan") including approval of the issuance of a maximum of 530,400 common shares of the Company.
Third Quarter 2014	**Monarch National Insurance Company** On July 21, 2014, the Company announced that it had entered into an agreement to form a new Florida-based property and casualty insurance carrier (the "Monarch Joint Venture") to be named Monarch National Insurance Company ("Monarch"). Transatlantic Reinsurance Company ("TransRe") is making a USD$5 million minority investment in the Monarch Joint Venture and it will make a USD$5 million senior loan to the Monarch Joint Venture. The Company has entered into a Subscription Agreement (the "Agreement") committing USD$14 million to the Monarch Joint Venture. The Company has been working to establish a majority-owned entity ("Crosswinds Holdco") to make a USD$12 million equity investment in the Monarch Joint Venture. The Company has received a binding irrevocable commitment from a third party investor to fund the remaining USD$2 million investment in the Monarch Joint Venture in exchange for a minority position in Crosswinds Holdco.
Third Quarter 2014	**Formal Appointment of CEO and CFO** On August 14, 2014, Colin King was formally appointed as Chief Executive Officer and Paul Van Damme was formally appointed as Chief Financial Officer of the Company. Both had been serving in that capacity prior to the formal appointments.
Subsequent to Quarter End	**Appointment of COO** Effective November 3, 2014, Helen Martin was appointed as Chief Operating Officer of the Company.

SUMMARY OF INVESTMENTS

The following is a summary of the Company's investment in private entities as at the date hereof.

Investments in Private Entities – Current Portfolio

At September 30, 2014, the Company had one investment in private entities. The investment details below are for the Company's remaining investment held as at the date hereof.

Company and Investment Overview

Salbro Bottle Group (Salbro) is an established designer, manufacturer and distributor of packaging components, specializing in glass and plastic bottles.

Crosswinds' Investment: $4,000,000 investment structured as debentures accruing 12% per annum and nominal cost common share warrants exercisable into 18% of Salbro's common shares on a fully diluted basis. In 2012, Salbro completed a refinancing resulting in a partial repayment to the Company of principal outstanding of $1,700,000 plus all of the interest then owing under the Salbro debentures. The current aggregate amount outstanding under the debentures is $2,300,000 plus $658,442 in accrued interest. In conjunction with the Salbro refinancing in 2012, the maturity dates for the Salbro debentures were extended to August 2019 and accrued interest rate increases to 14% in certain circumstances.

Rationale: Growth capital investment in a company with a diversified customer base, an experienced management team, and a combination of complementary manufacturing and distribution businesses to reduce volatility and risk.

Investment Risks Include: Long-term economic slowdown, use of leverage, commodity prices, customer concentration and management execution.

Original Investment Date: February 2008

Investment Update:

As at September 30, 2014, the Company fair valued the debentures and interest owing at $2,958,442 and the common share warrants at $990,000.

Investments in Private Entities – Q3 2014 Realizations

Digital Payment Technologies Corp.

On January 31, 2014, the Company, together with the other shareholders of DPT, completed the sale of their interests in DPT to a third party pursuant to a court approved plan of arrangement. During the third quarter, the Company received an amount of $661,209 representing its proportionate share of the funds held in an escrow account for the benefit of the DPT acquirer in connection with the DPT plan of arrangement. In the second quarter, the Company had valued its portion of the escrow receivable at $500,000 in recognition of the possibility that claims could be made against the account. In the three months ended September 30, 2014, the Company recognized a gain of $161,209 representing the difference between the value the Company recorded for the escrow receivable in the second quarter and the amount actually received in the third quarter. The increase in the receivable was attributable in part to a DPT working capital adjustment and foreign exchange conversion of the account from USD to CDN which resulted in the Company's proportionate share of the escrow account being higher than anticipated.

For a complete summary of Company's original investment in DPT and the plan of arrangement, please refer to the Company's 2013 MD&A and the subsequent interim MD&A's available under the Company's profile on SEDAR at www.sedar.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the Company's investments in marketable securities.

Investments in Marketable Securities – Current Portfolio

The Company was invested in and disposed of a number of marketable securities during the first quarter of 2014. At September 30, 2014, the Company has no investments in marketable securities (December 31, 2013 - $537,116, January 1, 2013 - $Nil).

Investment in Marketable Securities – 2014 Realizations

The Company held no marketable securities during the third quarter of 2014. During the nine months ended September 30, 2014, the Company sold the balance of its holdings in marketable securities for proceeds of $569,548 and a realized gain of $84,929.

FINANCIAL REVIEW

The following is a summary of (a) the Company's condensed financial statements for the three and nine months ended September 30, 2014 and 2013 and (b) the Company's financial position as at September 30, 2014 compared to December 31, 2013 and January 1, 2013.

Results from Operations for Three Months Ended	**September 30, 2014**	September 30, 2013
Total revenues	**$ 137,095**	**$ 464,960**
Net results of investments	**161,209**	**1,767,824**
Expenses	**(319,245)**	**(163,718)**
Taxes and non-controlling interest	**-**	**-**
Net earnings/(loss)	**$ (20,941)**	**$ 2,069,066**

Earnings/(Loss) Per Share (EPS)		
Earnings/(loss) per share	**$(0.00)**	**$ 0.17**

Results from Operations for Nine Months Ended	September 30, 2014	September 30, 2013
Total revenues	**$ 534,228**	**$ 1,370,038**
Net results of investments	**654,543**	**2,094,830**
Expenses	**(858,349)**	**(1,288,729)**
Taxes and non-controlling interest	**-**	**-**
Net earnings	**$ 330,422**	**$ 2,176,139**

Earnings Per Share (EPS)

Earnings per share	**$ 0.04**	**$ 0.18**

Financial Position as at	September 30, 2014	December 31, 2013	January 1, 2013
Cash and cash equivalents	**$ 17,509,504**	$ 25,796,708	$ 25,126,375
Total assets	**21,487,434**	45,456,915	41,944,996
Shareholders' equity	**21,279,648**	45,327,681	41,107,845
Number of shares outstanding	**5,304,007**	12,269,280	12,269,280

Per Share

Net book value per share	**$ 4.01**	$ 3.69	$ 3.35
Closing market price on TSX	**$ 4.20**	$ 3.20	$ 3.10
Market price premium/(discount) to net book value	**4.7%**	(13.3)%	(7.5)%

Results of Operations Highlights

The Company's operating results reflect (i) revenue recognized primarily from the income generated from the Company's investment in private entities; (ii) changes in the value of the Company's assets; and (iii) the expenses required to deploy and manage the Company's invested capital.

Three months ended	
September 30, 2014	**September 30, 2013**
Revenue $137,095: $137,095 from interest income.	**Revenue $464,960**: $411,389 from interest and investment income.
Changes quarter-over-quarter of prior year: *The Company's interest and investment income has declined compared to the prior period as its investment in DPT was disposed of effective January 31, 2014.*	
Net results of investments representing gains of $161,209 from the receipt of the escrow proceeds on the DPT escrow account in excess of the amount recorded in the second quarter.	**Net results of investments representing gains of $1,767,824** primarily as a result of unrealized gains on the DPT share warrants of $1,518,096.
Expenses $319,245 including: $58,988 of general and administrative expenses, $121,144 of legal fees, $34,339 of directors' fees and $64,388 of management fees.	**Expenses $163,718** consisting of: $141,784 of general and administration expenses, $43,005 of legal fees and $33,779 of consulting fees.
Net loss of $(20,941) or $(0.00) per share on a basic and fully diluted basis.	**Net earnings of $ 2,069,066 or $0.17 per share** on a basic and fully diluted basis.

Nine months ended	
September 30, 2014	**September 30, 2013**
Revenue $534,228: $534,228 from interest and investment income.	**Revenue $1,370,038**: $1,208,666 from interest and investment income.
Changes year-to-date over prior year: *The Company's interest and investment income has declined compared to the prior period as its investment in DPT was sold on January 31, 2014*	
Net results of investments representing a gain of $654,398 consisting primarily of a $379,407 increase in the value of the DPT share warrants and a $242,704 gain from foreign exchange and an increase in the amount received from the DPT escrow account.	**Net results of investments representing a gain of $2,094,830** as a result of unrealized gains on the DPT share warrants of $1,518,096 and realized and unrealized gains on marketable securities.
Expenses of $858,349 consisting primarily of legal fees of $288,696, general and administrative expenses of $160,253, consulting fees of $138,156, management fees of $108,536 and directors' fees of $104,222.	**Expenses of $1,288,729** consisting primarily of $631,422 of costs related to the change in control of the Company, including a $300,000 termination payment to a company controlled by the former CEO and a $250,000 expense reimbursement to CDJ. General and administrative expenses were $257,616. Directors' fees of $90,000 were paid to the former Board prior to March 8, 2013.

September 30, 2014	September 30, 2013
Net earnings of $330,422 or $0.04 per share on a basic and fully diluted basis.	**Net earnings of $2,176,139 or $0.18 per share** on a basic and fully diluted basis.

Changes year-to-date over prior year: *Decrease in earnings from year-to-date (YTD)'13 to YTD'14 arises primarily from the $1,518,096 increase in value of the DPT share warrants in 2013 and lower interest and investment income in the amount of $674,438 in 2014, partially offset by the $631,422 cost in 2013 of the abandoned Realization Strategy (as defined in the Company's continuous disclosure documents).*

Balance Sheet Highlights

As at September 30, 2014, the Company's assets consist primarily of cash and an investment in Salbro. The Company`s investments in private entities generated virtually all of the Company's revenues during 2013 and a significant amount in 2014 and were made with the objective of generating income and capital gains over the investment period. As at September 30, 2014, the Company had working capital of $17,331,205 on its statements of financial position for commitments and general working capital purposes. As described above under the Material Events in 2014, pursuant to the Subscription Agreement, the Company has committed to invest USD$14 million USD$2 million of which will be funded by a third party investor from whom the Company has received a binding irrevocable commitment. The total commitment in Canadian funds is for approximately $15.7 million with the portion being funded by the Company being approximately $13.5 million as at September 30, 2014. The actual amount to be funded by the Company in Canadian dollars will be determined at the time of funding and as such the Company is subject to currency fluctuations. See "Risk Factors" below.

September 30, 2014	December 31, 2013	January 1, 2013
Total assets of $21,487,434	**Total assets** of $45,456,915	**Total assets** of $41,944,996
Changes: *The decrease in total assets compared to December 31, 2013 and January 1, 2013 is the result of the completion of the substantial issuer bid in April 2014 where the Company repurchased 6,965,273 of its common shares for aggregate consideration of $24,378,455.*		
Total shareholders' equity of $21,279,648	**Total shareholders' equity** of $45,327,681	**Total shareholders' equity** of $41,107,845
Changes: *The decrease in total assets compared to December 31, 2013 and January 1, 2013 is the result of the completion of the substantial issuer bid in April 2014 where the Company repurchased 6,965,273 of its common shares for aggregate consideration of $24,378,455.*		

The Company had no debt during any of the periods noted in the table above.

Fair Value Analysis

The following is a breakdown of the fair value of each of the Company's assets and liabilities and associated value per share as at September 30, 2014.

		September 30, 2014
Asset/(Liability)	**Fair value**	**Value per share**
Liquid Net Assets (Working Capital)		
Cash and cash equivalents	17,509,504	*$ 3.30*
Accounts receivable and other assets	29,488	*0.01*
Accounts payable and accrued liabilities	(207,786)	*(0.04)*
Working Capital	***17,331,206***	***3.28***
Investments in Private Entities		
Salbro *(debentures & accrued interest)*	2,958,442	*0.56*
Salbro *(warrants)*	990,000	*0.18*
	3,948,442	***0.74***
GRAND TOTAL	**21,279,648**	***$ 4.01***

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

The following is an analysis of the Company's results of operations for the three months ended September 30, 2014 and 2013 based on an IFRS basis of presentation. This analysis should be read in conjunction with the condensed interim financial statements for the three months ended September 30, 2014 and the accompanying notes thereto.

Revenues

	Three months ended September 30		
	2014	**2013**	**Inc / (Dec)**
Interest and investment income	**$ 137,095**	**$ 411,389**	$ (274,294)
Fee income	**-**	**53,571**	(53,571)
Total	**$ 137,095**	**$ 464,960**	$ (327,865)

Revenues decreased for the three months ended September 30, 2014 compared to the same period in 2013 as the Company's investment in DPT was disposed of effective January 31, 2014 and accordingly, no interest income from DPT was earned subsequent to January 2014 compared to income of $259,463 in the third quarter of 2013. There was no fee income earned from DPT in 2014.

Net Results of Investments

	Three months ended September 30		
	2014	2013	**Inc / (Dec)**
Gain on sale of marketable securities	**-**	312,000	(312,000)
Change in unrealized gain on marketable securities	**-**	(62,272)	62,272
Realized gain on sale of investments in private entities	**161,209**	-	161,209
Change in unrealized gain on investments in private entities	**-**	1,518,096	(1,518,096)
Total	**$ 161,209**	$ 1,767,824	$ (1,606,615)

For the three months ended September 30, in 2013, net results of investments consisted of unrealized gains on the DPT share warrants of $1,518,096 and realized and unrealized gains on marketable securities. For the same period in 2014, the Company received the balance of its proportionate share of the DPT escrow account and recorded a gain thereon of $161,209.

Expenses and Income Taxes

	Three months ended September 30		
	2014	2013	**Inc / (Dec)**
Management fees	**$ 64,388**	$ 21,019	$ 43,369
Audit & tax fees	**14,509**	10,000	4,509
Legal fees	**121,144**	43,005	78,139
Employee & administrative services fees		500	(500)
Consulting fees	**25,877**	33,779	(7,902)
Directors fees	**34,339**	33,631	708
General & administrative	**58,988**	141,784	(82,796)
Cost of abandoned Realization Strategy and change of control	**-**	9,860	(9,860)

	Three months ended September 30		
	2014	2013	**Inc / (Dec)**
Liquidation costs	**-**	(129,860)	129,860
Operating expenses	**319,245**	163,718	155,527
Provision for income taxes	**-**	-	-
Total	**$ 319,245**	$ 163,718	$ 155,527

The Company's operating expenses for the three months ended September 30, 2014 increased significantly from the same period in the prior year due to the reversal of liquidation costs of $129,860 in 2013 and higher management and legal fees associated with the Monarch Joint Venture and the return to active operations by the Company.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

The following is an analysis of the Company's results of operations for the nine months ended September 30, 2014 and 2013 based on an IFRS basis of presentation. This analysis should be read in conjunction with the condensed interim financial statements for the nine months ended September 30, 2014 and the accompanying notes thereto.

Revenues

	Nine months ended September 30		
	2014	**2013**	**Inc / (Dec)**
Interest and investment income	**$ 534,228**	**$ 1,208,666**	$ (674,438)
Fee income	**-**	**161,372**	(161,372)
Total	**$ 534,228**	**$ 1,370,038**	$ (835,810)

Revenues decreased for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 as the investment in DPT was sold on January 31, 2014. Accordingly, interest income from DPT of

$90,310 was earned in January 2014 compared with $769,315 in the first nine months of 2013. There was no fee income earned from DPT in 2014.

Net Results of Investments

	Nine months ended September 30		
	2014	2013	**Inc / (Dec)**
Gain on sale of marketable securities	**84,929**	442,521	(357,592)
Change in unrealized gain on marketable securities	**(52,497)**	134,213	(186,710)
Realized gain on sale of investments in private entities	**5,092,126**	-	5,092,126
Change in unrealized gain on investments in private entities	**(4,712,719)**	1,518,096	(6,230,815)
Realized foreign exchange gain	**242,704**	-	242,704
Total	**$ 654,543**	$ 2,094,830	$ (1,440,287)

Net results of investments decreased by $1,440,287 in 2014 compared with 2013 due to the unrealized gains on the DPT share warrants of $1,518,096 and the realized and unrealized gains on marketable securities.

Expenses and Income Taxes

	Nine months ended September 30		
	2014	2013	**Inc / (Dec)**
Management fees	**$ 108,536**	$ 41,109	$ 67,517
Audit & tax fees	**58,341**	29,055	29,286
Legal fees	**288,696**	112,462	176,234
Employee & administrative services fees	**-**	41,460	(41,460)
Consulting fees	**138,156**	109,925	28,231
Directors' fees	**104,367**	195,631	(91,264)
General & administrative	**160,253**	257,616	(97,362)
Cost of abandoned Realization Strategy and change of control	**-**	631,422	(631,422)
Liquidation costs	**-**	(129,860)	129,860

	Nine months ended September 30		
	2014	2013	**Inc / (Dec)**
Operating expenses	**858,349**	1,288,729	(430,380)
Provision for income taxes	**-**	-	-
Total	**$ 858,349**	$ 1,288,729	$ (430,380)

The Company's operating expenses for the nine months ended September 30, 2014 declined significantly from the same period in the prior year due to costs of $631,422 incurred in 2013 associated with the Realization Strategy and the change of control. Partially offsetting that cost reduction was an increase in legal fees of $176,234 due to the substantial issuer bid, asset disposition activities and the Monarch Joint Venture. Consulting fees also increased year over year due to services provided in connection with a review of the Company's assets and the Monarch Joint Venture discussed above in the **Q3 2014 Review and Outlook "Monarch National Holding Company"**.

THIRD QUARTER 2014 RESULTS COMPARED WITH SECOND QUARTER 2014 RESULTS

For the three months ended September 30, 2014, the Company recognized revenue of $137,095 virtually unchanged from the $134,305 for the quarter ended June 30, 2014. The Company had a net gain on investments of $161,209 in the third quarter of 2014 compared to $nil in the second quarter of 2014. The net realized gain in the third quarter of 2014 arose from the receipt of the DPT escrow proceeds in August 2014. Expenses were $319,245 in the third quarter compared with $169,588 in the second quarter of 2014 due primarily to an increase in management, consulting and legal fees as the Company has increased its operational activities. The Company recorded a net loss of $20,941 in the third quarter of 2014 compared to a net loss of $35,283 for the three months ended June 30, 2014.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the last eight quarters.

	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	137,095	134,305	262,829	478,237	464,953	462,587	442,497	440,872
Net results of investments	161,209	-	493,334	1,978,316	1,767,440	231,414	95,592	-
Expenses	(319,245)	(169,588)	(369,516)	(147,484)	(163,132)	(240,632)	(884,382)	(395,574)
Tax provision	-	-	-	-	-	-	-	-
Net earnings (loss) under IFRS	(20,941)	(35,283)	386,647	2,309,069	2,069,261	453,369	(346,293)	45,298
Add back: One-time expenses [1]	-	-	-	-	-	-	-	(134,900)

Net earnings (loss) adjusted for one-time expenses	(20,941)	(35,283)	386,647	2,309,069	2,069,261	453,369	(346,293)	(89,602)
Weighted avg. # of shares Basic and Diluted	5,304,007	6,528,670	12,269,280	12,269,280	12,269,280	12,269,280	12,269,280	12,269,280
Net earnings (loss) per share under IFRS	(0.00)	(0.01)	0.03	0.19	0.17	0.04	(0.03)	0.00
Net earnings (loss) adjusted for one-time expenses per share	(0.00)	(0.01)	0.03	0.19	0.17	0.04	(0.03)	(0.01)
Net book value [2]	21,279,648	21,300,590	45,715,000	45,327,681	43,284,000	41,214,000	40,762,000	41,107,845
Common shares o/s	5,304,007	5,304,007	12,269,280	12,269,280	12,269,280	12,269,280	12,269,280	12,269,280
Net book value per share [3]	4.01	4.02	3.73	3.69	3.53	3.36	3.32	3.35
Total assets	21,487,434	21,425,260	45,977,000	45,456,915	43,464,003	41,499,679	41,268,419	41,944,996

[1] One-time expenses relate to adjustments made to the Realization Strategy accrual.
[2] Net book value per share is a non-IFRS financial measure calculated by dividing net book value (shareholders' equity under IFRS) by the number of shares outstanding at the period-end. See cautionary statement regarding the use of Non-IFRS financial measures on page 4 of the MD&A.
[3] *Ibid.*

Following the realization of the majority of the Company's invested assets in connection with the Realization Strategy including the sale of the Company's interests in DPT in the first quarter of 2014, revenues declined in the first and second quarters of 2014. Revenues are expected to increase in 2015 as the Company implements the Monarch Joint Venture.

Net results of investments vary on a quarter-to-quarter basis due to realized gains or losses on investments and also due to unrealized gains or losses on investments being measured at fair value on the balance sheet (See "Net Results of Investments" above).

Expenses declined in 2013 compared to 2012 subsequent to the change of control in March 2013. In 2014, legal costs increased due to the Substantial Issuer Bid, asset dispositions and services provided in connection with the Monarch Joint Venture.

LIQUIDITY, CAPITAL RESOURCES AND OFF-BALANCE SHEET ARRANGEMENTS

The following is an analysis of the liquidity, capital resources and off-balance sheet arrangements of the Company and should be read in conjunction with the condensed interim financial statements for the three and nine months ended September 30, 2014 and the corresponding notes thereto.

Liquidity

The Company had liquid net assets of $17,331,205 at September 30, 2014 (December 31, 2013 - $26,466,906; January 1, 2013 - $24,488,394). The Company's cash and cash equivalents consist of deposits with a Canadian chartered bank.

The Company calculates its liquid net assets as follows:

Liquid Net Assets (Working Capital)	September 30, 2014	December 31, 2013	January 01, 2013
Cash and cash equivalents	**$ 17,509,504**	$ 25,796,708	$ 25,126,375
Marketable securities	**-**	537,116	-
Accounts receivable and other assets	**29,488**	262,316	199,170
Accounts payable and accrued liabilities	**(207,786)**	(129,234)	(837,151)
Working capital	**$ 17,331, 206**	$ 26,466,906	$ 24,488,394
Total per share	**$ 3.27**	$ 2.16	$ 2.00

The Company has committed USD$14,000,000 to the Monarch Joint Venture of which USD$12,000,000 will be funded by the Company and USD$2 million will be funded by a third party investor. The Company believes it has sufficient working capital to support the Company's current and proposed operations which include hiring additional personnel to execute on the Monarch Joint Venture and related growth activities. The Company believes it has sufficient resources to make these staffing commitments. Successful implementation of future planned growth activities may necessitate the Company raising new capital. Subsequent to quarter end, the Company appointed a new Chief Operating Officer.

Capital Resources

At September 30, 2014, the Company had no long-term debt, capital lease obligations or other long-term obligations. The Company currently expects it will incur such obligations in the fourth quarter and into 2015 as it increases its active operations.

Share Capital and Options Outstanding

As at September 30, 2014, 5,304,007 (December 31, 2013 - 12,269,280; January 1, 2013 – 12,269,280) Shares were outstanding with the Company reporting a net book value of $21,279,648 (December 31, 2013 - $45,327,681; January 1, 2013 – $41,107,845). Effective April 21, 2014, the Company completed the purchase and cancellation of 6,965,273 Shares pursuant to its Substantial Issuer Bid. At September 30, 2014, the Company has 5,304,007 Shares issued and outstanding and a net book value of $21,279,648.

The Company announced on September 9, 2013 that the Toronto Stock Exchange had approved its notice of intention to make a normal course issuer bid for up to 613,000 of its shares. No shares were purchased under this program during 2014. The normal course issuer bid expired in accordance with its terms on September 10, 2014.

The Company has no options or option plans outstanding. At the Company`s annual and special meeting on June 23, 2014, shareholders approved the adoption by the Company of a Deferred Share Unit Plan (the "DSU Plan") including approval of issuance of a maximum of 530,400 common shares of the Company under the DSU Plan.

Off-Balance Sheet Arrangements

Except as otherwise described herein, the Company currently has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Monarch Joint Venture

The Company has executed a Subscription Agreement for the Monarch Joint Venture as described herein. A copy of the Subscription Agreement is available under the Company's profile at www.sedar.com. See ***Monarch National Insurance Company*** discussed above in the Q3 **2014 Review and Outlook**.

TRANSACTIONS WITH RELATED PARTIES

Management Agreement with CDJ Global Catalyst LLC

In March 2013, the Company entered into an agreement with CDJ, which on behalf of accounts over which it exercises discretion and control, represents a majority of the shareholders of the Company, that CDJ would provide the Company with management and administration services (the "Management Agreement"). The Management Agreement had an initial one year term and thereafter automatically renews for additional successive one year terms unless otherwise terminated. The Management Agreement can be terminated with 180 days prior written notice by either the Company or CDJ subject to payment to CDJ, in certain circumstances, of a termination fee based on a reasonable estimate of the management fee that would have been payable for the six months following termination. For the nine months ended September 30, 2014, the fee charged to the Company was USD$102,500 (2013 - USD$40,000). For the three months ended September 30, 2014, the fee charged to the Company was USD$62,500. For the three months ending December 31, 2014, the fee charged to the Company will be not less than USD$182,500 which fee will include USD$60,000 of one-time expenses. The increase in fees under the Management Agreement corresponds with the increase in active operations of the Company and the appointment of a Chief Executive Officer and Chief Operating Officer. The Company is currently assessing the merits of maintaining the Management Agreement in place compared to internalizing management. A copy of the Management Agreement is available under the Company's profile on SEDAR at www.sedar.com. The services of the Company's management including its Chief Executive Officer and Chief Operating Officer are provided to the Company by CDJ under the terms of the Management Agreement.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Changes in Accounting Policies

The Canadian Accounting Standards Board (AcSB) confirmed that the use of IFRS is required for investment companies, as defined in and applying IFRS 10 – Consolidated Financial Statements for annual periods beginning on or after January 1, 2014. As the Company determined that it is an investment company as defined in IFRS 10, the Company adopted IFRS in the preparation of its condensed interim financial statements effective January 1, 2014 and for the three and nine months ended September 30, 2014.

Changes in Basis of Accounting

The Company adopted IFRS for its fiscal year beginning January 1, 2014 and will issue its first annual financial statements in accordance with IFRS, including IFRS compliant comparative information, for the year ending December 31, 2014. The Company developed an IFRS changeover plan, which addressed key elements of the conversion to IFRS and identified any differences between IFRS and Canadian GAAP. Elements of the plan included project structure and governance, resources and training, analysis of key disclosure differences, and an assessment of accounting policies and potential exemptions.

In preparing the IFRS financial statements, the Company determined no adjustments were required to amounts previously reported in the financial statements previously prepared in accordance with Canadian GAAP as those policies are consistent with IFRS policies. There is no impact on the Company's financial position, net income or cash flows as a result of adopting IFRS. IFRS has affected the overall presentation of the financial statements and resulted in additional disclosure in the accompanying notes to the financial statements.

Critical Accounting Estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Functional currency

The currency of the primary economic environment in which the Company operates is the Canadian dollar (CAD) as this is the currency which has at the periods reported represented the economic effects of underlying transactions, events and conditions. Furthermore, the CAD is the currency in which the Company measures its performance and also issues and redeems its Shares. Going forward, as the Company has committed a substantial portion of its cash to the Monarch Joint Venture in USD; the Company may change its functional currency to USD.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statements of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of securities not quoted in an active market and over-the-counter derivative instruments.

Management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates.

The Company's critical accounting estimates are primarily limited to valuing its investments. The valuation methods and the techniques it employs in valuing its investments and the assumptions used are described below.

(i) Salbro Bottle Group

The fair market value of Salbro was determined on a going concern basis under an income approach because a hypothetical purchaser would acquire Salbro on the expectation of future earnings and cash flows. Specifically, the Company selected the capitalized cash flow method as the primary valuation methodology given that Salbro is a mature business and is expected to continue to operate as a going concern and historical EBITDA is a good approximation of expected profitability going forward.

The capitalized cash flow method generally involves the estimation of future maintainable operating pre-debt cash flows which are then capitalized using a capitalization rate based on a weighted average cost of capital ("WACC"). It is a present value calculation of the future operating cash flow expectations. The enterprise value is then reduced for any debt outstanding.

The carrying amount of the Salbro investment at September 30, 2014 is $3,948,442 (December 31, 2013 - $3,695,022; January 1, 2013 – $2,410,569).

(ii) DPT

As at December 31, 2013, the Company was in the process of exiting from its investment in DPT. The purchase price for such exit had been established and the final form of the consideration to be provided was in the process of being negotiated between the parties (vendor and purchaser) as at the year-end date. The plan of arrangement transaction was completed on January 31, 2014 and substantially all of the proceeds were receivable then.

The basis used for determining the fair market value of DPT was the consideration received from the disposal of the Company's investment in DPT. Given the proximity of the aforementioned dates and a review of the arrangement agreement, management assumed that the proceeds derived from the transaction represented fair market value as at the 2013 year-end, after adjusting for interest earned and a foreign exchange gain in January 2014.

In August 2014, the Company received the final payment of $661,209 from an amount held in escrow pending any claims by the purchaser for certain representations and warranties made by DPT in accordance with the terms of the arrangement and escrow agreements.

Estimates and assumptions are also used in accounts payable and accrued liabilities and the calculation of taxes. Actual results could differ from these estimates.

Adoption of new and revised standards

Standards, amendments and Interpretations that are issued but not yet effective for annual reporting periods ending December 31, 2014

The Company has not applied the following revised International Financial Reporting Standard ("IFRS") that has been issued but is not yet effective:

IFRS 9 Financial Instruments

Two phases of IFRS 9, Financial Instruments ("IFRS 9") were issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010. IFRS 9 will replace International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. In February 2014 the IASB set January 1, 2018 as the effective date for mandatory application of IFRS 9. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Future results of the Company will depend on the strategies it implements from time to time including the Company's ability to execute on the Monarch Joint Venture which is subject to a number of risks including execution risk such as the ability to source and retain appropriate personnel, and regulatory and other approvals.

The Company continues to seek investment opportunities meeting the criteria set out elsewhere in this MD&A including under **Q3 2014 Review and Outlook** and **Proposed Transaction** above. There can be no guarantee that the transactions described herein will be successfully executed and, if executed, yield satisfactory risk-adjusted returns.

While seeking new investment opportunities, the Company's revenues will be constrained until investment capital is fully deployed.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under securities laws and include controls and procedures that are designed to ensure that information is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer (collectively, the Certifying Officers) to allow timely decisions regarding disclosure. As at September 30, 2014 the Certifying Officers evaluated the effectiveness of the Company's disclosure controls and procedures as defined under National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings.* Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures were appropriately designed as at September 30, 2014.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable, and not absolute, assurance that the objectives of such controls and procedures are met.

Internal Controls over Financial Reporting

The Company's internal controls over financial reporting are a process designed under the supervision of the Certifying Officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements on a timely basis. The Certifying Officers evaluated the effectiveness of the Company's internal controls over financial reporting as at September 30, 2014, based on the framework and criteria established in the Internal Control – Integrated Framework issued by COSO. Based on that evaluation, the Certifying Officers concluded that the Company's internal control over financial reporting was appropriately designed as at September 30, 2014. There were no material weaknesses that have been identified by the Certifying Officers as at September 30, 2014. There have been no changes during the period ended September 30, 2014 in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. As such, the Company's internal controls over financial reporting can only provide reasonable, and not absolute, assurance that the objectives of such controls are met.

RISK MANAGEMENT

The Company's business is affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and the management thereof are described below.

The Company attempts to manage the risks associated with its business and investment portfolio through planning, significant due diligence of investment opportunities and active involvement in and monitoring of its investments.

Investments in private entities are less liquid than public securities as there is no readily available market to sell an investment. There is a possibility that when an investment is to be sold, the price received may not be equal to its intrinsic value or its fair value for financial reporting purposes.

The Company is exposed to a number of risks due to the nature of its activities. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's objective in managing these risks is the protection and enhancement of shareholder value.

The Company's risk management policies are approved by the Board of Directors and seek to minimize the potential adverse effects of these risks on the Company's financial performance. The risk management process is an ongoing process of identification, measurement, monitoring and controlling risk.

(i) Risk management structure

The Board of Directors is ultimately responsible for the overall risk management within the Company but has delegated the responsibility for identifying and controlling risks to CDJ, the Company's Manager.

(ii) Risk measurement and reporting system

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(iii) Risk mitigation

The Company's Annual Information Form details its investment policy and guidelines that encompasses its overall investment strategy, its tolerance for risk and its general risk management philosophy.

The Company does not use derivatives and other instruments for trading purposes or for risk management.

(iv) Excessive risk concentration

A concentration of risk exists where: (i) positions in financial instruments are affected by changes in the same risk factor or group of correlated factors; and (ii) the exposure could, in the event of large but plausible adverse developments, result in significant losses.

Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realize liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. Concentrations of counterparty risk may arise when a number of financial instruments or contracts are contracted with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Company reviews its investment policies and risk management procedures.

RISK FACTORS

Joint Venture Risks

There can be no assurance that the Monarch Joint Venture will be completed or if completed that it will be successful.

The Monarch Joint Venture involves substantial risk. There may be regulatory and other hurdles to structuring and completing the Monarch Joint Venture. In addition, the Monarch Joint Venture will depend, among other things, on the management and operational expertise of the Monarch Joint Venture partners that is not under the Company's direct control, and disputes may arise between the Company and the Monarch Joint Venture partners that may adversely affect the success of the Monarch Joint Venture.

The Monarch Joint Venture may require additional capital subsequent to its initial capitalization. To the extent the Monarch Joint Venture is unable to fund its operating requirements or cover claims losses, the Monarch Joint Venture may need to raise additional funds through debt or equity financings that may be dilutive to the Company's interest in the Monarch Joint Venture, or the Monarch Joint Venture may need to curtail its growth and reduce its assets. The Monarch Joint Venture's additional capital needs will depend on the Monarch Joint Venture's actual claims experience, especially for catastrophic events. If the Monarch Joint Venture cannot obtain adequate capital to the extent required on favorable terms or at all, the Monarch Joint Venture's business, financial condition and results of operations could be adversely affected.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company has made and intends to make investments in private entities which do not typically have an active market. Private investment transactions can be highly structured and the Company takes measures, where possible, to create defined liquidity events and as part of its strategy, the Company has sought to create or accelerate such liquidity events. However, such liquidity events are rarely expected in the first two or three years of making an investment and may not be realized as expected. The Company has historically sought to obtain regular cash flow from these investments through interest payments and/or management fees.

The Company funds itself with operating cash flows and return of capital and capital gains from its investments. Operating cash flows have historically been sufficient to cover normal operating expenses. The Company's liabilities are expected to be realized in the next 12 months.

Interest rate sensitivity

As at and during the nine months ended September 30, 2014, the Company did not have any significant exposure to interest rate risk as the Company intends to hold its debt instruments to maturity, and therefore, would not be impacted by changes in interest rates.

Currently, the Company has significant investments in cash and cash equivalents. Therefore interest rates will affect income derived from these investments.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

At reporting date, financial assets exposed to credit risk include debt instruments and derivatives. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

All purchases and sales of listed securities are settled/paid for upon delivery using approved brokers. The delivery of securities sold is only made once payment has been received by the broker and payment is made on a purchase only after the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.
As at September 30, 2014, December 31, 2013 and January 1, 2013, none of these financial assets was either impaired or past due but not impaired. The Company does not hold any collateral as security.

The Company's maximum exposure to credit risk arising from private equity investments is equal to the fair value of those investments. The Company also has credit exposure related to overnight deposits placed with its Canadian chartered bank of $17,509,504 as at September 30, 2014 (December 31, 2013 – $20,759,164; January 1, 2013 – $25,126,375). The bank has a senior debt rating of AA- from DBRS. The Company also has credit risk associated with the third party that has provided a binding irrevocable commitment to the Company to advance USD$2 million to the Monarch Joint Venture.

Foreign Exchange Risk

The Company has significant exposure to foreign exchange risk as it has committed a substantial amount of its capital in USD to the Monarch Joint Venture; however, its investee companies may have exposure to sudden changes in foreign exchange rates.

Concentration Risk

The Company participates in a limited number of investments and, as a consequence, the Company's financial results may be substantially adversely affected by the unfavorable performance of a single investment. The Company has committed a substantial portion of its available resources to a single investment in Monarch.

Foreign Jurisdictions

The Company has made and is looking at commitments to do business in foreign jurisdictions which have different currencies and regulatory environments than the jurisdiction in which the Company currently operates. There may be currency and other risks associated with these activities.

Continued Listing

There can be no assurance that the Company will continue to meet the minimum and continued listing requirements of the TSX.

Market Risk - Direct

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

The Company currently has no direct exposure to market risk since the Company held no publicly traded investments as at September 30, 2014.

Market Risk - Indirect

The Company's one remaining private investment does not trade in an active marketplace and therefore values are not directly observable by market prices. Investments classified as "held-for-trading" are carried at fair values. Fair values are estimated based on financial figures (actual or forecast) obtained directly from the investee companies and market multiples (e.g. Revenues or EBITDA multiples) which are not directly observable but which can be estimated by considering public company multiples for companies in the same or similar businesses and, where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and multiples at which the Company invested in the private entity, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the investee company's financial performance and current economic environment.

Therefore, to the extent that fluctuations occur in stock markets (market risk), those fluctuations could indirectly influence multiples used by the Company in valuing its investments in private entities.

The Company's portfolio of investments in private entities is comprised of one company in one industry as at the date hereof. The investment is carried at an aggregate fair value of $3,948,442 which represents 18.4% of the Company's assets. The Company believes the debt profile of the investee company to be, at a moderately high level and encourages and influences the invested to remain prudent with debt levels. Keeping prudent levels of debt is a method of managing the risk on the overall portfolio.

For general factors affecting the Company see the section entitled "Risk Factors" found in the Company's most recent AIF filed under the Company's SEDAR profile at www.sedar.com.

CORPORATE INFORMATION

CROSSWINDS HOLDINGS INC.

Board of Directors:

Robert Wolf, Chairman of the Board

Bradd Gold[1]

Gaetano Muzio[1]

J. Roy Pottle[1]

[1] Audit Committee member

Officers:

Colin King, Chief Executive Officer

Paul Van Damme, Chief Financial Officer

Helen Martin, Chief Operating Officer and Corporate Secretary

Manager: CDJ Global Catalyst LLC

Auditors: Deloitte LLP, Toronto, Ontario

Transfer Agent: Computershare Investor Services Inc., Calgary, Alberta

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