Crosswinds Holdings Inc. Management's Discussion and Analysis for the Three Months Ended March 31, 2015

Introduction

This interim management's discussion and analysis ("MD&A") for Crosswinds Holdings Inc., formerly known as C.A. Bancorp Inc.[1] ("Crosswinds" or the "Company") includes information designed to help you understand management's perspective of our unaudited interim consolidated financial statements and notes thereto for the three month period ended March 31, 2015. This information is presented as at March 31, 2015 and updated based on information available up to May 4, 2015.

We encourage you to read our interim financial statements and the related notes as you review this MD&A. You can find more information about Crosswinds, including our financial statements and our most recent annual information form dated as at March 23, 2015 (the "AIF"), on our website at www.crosswindsinc.com or on The System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Company's common shares ("Shares") are listed and traded on the Toronto Stock Exchange ("TSX") under the symbol "CWI".

On January 1, 2014, we adopted International Financial Reporting Standards ("IFRS") which have become the generally accepted accounting principles required to be used by Canadian publicly accountable enterprises. Our interim financial statements and notes for the three month period ended March 31, 2015 have been prepared using IFRS. Amounts relating to periods in the year ended December 31, 2014 in this MD&A and our financial statements have been revised to reflect our adoption of IFRS.

Presentation and terminology used in our financial statements and this MD&A differ from that used in previous interim periods. Details of the more significant accounting differences can be found in the notes to our financial statements and under the heading "Changes in Accounting Policies and Significant Accounting Estimates" later in this MD&A.

Unless we have specified otherwise, all dollar amounts in this MD&A are in Canadian dollars. Certain amounts are shown in U.S. dollars ("USD").

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2015

- Revenues of $104,279 compared to $262,829 for the same period in 2014;
- Net gain from results of investments of $343,836 compared to $493,334 for the same period in 2014; and
- Net income of $456,211 or $ 0.09 per share compared to net income of $386,647 or $0.03 per Share for the same period in 2014.

[1] The Company filed articles of amendment to change its name from C.A. Bancorp Inc. to Crosswinds Holdings Inc. on September 22, 2014

FINANCIAL POSITION AS AT MARCH 31, 2015

- Cash and cash equivalents of $3,107,584 or $0.59 per Share;
- Investments in associates of $17,282,891 or $3.26 per Share;
- Investments in private entities valued at $4,130,446 or $0.78 per Share; and
- Net book value of $23,636,895 or $4.46 per Share[2] of which $21,100,295 or $3.98 per Share[2] is attributable to Crosswinds Shareholders.

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 possible or assumed future operations, financial performance, achievements, results, 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", "potential" or "continue", similar words or words with similar connotation 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. Forward-looking statements are not guarantees and 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 Company's dependence on management of portfolio companies; the limited number and concentration of the Company's investments; the Company's dependence on key personnel and contractors; leverage of the businesses in which the Company invests; the market for the Company's securities, limited liquidity 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; use of investment proceeds; investments by the Company in illiquid securities including private issuers; joint investments with third parties; conflicts of interest; no guaranteed returns; ability to execute the Company's growth and investment strategies; availability and available terms of any required capital to implement corporate objectives and those of portfolio companies; availability and terms of any require financing; availability and timing for receipt of any required regulatory, shareholder or other approvals; the potential loss of investment in Shares; management of the future prospects of the Company; the availability of suitable acquisition opportunities; competition for investments; the Company's limited operating history in certain segments where it invests; shifts in target exit dates and investment rates of return for investments in private entities; tax treatment; currency exchange; remaining eligibility and continued qualification for exchange listing on the stock exchange on which the Company's Shares trade; heavy regulation of the insurance business and risk of changes in regulation which could reduce the profitability of investments and limit growth; concentration of credit risk; maintenance of minimum capital and surplus requirements for insurance investments; performance of investments being impacted by business cycles in the

[2] 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 Shares outstanding at period-end. The Company has reported two net book value measures: one reflecting net book value on a consolidated basis including non-controlling interests with respect to the Company's investment in the Monarch Joint Venture and the other reflecting the net book value attributable solely to the Company's shareholders without non-controlling interests. See the cautionary statement regarding use of non-IFRS financial measures on page 3 of this MD&A.

property and casualty insurance industry; ratings received by investees by insurance rating agencies and other risks detailed from time to time in the Company's continuous disclosure documents.

The reader should not place undue reliance on forward-looking statements and information because they involve significant and diverse risks and uncertainties. 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. These cautionary statements expressly qualify all forward-looking information in this MD&A.

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.

The Company

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

Crosswinds is a publicly traded private equity firm and asset manager targeting strategic and opportunistic investments in the financial services sector with a particular focus on the insurance industry. Crosswinds is working to develop a hybrid structure of traditional private equity and a holding company with a view to future flexibility and attracting cost effective capital with which to execute its investment strategies.

Prior to the completion of a change in control of the Company in March 2013, the Company was engaged in a realization strategy whereby it was seeking opportunities to monetize its private investment portfolio. Following a change of control, the Company has reinvigorated its investing activities with a focus on completing the life cycle of its inherited private equity portfolio while sourcing new private equity opportunities in the insurance sector and establishing a wholly-owned subsidiary, Crosswinds AUM LLC ("Crosswinds AUM") to conduct its asset management activities. Crosswinds AUM is a registered investment advisor with the United States Securities and Exchange Commission.

As at March 31, 2015, the Company held two investments, one private investment in Salbro Bottle Group ("Salbro") and one investment in associates being the Monarch Entities consisting of: Monarch Delaware LLC, Monarch National Holding Company and Monarch National Insurance Company. The Monarch Entities are a significant equity investee of the Company. In March 2015, the Company completed a joint venture investment to form Monarch National Insurance Company marking the Company's inaugural platform investment in the insurance industry (the "Monarch Joint Venture"). The Company was heavily engaged in satisfying all of the conditions to the Monarch Joint Venture during the first quarter of 2015.

As part of its strategy, the Company is of the view that there are many businesses, both public and private, in Canada and the United States that can benefit significantly from strategic investors who offer new capital and experience. The Company seeks opportunities to make such investments. More specifically, the Company is focused on:

- Creating long term recurring cash flow streams from (i) the deployment of capital in investment opportunities with growth potential and (ii) fees earned through such investment opportunities;
- Investing a 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;
- Analyzing public and private operating businesses particularly 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
- Sourcing financial investments and opportunistic situations that add value to the Company's asset management activities.

In furtherance of the above strategy, the Company is working to grow and expand its business across 3 key segments: (i) Insurance, (ii) Reinsurance, and (iii) Asset Management, as further described below.

Insurance
The Monarch Joint Venture is the Company's platform investment in the insurance sector. In the Company's view, the insurance market in Florida is ripe for consolidation and greater capital efficiency.

Reinsurance
The Company is making efforts to establish a reinsurance vehicle in 2015. Reinsurance is the highest cost of goods for the insurance industry. This vehicle would be additive to the Company's primary insurance ventures and form an integral part of the Company's future growth and acquisition strategies. The reinsurer would provide servicing capabilities to the Company and be a capital efficient and risk sensitive vehicle with portions of risk retention being redistributed through various channels.

The Company's core business lines in Insurance and Reinsurance are highly dependent on modeled assumption-driven risk retention. The Company believes that efficient use of data, new technology and enhanced modeling capabilities will be a differentiating factor in both origination and underwriting. The Company expects to be well positioned to mine and profit from such data.

Asset Management
The Company completed the formation of the Monarch Joint Venture (defined below) in March 2015. In connection with the Monarch Joint Venture, Crosswinds AUM entered into an Investment Management Agreement (described below under Operational Review – Monarch National Insurance Company). The Company intends to further expand its asset management activities including through raising and managing a fund.

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

Operational Review

Monarch National Insurance Company

In July 2014, the Company entered into an agreement to form a new Florida-based property and casualty insurance carrier (the "Monarch Joint Venture") named Monarch National Insurance Company ("Monarch Insurance") together with Federated National Holding Company (NASDAQ: FNHC) ("Federated"), an insurance holding company and with Transatlantic Reinsurance Company ("TransRe") taking a minority position in the Monarch Joint Venture.

Pursuant to the agreement, the Company committed USD$14 million to the Monarch Joint Venture. To make the investment, the Company established a majority-owned limited partnership, Crosswinds Monarch Investor LP ("Crosswinds Investor LP") into which it invested USD$12 million of equity to fund the Monarch Joint Venture. A third party investor funded the remaining USD$2 million investment in the Monarch Joint Venture in exchange for a proportionate minority position in Crosswinds Investor LP. Crosswinds Investor LP is controlled by its general partner, Crosswinds Monarch GP LLC ("Crosswinds Monarch GP"), a wholly owned subsidiary of the Company.

The parties to the Monarch Joint Venture organized Monarch Delaware Holdings LLC ("Monarch Parent"), the indirect parent of Monarch Insurance. The application to establish Monarch Insurance as a licensed insurer in Florida was submitted to the Florida Office of Insurance Regulation in September 2014 and a certificate of authority to write insurance was issued in March 2015 concurrent with closing of the Monarch Joint Venture.

Monarch Parent had an initial equity capitalization of USD$33 million. Crosswinds Investor LP and Federated each own 42.4% of Monarch Parent's equity, with capital contributions of USD$14 million each for respective 50% voting interests, and TransRe owns the remaining 15.2%, with a capital contribution of USD$5 million for a non-voting interest. Crosswinds' economic interest in Monarch Parent is approximately 36.4% and Crosswinds controls 50% of the voting rights of Monarch Parent as Crosswinds is the sole owner of Crosswinds Monarch GP.

In connection with the Joint Venture, the parties have entered into the following agreements:

- Monarch Parent, Monarch National Holding Company, an intermediate holding company of Monarch Insurance ("Monarch Holding") and Monarch Insurance entered into an Investment Management Agreement (the "Investment Agreement") with Crosswinds AUM, pursuant to which Crosswinds AUM will manage the Monarch investment portfolio. The management fee for Crosswinds AUM, on an annual basis, is 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.

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

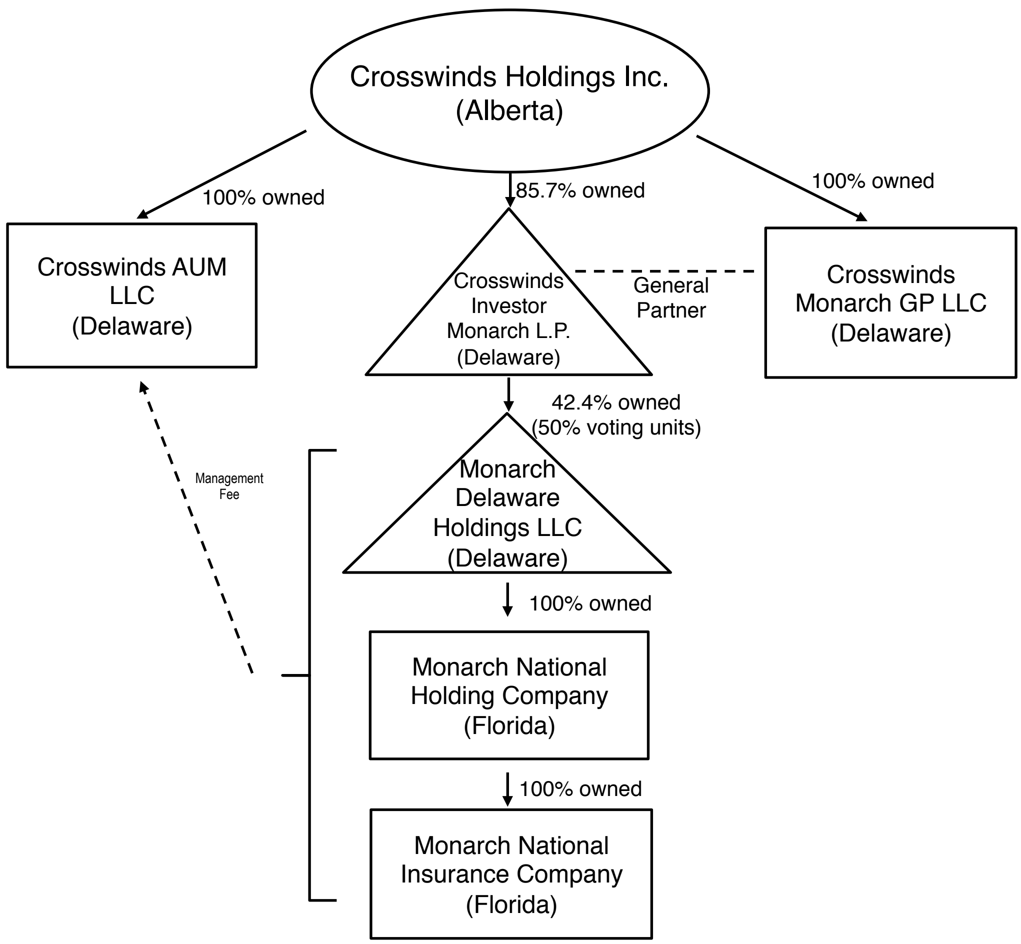
- TransRe provided USD$5 million in senior debt to Monarch Holding. The debt bears interest at 6% per annum, which is payable annually; matures in six years; and is prepayable without penalty.

- Monarch Insurance entered into a Reinsurance Capacity Right of First Refusal Agreement with TransRe, pursuant to which TransRe has a right of first refusal for all quota share and excess of loss reinsurance that Monarch Insurance 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 has the right to provide, at market rates and terms, a maximum of 15% of any reinsurance coverage obtained by Monarch Insurance in any individual reinsurance contract.

The Limited Liability Company Agreement for Monarch Parent (the "Operating Agreement") provides that it will be managed by a seven-member Board of Managers, three of whom will be designated by Crosswinds Investor LP, three of whom will be designated by FNHC, and one who will be jointly selected by Federated and Crosswinds Investor LP following closing. At Closing, the Board of Monarch Parent is comprised of 6 members, 3 Crosswinds Investor LP nominees and 3 FNHC nominees with a vacancy for joint nominee. The Operating Agreement provides 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. Federated is 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 Operating Agreement also provides the members with certain redemption, tag-along, drag-along and buy-sell rights.

The Monarch Joint Venture represents an investment and deployment of a significant portion of the Company`s cash resources. The Monarch Joint Venture also represents the Company's first completed investment in the insurance industry.

Following the completion of the formation of the Monarch Joint Venture, the Company's corporate structure is depicted below:



Material Events in Q1 2015

The following is a summary of the Company's material events in the first quarter of 2015, updated for subsequent events to the date hereof.

First Quarter 2015	Closing of the Monarch Joint Venture. See "Operational Review" above.

Subsequent to Quarter End	On April 15, 2015 ("Grant Date"), the Company issued an aggregate of 260,000 deferred share units ("DSUs") to its directors and officers pursuant to the terms of its Deferred Share Unit Plan (the "DSU Plan"). The DSUs vest quarterly in 8 equal amounts with the first tranche vesting on the Date of Grant and the remainder in equal amounts over the next seven quarters.

Summary of Investments

The following is a summary of the Company's investments in private entities as at March 31, 2015 updated to the date hereof.

Investments in Private Entities – Current Portfolio

At March 31, 2015, the Company held two investments in private entities. The investment details are as follows:

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: Original $4,000,000 investment structured as debentures accruing 12% per annum and nominal cost common share warrants exercisable into common shares of Salbro. 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. As at March 31, 2015, the aggregate amount outstanding under the debentures is $2,300,000 plus $840,446 in accrued interest. In conjunction with the Salbro refinancing in 2012, the maturity dates for the Salbro debentures were extended to August 2019 and the interest rate can increase 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 March 31, 2015, the Company fair valued the debentures and interest owing at $3,140,446 and the common share warrants at $990,000. The Company is monitoring its options with respect to this investment to realize the highest value by holding to maturity versus a sale of its interests or the benefits of a potential refinancing which might improve the overall quality of the investment.

Company and Investment Overview

Monarch Joint Venture Monarch National Insurance Company (Monarch Insurance) is a newly formed property and casualty insurer in the state of Florida. The Monarch Entities are a significant equity investee of the Company.

Crosswinds' Investment: USD$12 million representing CDN$15.3 million at the date of investment. Crosswinds made its investment through Crosswinds Investor LP, its majority owned limited partnership into which it invested USD$12 million with a third party investor funding the remaining USD$2 million for a proportionate minority position in Crosswinds Investor LP. Crosswinds Investor LP is controlled by its general partner, Crosswinds Monarch GP, of which Crosswinds is the sole owner. Crosswinds Investor LP made its investment in the Monarch Joint Venture through Monarch Parent.

Rationale: To form a property and casualty insurance platform in the state of Florida with strategic partners. Monarch is expected to experience organic growth and provide asset management fee revenue to Crosswinds while providing a platform opportunity for further acquisitive growth.

Investment Risks Include: Cyclical nature of insurance and reinsurance businesses, adequacy of reserves, government regulation, catastrophic events, climate change, foreign exchange and currency fluctuations.

Original Investment Date: March 2015

Investment Update: The Monarch Joint Venture became operational in March 2015. Monarch began binding new business in April 2015.

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

Investments in Marketable Securities – Current Portfolio

At March 31, 2015, the Company has no investments in marketable securities other than cash (December 31, 2014 - $Nil).

Financial Review

The following is a summary of (a) the Company's financial statements for the three month periods ended March 31, 2015 and 2014 and (b) the Company's financial position as at March 31, 2015 compared to December 31, 2014.

Results from Operations for the Three Months Ended	March 31, 2015	March 31, 2014
Total revenues	$ 104,279	$ 262,829
Net results of investments	343,836	493,334
(Recovery of)/Expenses	(8,097)	369,516
Taxes and non-controlling interest	-	-
Net income	$ 456,211	$ 386,647

Other comprehensive loss	(3,683)	-
Comprehensive income	$ 452,528	$ 386,647

Earnings Per Share (EPS)		
Earnings per share	$ 0.09	$ 0.03

Financial Position as at	March 31, 2015	December 31, 2014
Cash and cash equivalents	$ 3,107,584	$ 17,117,852
Total assets	24,558,259	21,199,824
Shareholders' equity attributable to Crosswinds shareholders	21,100,295	20,647,767
Number of Shares outstanding	5,304,007	5,304,007

Per Share		
Net book value per share	**$ 4.46**	**$ 3.89**
Attributable to Shareholders of Crosswinds	3.98	3.89
Non-Controlling Interests	0.48	-
Closing market price on TSX	$ 5.00	$ 4.80
Market price premium to net book value	25.6%	23.3%

The Company's cash and cash equivalents declined substantially during the first quarter 2015 as the Company funded its investment in the Monarch Joint Venture.

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.

Thee Months Ended	
March 31, 2015	March 31, 2014
Revenue $104,279: $104,279 from interest income.	Revenue $262,829: $262,829 from interest and investment income.
Changes quarter-over-prior year quarter: The Company's interest income declined in 2015 compared to the prior year quarter as it sold its investment in Digital Payment Technologies ("DPT") on January 31, 2014 leaving the Company with income from its Salbro interest accrual and small amounts generated on bank deposit balances largely representing earmarked cash to complete the Monarch Joint Venture and address increased expenses to expand its future operational capabilities.	
Net results of investments representing a gain of $343,836 consisting of $920,345 of unrealized foreign exchange gains on the translation of USD denominated assets into CAD offset by the $576,509 share of loss in associates, all in connection with the Monarch Joint Venture.	Net results of investments representing a gain of $493,334 consisting primarily of a $218,198 increase in the value of the DPT warrants and a realized foreign exchange gain from the sale of DPT warrants of $242,704.
Expense recovery of $8,097: consisting primarily of $152,068 management fees, $62,418 consulting fees, $81,493 general and administration, $44,048 directors' fees and audit & tax fees $51,679.These expenses were offset by a recovery of legal fees of US$462,500 from Monarch Holding to reimburse the Company for legal fees incurred in 2014 and the first quarter of 2015 to establish the Monarch Joint Venture.	Expenses of $369,516 consisting primarily of $139,851 legal fees, management fees $22,274, consulting fees $82,738, general and administrative $61,319, directors' fees $33,752 and audit and tax fees $29,582.
Net income of $456,211 or $0.09 per share on a basic and fully diluted basis.	Net income of $386,647 or $0.03 per share on a basic and fully diluted basis.
Changes quarter-over-quarter: *Increase in earnings from 2014 to 2015 was primarily due to the unrealized foreign exchange gains of $920,345 and the reimbursement of legal fees covering expenses incurred in 2014 related to the establishment of the Monarch Joint Venture. These gains were partially offset by lower interest and investment income in 2015 than in 2014 due to the decrease in interest earned on bank deposits and the sale of DPT.*	

Balance Sheet Highlights

As at March 31, 2015, the Company's assets consist primarily of cash and its investments in Salbro and Monarch. As at March 31, 2015, the Company had working capital of $2,223,559 for commitments and general working capital purposes. In March 2015, the Company, through Crosswinds Investor LP invested USD$14,000,000 (USD$2,000,000 of which was funded by a third party investor) in the Monarch Joint Venture. The total commitment in Canadian funds was approximately $17,900,000 with the portion funded by the Company being approximately $15,322,000. The Company is subject to the risk of currency fluctuations. See "Risk Factors" below and in the Company's AIF.

March 31, 2105	March 31, 2014	December 31, 2014
Total assets of $ 24,558,259	Total assets of $45,976,969	Total assets of $ 21,199,824
Changes: *The decline in assets from March 31, 2014 to December 31, 2014 is primarily due to the substantial issuer bid undertaken in April 2014 of $24.4 million. The increase in assets from December 2014 to March 2015 is due to the $2.5 million (USD$2,000,000) investment by a third party investor and the net income earned in the first quarter of 2015 of $452,528.*		
Shareholders' equity attributable to Crosswinds shareholders of $21,100,295	Total shareholders' equity of $45,714,327	Total shareholders' equity of $20,647,767
Changes: *The decline in shareholders' equity from March 31, 2014 to December 31, 2014 is primarily due to the substantial issuer bid undertaken in April 2014 of $24.4 million. The increase in shareholders' equity from December 2014 to March 2015 is due to the net income earned in the first quarter of 2015 of $456,211.*		

The Company had no debt at the holding company level during any of the periods noted in the table above.

Fair Value Analysis

The following is an analysis of the fair value of each of the Company's assets and liabilities and associated value per share as at March 31, 2015.

	March 31, 2015	
Asset/(Liability)	Fair value	Value per share
Liquid Net Assets (Working Capital)		
Cash and cash equivalents	3,107,584	$ 0.59
Accounts receivable and other assets	37,338	0.01
Accounts payable and accrued liabilities	(921,363)	(0.17)
Working Capital	***2,223,559***	***0.42***

Asset/(Liability)	March 31, 2015 Fair value	Value per share
Investments in Private Entities		
Investments in associates (Monarch Joint Venture)	17,282,891	3.26
Salbro *(debentures & accrued interest)*	3,140,446	0.59
Salbro *(warrants)*	990,000	0.19
	21,413,337	4.03
GRAND TOTAL [1, 2]	***23,636,896***	***$ 4.46***

[1] Grand total equals the Company's shareholders' equity under IFRS.
[2] Excludes the Company's tax loss carryforwards of $15,307,238 million available to offset future taxable income.

Results of Operations for the Quarter Ended March 31, 2015

The following is an analysis of the Company's results of operations for the quarter ended March 31, 2015 and 2014 prepared on an IFRS basis of presentation. This analysis should be read in conjunction with the applicable financial statements and the accompanying notes thereto.

Revenues

	Three Months Ended March 31		
	2015	2014	Inc / (Dec)
Interest and investment income	$ 104,279	$ 262,829	$ (158,550)
Total	$ 104,279	$ 262,829	$ (158,550)

The Company's interest income declined in 2015 compared to the same quarter in the prior year as it sold its investment in DPT effective January 31, 2014 leaving the Company with income from its Salbro interest accrual and small amounts generated on bank deposit balances largely representing earmarked cash to complete the Monarch Joint Venture and address increased expenses to expand its future operational capabilities.

Net Results of Investments

	Three Months ended March 31		
	2015	2014	Inc / (Dec)
Gain on sale of marketable securities	-	84,929	(84,929)
Change in unrealized gain on marketable securities	-	(52,497)	52,497
Share of loss of associates	(576,509)	-	(576,509)
Realized gain on sale of investments in private entities	-	4,930,917	(4,930,917)
Change in unrealized gain on investments in private entities	-	(4,712,719)	4,712,719
Unrealized foreign exchange gain	920,345	-	920,345
Realized foreign exchange gain	-	242,704	(242,704)
Total	$ 343,836	$ 493,334	$(149,498)

Net results of investments decreased by $149,498 in the three months ended March 31, 2015 compared with the same period in 2014. In 2015, net results of investments represented a gain of $343,836 consisting of a $920,345 unrealized foreign exchange gain on the translation of USD denominated assets into CAD offset by the $576,509 share of loss in associates, all in connection with the Monarch Joint Venture. In 2014, net results of investments represented a gain of $493,334 consisting primarily of a $218,198 increase in the value of the DPT warrants and a realized foreign exchange gain from the sale of DPT warrants of $242,704.

Expenses and Income Taxes

	Three Months ended March 31		
	2015	2014	Inc / (Dec)
Legal fees (Recovery)	$ (399,803)	$ 139,851	$ (539,654)
Salaries and benefits	152,068	-	152,068
Management fees	-	22,274	(22,274)
Consulting fees	62,418	82,738	(20,320)
General and administrative	81,493	61,319	20,174

	Three Months ended March 31		
	2015	2014	Inc / (Dec)
Directors fees	44,048	33,752	10,296
Audit and tax fees	51,679	29,582	22,097
	(8,097)	369,516	(377,613)
Provision for income taxes	-	-	-
Total	$(8,097)	$369,516	$(377,613)

The primary reason for the decline in expenses from the first quarter of 2014 to the first quarter of 2015 is the recovery of legal fees of USD$462,500 from Monarch Holding to reimburse the Company for legal fees incurred in 2014 and the first quarter of 2015 to establish the Monarch Joint Venture. This reduction was partially offset by the compensation paid to the senior management team in 2015. In 2014, CDJ Global Catalyst LLC provided the CEO function and a COO was hired in the fourth quarter of 2014 under the CDJ Management Agreement which was in place until December 31, 2014 when management was internalized.

Summary of Quarterly Results

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

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	104,279	126,738	137,095	134,305	262,829	478,237	464,953	462,587
Net results of investments	343,836	-	161,209	-	493,334	1,978,316	1,767,440	231,414
Expenses	8,097	(758,621)	(319,245)	(169,588)	(369,516)	(147,484)	(163,132)	(240,632)
Tax provision	-		-	-	-	-	-	-
Net earnings (loss) under IFRS	456,211	(631,883)	(20,941)	(35,283)	386,647	2,309,069	2,069,261	453,369
Weighted avg # of shares Basic and Diluted	5,304,007	5,304,007	5,304,007	6,528,670	12,269,280	12,269,280	12,269,280	12,269,280
Net earnings (loss) per share under IFRS	0.09	(0.12)	(0.00)	(0.01)	0.03	0.19	0.17	0.04
Net book value [1]	23,636,895	20,647,767	21,322,148	21,300,590	45,715,000	45,327,681	43,284,000	41,214,000
Common shares o/s	5,304,007	5,304,007	5,304,007	5,304,007	12,269,280	12,269,280	12,269,280	12,269,280
Net book value per share [2]	4.46	3.89	4.02	4.02	3.73	3.69	3.53	3.36
Total assets	24,558,259	21,199,824	21,487,434	21,425,260	45,977,000	45,456,915	43,464,003	41,499,679

[1] 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. [2] ibid.

Revenues are expected to increase later in 2015 as the Company begins to earn asset management fees at Crosswinds AUM following closing of the Monarch Joint Venture at the end of the first quarter of 2015. 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 and stabilized in the third and fourth quarters of the year. A recovery of legal fees, partially incurred in 2014, contributed to the increased profitability in the first quarter of 2015..

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 throughout 2013 subsequent to the change of control in March 2013. In 2014, legal costs increased due to the substantial issuer bid and asset dispositions and legal, management and consulting services increased 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 Company's interim unaudited consolidated financial statements and the corresponding notes thereto.

Liquidity

The Company had liquid net assets of $2,223,559 at March 31, 2015 (December 31, 2014 - $16,609,681; March 31, 2014 - $41,937,341). 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)	March 31, 2015	March 31, 2014	December 31, 2014
Cash and cash equivalents	$ 3,107,584	$ 41,634,085	$ 17,117,852
Accounts receivable and other assets	37,338	565,898	43,886
Accounts payable and accrued liabilities	(921,363)	(262,642)	(552,057)
Working capital	$ 2,223,559	$ 41,937,341	$ 16,609,681
Total per share	$ 0.42	$ 3.41	$ 3.13

The Company committed a substantial part of its available capital to the Monarch Joint Venture which closed in the quarter in March 2015. The Company also hired a Chief Operating Officer during 2014. The Company believes it has sufficient working capital to support the Company's near term needs. As the Company works to implement its planned growth activities, the Company expects it will need to raise new capital.

Capital Resources

At March 31, 2015, the Company had no long-term debt, capital lease obligations or other long-term obligations. The Company currently expects it will begin to incur such obligations in 2015 as it increases its active operations.

Share Capital

As at the date hereof and as of March 31, 2015, 5,304,007 (March 31, 2014 - 12,269,280; December 31, 2014 – 5,304,007) Shares were outstanding with the Company reporting a net book value of $23,636,895 (March 31, 2014 -$45,714,327; December 31, 2014 – $20,647,767).

The Company has no options or option plans outstanding. At the Company`s annual and special meeting held 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 Shares of the Company under the DSU Plan. Subsequent to quarter end, on April 15, 2015 ("Grant Date"), the Company issued an aggregate of 260,000 DSUs to its directors and officers pursuant to the terms of its DSU Plan. The DSUs vest quarterly in 8 equal amounts with the first tranche vesting on the Date of Grant and the remainder in equal amounts over the next seven quarters.

Off-Balance Sheet Arrangements

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

Proposed Transactions

The Company has no Proposed Transactions as at the date hereof.

Transactions with Related Parties

Management Agreement with CDJ Global Catalyst LLC and Termination

In March 2013, the Company entered into an agreement with CDJ, which on behalf of accounts over which it exercises discretion, 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 renewed for additional successive one year terms unless otherwise terminated. The Management Agreement was terminable 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 year ended December 31, 2014, the fee charged to the Company was $305,514 (2013 - $62,301). 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.

Effective January 1, 2015, the Company and CDJ agreed to terminate the Management Agreement with no termination fee payable to CDJ (the "Internalization"). The services of the Company's management including its Chief Executive Officer and Chief Operating Officer were provided to the Company by CDJ under the terms of the Management Agreement during 2014 and 2013 and following Internalization those officers are direct employees of the Company**.**

The Internalization was a "related party transaction" for purposes of Multilateral Instrument 61- 101 – *Protection of Minority Securityholders in Special Transactions*, however, because the fair market value of the subject matter and consideration of the Internalization was less than 25% of the market capitalization of the Company, the Internalization was exempt from the valuation and minority approval requirements of that instrument. A copy of the full text of the Management Agreement and the Termination Agreement is available under Crosswinds' profile on SEDAR at www.sedar.com.

Changes in Accounting Policies and Critical Accounting Estimates

The Company's financial statements have been prepared in accordance with IFRS.

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 Company's accounting policies and that have the most significant effect on the amounts recognized in the Company's financial statements for the quarter ended March 31, 2015.

Functional currency

The currency of the primary economic environment in which the Company operates is the Canadian dollar as this is the currency which has at the periods reported represented the economic effects of underlying transactions, events and conditions. Furthermore, the Canadian dollar is the currency in which the Company measures its performance and also issues and purchases for cancellation its Shares.

Determination of subsidiaries, associates and joint ventures

There could be significant judgment involved in assessing whether control, significant influence, or joint control exists in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*, IAS 28 *Investments in Associates & Joint Ventures* and IFRS 11 *Joint Arrangements*, respectively, particularly where the facts and circumstances include indicators that could reasonably point to more than one potential outcome. In situations where voting rights alone are not sufficient to clearly assess control, significant influence or joint control, additional factors that may be considered include potential voting rights that are currently exercisable or convertible, contractual arrangements, relative shareholdings and the allocation of decision-making rights. An initial assessment of control, significant influence or joint control is reconsidered at a later date if warranted by changes in facts and circumstances, particularly in situations where the Company acquires additional interests or reduces its existing interest.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Company's statements of financial position date reflected in the Company's financial statements as at March 31, 2015, 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 on the assumption that 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.

A capitalization rate of 9.5% was used to value Salbro as at December 31, 2014 and December 31, 2013. Different assumptions were used to derive a range of valuations used to arrive at an estimate. A 1% change in that rate would have increased or decreased the value of the investments by approximately $200,000 as at December 31, 2014 and December 31, 2013.

The carrying amount of the Salbro investment at March 31, 2015 is $4,130,446 (December 31, 2014 - $4,038,086).

ii. Digital Payment Technologies Corp.

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 vendor and purchaser. The plan of arrangement transaction was completed on January 31, 2014 and substantially all of the proceeds were receivable then.

Adoption of new and revised standards

This section describes standards, amendments and interpretations that have been issued but are not yet effective for reporting periods ended March 31, 2015.

The International Accounting Standards Board ("IASB") has issued the following new accounting standard that is applicable to the Company:

IFRS 9 Financial Instruments

Two phases of IFRS 9, Financial Instruments ("IFRS 9") were issued by the 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 its intentions with respect to growth of its complementary business lines and the success of any capital raising activities. The Company will require additional capital to complete some of its initiatives including capitalizing on investment opportunities as they arise and its ability to raise that capital will depend among other things on general economic conditions. As the Company is working to develop additional lines of business, past performance should not generally be viewed as indicative of future results.

The Company continues to seek investment opportunities meeting the criteria set out elsewhere in this MD&A. There can be no guarantee that the prospective 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.

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 in its corporate filings 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 March 31, 2015, 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 March 31, 2015.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. In addition, a control system, no matter how well conceived and operated can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. 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 for external purposes 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 March 31, 2015, 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 March 31, 2015. There were no material weaknesses that have been identified by the Certifying Officers as at March 31, 2015. There have been no changes during the interim period ended March 31, 2015 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. In addition, a control system, no matter how well conceived and operated can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. 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.

Outlook

Results may vary substantially from quarter to quarter due to the stage of development of the Company's business and its new investment activities. The Company has a number of initiatives it is targeting for completion in 2015 including the establishment of a reinsurance entity and seeking additional capital for future acquisitions to capitalize on opportunities as they arise. The Company is also exploring the raising of a fund to achieve this objective which would also contribute to Crosswinds' fee income.

The Company is seeking unique investments in highly regulated industries that require long lead times to consummate. Additionally, as part of management's explicit long term views, we anticipate potential short term volatility in results as a function of non-controllable events. The Monarch Joint Venture could suffer as a result of weather related events or conversely it may well benefit from such events. We are of the view that the Monarch Joint Venture is well positioned as it has been designed to absorb short term volatility as part of a broader plan based on a longer term investment hold which will allow additional time for growth.

The Company's future investment plans will follow the same investment approach to value identification where other investors may be disinclined as they cannot see beyond the short term risks. We work to align ourselves with industry partners who have similar risk management views. The ability to capitalize on these views is the key to our future success. We are ever mindful that risk and opportunity come from unexpected sources. It may well be our future risks are from big data, new technologies or complete overhauls of distribution channels. It is our job to identify these risks and changes, and adapt and participate as appropriate.

Management believes that Crosswinds is well positioned for growth in 2015 provided it secures additional capital to execute on those growth plans. Having just completed the Monarch Joint Venture, Management is confident about the additional opportunities available from this platform investment.

Following completion of the Monarch Joint Venture, as the majority of the Company's assets are valued in USD, the overall value of the Company expressed in Canadian dollars will fluctuate based on the relative value of the Canadian dollar to the USD.

Financial Risk Management and Risk Factors

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

ii. Risk mitigation

The Company's AIF details its investment policy and guidelines that encompasses its overall investment strategy, its tolerance for risk and its general risk management philosophy; however the Company does hold investments in warrants which are considered a derivative instrument.

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

iii. 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.

The Company reviews its investment policies and risk management procedures in order to avoid excessive concentration of risk. For a discussion of additional risk factors including liquidity risk, interest rate sensitivity, credit risk and foreign exchange risk, see "Risk Factors" below.

Risk Factors

Joint Venture Risks

There can be no assurance that the Monarch Joint Venture will be successful.

The Monarch Joint Venture involves substantial risk. 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. 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 sought to obtain regular cash flow from these investments through interest payments and/or management fees however these have in some circumstances been deferred.

The Company has generally funded 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. However, as the Company increases its active operations it expects that it will be cash flow negative for a period of time.

Interest rate sensitivity

As at and during the three months ended March 31, 2015, the Company did not have any significant exposure to interest rate risk as the Company has no debt and, therefore, would not be impacted by changes in interest rates.

Credit risk

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

As at March 31, 2015, financial assets exposed to credit risk include debt instruments and derivatives as noted in the Company's financial statements. 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 March 31, 2015 and December 31, 2014, 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 Schedule A Canadian chartered bank of $3,107,584 as at March 31, 2015 (December 31, 2014 - $17,117,852). The bank has a senior debt rating of AA- from DBRS.

Foreign Exchange Risk

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

Regulatory Risk

Crosswinds and its subsidiaries, affiliates and operating companies may be subject to extensive governmental regulations and oversight with respect to their business activities. The failure to comply with applicable regulations, obtain applicable regulatory approval or maintain those approvals so obtained may subject the applicable operating company to civil penalties, suspensions or withdrawal of any regulatory approval or consent obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on Crosswinds' consolidated financial position.

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 the Monarch Joint Venture.

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 March 31, 2015. The Company has exposure to foreign exchange risk. See "Foreign Exchange Risk" above.

Market Risk - Indirect

The Company's one remaining private investment as at March 31, 2015, 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 was comprised of two companies in two industries as at March 31, 2015. As at March 31, 2015, the Salbro investment is carried at an aggregate fair value of $4,120,446 which represented 16.4% 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 investee 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 AIF filed under the Company’s SEDAR profile at www.sedar.com

CORPORATE DIRECTORY

Board of Directors:

J. Roy Pottle[1,2,] Chairman
Bradd Gold[2]
Gaetano Muzio[2]
Robert Wolf

Officers:

Colin King, Chief Executive Officer
Paul Van Damme, Chief Financial Officer
Helen Martin, Chief Operating Officer and Corporate Secretary

[1]Audit Committee Chairman
[2] Audit Committee Member

Auditor:

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Transfer Agent:

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