Crosswinds Holdings Inc. Management's Discussion and Analysis for the Three and Nine Months Ended September 30, 2015

Introduction

This interim management's discussion and analysis ("MD&A") for Crosswinds Holdings Inc.[1] ("Crosswinds" or the "Company") includes information designed to help you understand management's perspective of our unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2015. This information is presented as at September 30, 2015 and updated based on information available up to November 13, 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 condensed interim consolidated financial statements and notes for the three and nine months ended September 30, 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 interim periods prior to Q1 2015. 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").

The USD to Canadian dollar closing exchange rate on September 30, 2015 was $1.3345 and averaged $1.2598 for the first nine months of 2015.

[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 HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

- Revenues of $185,332 compared to $137,095 for the same period in 2014;
- Net gain from results of investments of $74,164 compared to $161,209 for the same period in 2014; and
- Net loss of $(395,267) or $(0.07) per Share compared to net loss of $(20,941) or $(0.00) per Share for the same period in 2014.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

- Revenues of $426,404 compared to $534,228 for the same period in 2014;
- Net gain from results of investments of $254,233 compared to $654,543 for the same period in 2014; and
- Net loss of $(1,127,833) or $ (0.19) per Share compared to net income of $330,422 or $0.04 per Share for the same period in 2014.

FINANCIAL POSITION AS AT SEPTEMBER 30, 2015

- Cash and cash equivalents of $1,650,505 or $0.31 per Share;
- Investment in an associate of $17,949,011 or $3.38 per Share;
- Investment in private entity valued at $4,323,647 or $0.82 per Share; and
- Net book value of $23,914,041 or $4.51 per Share[2] of which $21,349,954 or $4.03 per Share[2] is attributable to the shareholders of Crosswinds.

[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 4 of this MD&A.

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 required 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; fluctuation of 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 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 net book value per share, both on a consolidated basis including non-controlling interests with respect to the Company's investment in the Monarch Joint Venture and on a non-consolidated basis attributable solely to the Company's shareholders without non-controlling interests. These measures are non-IFRS financial measures The Company calculates these net book values 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. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore are 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 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 September 30, 2015, the Company held two investments, one private investment in Salbro Bottle Group ("Salbro") and one investment in an associate being the Monarch entities consisting of: Monarch Delaware LLC ("Monarch Parent"), Monarch National Holding Company ("Monarch Holding") and Monarch National Insurance Company ("Monarch Insurance") (Monarch Parent, Monarch Holding and Monarch Insurance referred to collectively herein as the “Monarch Entities”). The Monarch Entities are a significant equity investee of the Company. In March 2015, the Company completed a joint venture investment to form Monarch Insurance marking the Company’s inaugural platform investment in the insurance industry (the “Monarch Joint Venture”).

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 has been making continued efforts throughout the quarter to establish a reinsurance vehicle which is expected to be established in late 2015 or early 2016 subject to the receipt of regulatory and other approvals. Reinsurance is the highest cost of sales for the insurance industry. This vehicle is expected to 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 is intended to 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 line in Insurance and additive core business line that it is working to establish in Reinsurance will be 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.

Asset Management
The Company completed the formation of the Monarch Joint Venture in the first quarter of 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 currently intends to grow its asset management business by raising capital and in the longer term establishing a fund or similar vehicle that the Company would manage. See “Outlook”.

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 the first quarter of 2015, the Company completed the formation of the Monarch Joint Venture, creating a new Florida-based property and casualty insurance carrier, Monarch Insurance, together with Federated National Holding Company (NASDAQ: FNHC) (“Federated National”), an insurance holding company. Transatlantic Reinsurance Company (“TransRe”) took a minority position in the Monarch Joint Venture.

Pursuant to the Monarch Joint Venture, the Company committed USD$14 million. 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 Parent, the indirect parent of Monarch Insurance. The Florida Office of Insurance Regulation issued a certificate of authority to Monarch Insurance to write insurance concurrent with closing of the Monarch Joint Venture.

Monarch Parent had an initial equity capitalization of USD$33 million. Crosswinds Investor LP and Federated National 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 Holdings, an intermediate holding company of Monarch Insurance and Monarch Insurance entered into an Investment Management Agreement (the “Investment Agreement”) with Crosswinds AUM, pursuant to which Crosswinds AUM manages the Monarch Entities’ 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 National, pursuant to which FNU provides underwriting, accounting, reinsurance placement and claims administration services to Monarch Insurance. For its services under the MGA Agreement, FNU is 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 also receives 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.

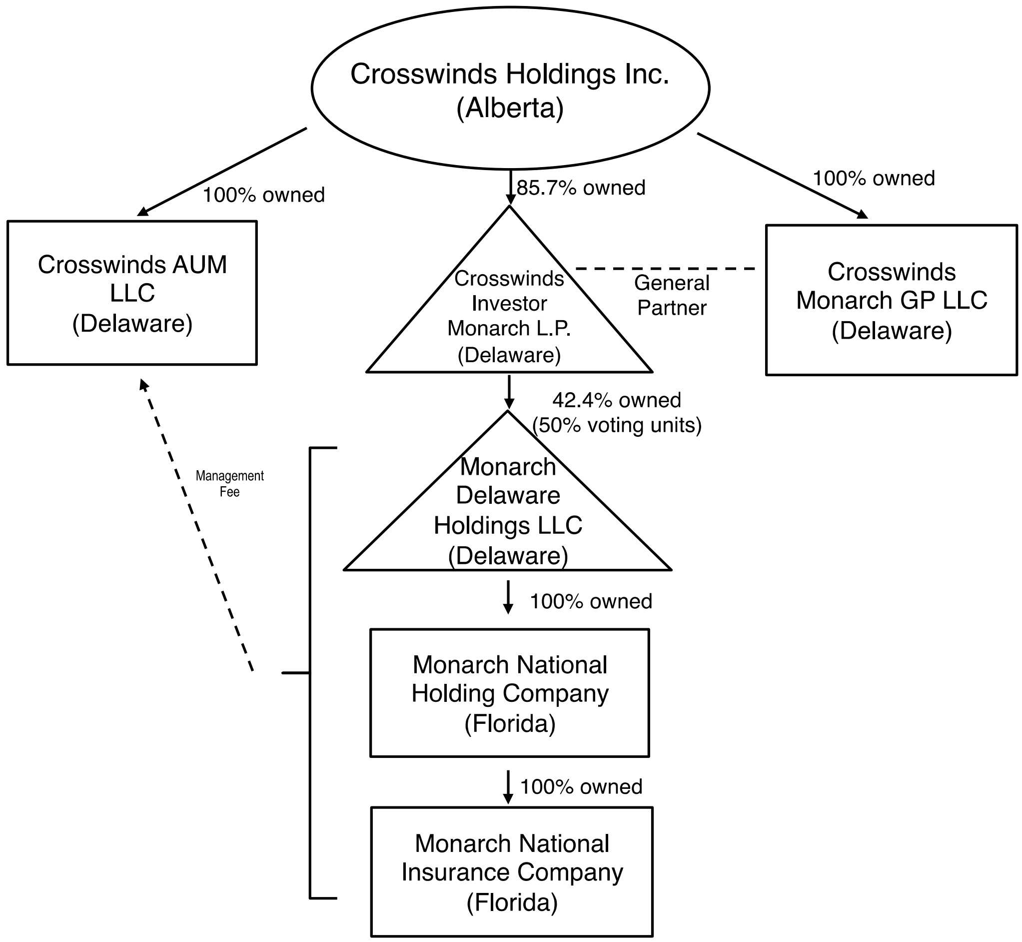
- Monarch Insurance entered into a Reinsurance Capacity Right of First Refusal Agreement with TransRe, pursuant to which TransRe has a right of first refusal for all quota share and excess of loss reinsurance that Monarch Insurance deems necessary in its sole discretion for so long as TransRe remains 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 National 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 National 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.

In the second quarter of 2015, Monarch Insurance commenced binding policies and during the third quarter of 2015, Monarch began to gradually ramp up its policy writing. See "Summary of Investments".

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



Material and Significant Events in Third Quarter of 2015

The Company had no material and significant events to report in the third quarter of 2015.

Summary of Investments

The following is a summary of the Company's investments in private entities and associates as at September 30, 2015 updated to the date hereof.

Investments in Private Entity and Associate – Current Portfolio

At September 30, 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 September 30, 2015, the aggregate amount outstanding under the debentures is $2,300,000 plus $935,605 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 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, 2015, the Company fair valued the debentures and interest owing at $3,333,647 and the common share warrants at $990,000. The Company is actively 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 partial 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. Monarch Insurance began active operations during the second quarter of 2015 following closing of the Monarch Joint Venture in March 2015.

Crosswinds' Investment: US $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 US $12 million with a third party investor funding the remaining US $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 including protracted period of no hurricane events in Florida, adequacy of reserves and reinsurance, appropriate pricing, government regulation and approvals including of analytic models, natural disasters, climate change, foreign exchange and currency fluctuations, newly established player and brand in market requiring acceptance, competition from current and potential new entrants into the market, reliance on related party service providers, direct to consumer distribution displacing traditional distribution channels.

Original Investment Date: March 2015

Investment Update: The Monarch Joint Venture became operational in March 2015. Monarch began binding new business in April 2015 and from that time until September 30, 2015 had approximately US $1.33 million in gross written premiums. The timing of the Monarch Joint Venture launch was somewhat later than initially expected by Crosswinds, resulting in policy growth being slower than anticipated. Crosswinds currently expects that Monarch's premium volumes will ramp up gradually. Crosswinds AUM is investing the capital of the Monarch Entities methodically given the backdrop of rising rates and other global market considerations.

Financial Review

The following is a summary of (a) the Company's results from operations for the three and nine months ended September 30, 2015 and 2014 and (b) the Company's financial position as at September 30, 2015 compared to December 31, 2014.

Results from Operations for the Three Months Ended	September 30, 2015	September 30, 2014
Total revenues	$ 185,332	$ 137,095
Net results of investments	74,164	161,209
Expenses	(654,763)	(319,245)
Taxes	-	-
Net loss	$ (395,267)	$ (20,941)
Other comprehensive income	1,162,877	-
Comprehensive income (loss)	$ 767,610	$ (20,941)
Earnings Per Share (EPS)		
Loss per share	$ (0.07)	$ (0.00)

Results from Operations for the Nine Months Ended	September 30, 2015	September 30, 2014
Total revenues	$ 426,404	$ 534,228
Net results of investments	254,233	654,543
Expenses	(1,808,470)	(858,349)
Taxes	-	-
Net income (loss)	$ (1,127,833)	$ 330,422

Other comprehensive income	739,699	-
Comprehensive income (loss)	$ (388,134)	$ 330,422

Earnings Per Share (EPS)		
Earnings (loss) per share	$ (0.19)	$ 0.04

Financial Position as at	September 30, 2015	December 31, 2014
Cash and cash equivalents	$ 1,650,505	$ 17,117,852
Total assets	24,062,506	21,199,824
Shareholders' equity attributable to shareholders of Crosswinds	21,349,954	20,647,767
Number of shares outstanding	5,304,007	5,304,007

Per Share		
Net book value per share[1]	**$ 4.51**	**$ 3.89**
Attributable to shareholders of Crosswinds	4.03	3.89
Non-controlling interests	0.48	-
Closing market price on TSX	$ 5.50	$ 4.80
Market price premium to net book value	22.0%	23.3%

[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 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 4 of this MD&A.

The Company's cash and cash equivalents declined substantially during the first nine months of 2015 as the Company funded US $12 million, being its share of the 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.

Three Months Ended

September 30, 2015	September 30, 2014
Revenue $185,332: $121,748 from interest and investment income; $63,585 from management fees.	Revenue $137,095: $137,095 from interest and investment income.

Changes quarter-over-prior year quarter: The Company's interest income in Q3 2015 was consistent with the amount earned in Q3 2014, with both amounts earned primarily from its investment in Salbro. In Q3 2014, the Company earned more bank interest. In Q3 2015, the Company also earned $63,585 in management fees as a result of an investment management agreement entered into between Crosswinds AUM and the Monarch Entities.

Net results of investments was a gain of $74,164 consisting of $12,840 share of income of an associate; $59,766 of unrealized foreign exchange gains and $1,558 of realized foreign exchange gains.	Net results of investments was a gain of $ 161,209 from the receipt of the escrow proceeds on the Digital Payment Technologies Corp. ("DPT") escrow account in excess of the amount recorded in Q2 2014.
Expenses of $654,763: consisting of $237,086 share-based payments expense, $171,983 salaries, $98,362 consulting fees, $47,175 general and administration, $52,800 directors' fees, $29,476 audit and tax fees and $17,881 in legal fees.	Expenses of $319,245: consisting of $121,144 legal fees, $64,388 management fees, $58,988 general and administration, $34,339 directors' fees, $14,509 audit and tax fees and $25,877 consulting fees.
Net loss of $(395,267) or $(0.07) per share on a basic and fully diluted basis.	Net loss of $(20,941) or $0.00 per share on a basic and fully diluted basis.

Changes quarter-over-quarter: *The increase in net loss for the third quarter of 2015 compared to the same period in 2014 was primarily due to higher consulting fees and compensation expense on both a cash and non-cash basis (which included the equity-based awards of Deferred Share Units ("DSUs"). As the Company is ramping up its investing activities it has issued DSUs as an incentive designed to further align its directors and officers with the Company and its shareholders. The DSUs vest in 8 equal amounts with the first tranche having vested on the Date of Grant, the second tranche having vested on June 30, 2015, the third tranche having vested on September 30, 2015 and with the remainder vesting in equal amounts over the next five quarters.*

Nine Months Ended

September 30, 2015	September 30, 2014
Revenue $426,404: $305,226 from interest and investment income; $121,179 from management fees.	Revenue $534,228: $534,228 from interest and investment income.

Changes nine months-over-prior year nine months: The Company's interest income declined in the first nine months of 2015 compared to the same period in 2014 as it sold its investment in DPT effective January 31, 2014 leaving the Company with income from its Salbro investment and small amounts generated on bank deposit balances which were largely allocated to complete the Monarch Joint Venture and to address increased expenses to expand its

September 30, 2015	September 30, 2014
future operational capabilities. *Beginning* in Q2 2015, the Company began earning management fees pursuant to the Investment Agreement entered into between Crosswinds AUM and the Monarch Entities.	
Net results of investments was a gain of $254,233 resulting primarily from $980,662 of unrealized foreign exchange gains on the translation of USD cash into CAD offset by the $692,903 share of loss in associate, both of which arose in connection with the Monarch Joint Venture.	Net results of investments was a gain of $654,543 resulting primarily from a $379,407 increase in the value of the DPT warrants and a $242,704 realized foreign exchange gain.
Expenses of $1,808,470: consisting of $1,100,609 share-based payments expense, $515,968 salaries, $215,102 consulting fees, $148,180 general and administration, $137,646 directors' fees and audit and tax fees $115,555. These expenses were offset by a recovery of legal fees of $(424,590) resulting from a payment 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 $858,349 consisting primarily of legal fees of $288,696, general and administration of 160,253, consulting fees of $138,156, audit and tax fees of $58,341 directors' fees of $104,222 and management fees of $108,536 to CDJ Global Catalyst LLC.
Net loss of $(1,127,833) or $(0.19) per share on a basic and fully diluted basis.	Net income of $330,422 or $0.04 per share on a basic and fully diluted basis.

Changes nine months-over-prior year nine months: *The decrease in net income from the nine months ended September 30, 2015 compared to the same period in 2014 was due primarily to the share of loss of an associate of $692,903 and to cash compensation of $515,968 and non-cash compensation of $1,100,609 (which included the equity-based awards of DSUs). As the Company is ramping up its investing activities it has issued DSUs as an incentive designed to further align its directors and officers with the Company and its shareholders. The DSUs vest in 8 equal amounts with the first tranche having vested on the Date of Grant, the second tranche having vested on June 30, 2015, the third tranche having vested on September 30, 2015 with the remainder vesting in equal amounts over the next five quarters. These expenses were partially offset by a foreign exchange gain of $980,662.*

Balance Sheet Highlights

As at September 30, 2015, the Company's assets consisted primarily of cash and its investments in Salbro and the Monarch Joint Venture. As at September 30, 2015, the Company had working capital of $1,641,383 for commitments and general working capital purposes. In March 2015, the Company, through Crosswinds Investor LP invested US $14,000,000 (US $2,000,000 of which was funded by a third party investor) in the Monarch Joint Venture. The total commitment in Canadian funds was $17,876,600 with the portion funded by the Company being $15,322,800. The Company is subject to the risk of currency fluctuations. See "Risk Factors" below and in the Company's AIF.

September 30, 2105	December 31, 2014
Total assets of $ 24,062,506	Total assets of $ 21,199,824
Changes: *The increase in assets from December 2014 to September 2015 is due to the $2.6 million (USD $2,000,000) investment in Crosswinds Investor LP by a third party investor.*	
Equity attributable to shareholders of Crosswinds $21,349,954	Equity attributable to shareholders of Crosswinds $20,647,767
Changes: *The increase in equity attributable to shareholders of Crosswinds from December 31, 2014 to September 30, 2015 is due to other comprehensive income attributable to the shareholders of Crosswinds reported for the first nine months of 2015 of $630,371.*	

The Company had no debt 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 September 30, 2015.

	September 30, 2015	
Asset/(Liability)	Fair value	Value per share
Liquid Net Assets (Working Capital)		
Cash and cash equivalents	$1,650,505	$ 0.31
Due from related parties	66,206	0.01
Interest receivable and prepaid expenses	73,137	0.01
Accounts payable and accrued liabilities	(148,465)	(0.02)
Working Capital	***$1,641,383***	***$ 0.31***

	September 30, 2015	
Asset/(Liability)	Fair value	Value per share
Investments in Private Entities		
Investment in an associate (Monarch Joint Venture) [1]	$17,949,011	$3.38
Salbro *(debentures & accrued interest)*	3,333,647	0.63
Salbro *(warrants)*	990,000	0.19
	$22,272,658	$ 4.20
GRAND TOTAL [2, 3]	***$23,914,041***	***$ 4.51***

[1] Includes the non-controlling interest amount of $2,564,087.
[2] Grand total equals the Company's shareholders' equity.
[3] Excludes the Company's tax loss carryforwards of $15,307,238 expected to be available to offset future taxable income.

Results of Operations for the Quarter Ended September 30, 2015

The following is an analysis of the Company's results of operations for the nine months ended September 30, 2015 and 2014. This analysis should be read in conjunction with the applicable financial statements and the accompanying notes thereto.

Revenues

	Three Months Ended September 30		
	2015	2014	Inc / (Dec)
Interest and other income	$ 185,332	$ 137,095	$ 48,237
Total	$ 185,332	$ 137,095	$ 48,237

The Company's interest income in Q3 2015 was consistent with the amount earned in Q3 2014, with both amounts earned primarily from its investment in Salbro. In Q3 2014, the Company earned more bank interest. In Q3 2015, the Company also earned $63,585 in management fees as a pursuant to the Investment Agreement entered into by Crosswinds AUM with the Monarch Entities.

Net Results of Investments

	Three Months ended September 30		
	2015	2014	Inc / (Dec)
Share of income of an associate, net of tax	12,840	-	12,840
Realized gain on sale of investment in private entity	-	161,209	(161,209)
Unrealized foreign exchange gain	59,766	-	59,766
Realized foreign exchange gain	1,558	-	1,558
Total	$ 74,164	$ 161,209	$(87,045)

Net results of investments decreased by $87,045 in the three months ended September 30, 2015 compared with the same period in 2014. In 2015, net results of investments represented income of $74,164 consisting of a $1,588 realized foreign exchange gain, a $59,766 unrealized foreign exchange gain and a $12,840 share of income in an associate. 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		
	2015	2014	Inc / (Dec)
Legal fees expense	$ 17,881	$ 121,144	$ (103,263)
Share-based compensation	237,086	-	237,086
Salaries and benefits	171,983	-	171,983
Management fees	-	64,388	(64,388)
Consulting fees	98,362	25,877	72,485
General and administration	47,175	58,988	(11,813)
Directors' fees	52,800	34,339	18,461
Audit and tax fees	29,476	14,509	14,967
	654,763	319,245	335,518
Provision for income taxes	-	-	-

	Three Months ended September 30		
	2015	2014	Inc / (Dec)
Total	$654,763	$319,245	$335,518

The increase in expenses for the third quarter of 2015 compared to the third quarter of 2014 was due primarily to higher consulting fees and compensation expense on both a cash and non-cash basis (which included the equity-based awards of DSUs).

Results of Operations for the Nine Months Ended September 30, 2015

The following is an analysis of the Company's results of operations for the nine months ended September 30, 2015 and 2014. This analysis should be read in conjunction with the applicable financial statements and the accompanying notes thereto.

Revenues

	Nine Months Ended September 30		
	2015	2014	Inc / (Dec)
Interest and other income	$ 426,404	$ 534,228	$ (107,824)
Total	$ 426,404	$ 534,228	$ (107,824)

The Company's interest income declined in the first nine months of 2015 compared to the same period in 2014 as it sold its investment in DPT effective January 31, 2014 leaving the Company with income from its Salbro investment and small amounts generated on bank deposit balances which were much lower due to the Monarch Joint Venture investment and increased expenses to expand its future operational capabilities. Beginning in Q2 2015, the Company began earning management fees pursuant to the Investment Agreement entered into between Crosswinds AUM and the Monarch Entities.

Net Results of Investments

	Nine Months ended September 30		
	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 an associate, net of tax	(692,903)	-	(692,903)
Realized gain on sale of investment in private entity	-	5,092,126	(5,092,126)

	Nine Months ended September 30		
	2015	2014	Inc / (Dec)
Change in unrealized gain on investment in private entity	-	(4,712,719)	4,712,719
Unrealized foreign exchange gain	980,662	-	980,662
Realized foreign exchange gain (loss)	(33,526)	242,704	(276,230)
Total	$ 254,233	$ 654,543	$(400,310)

Net results of investments decreased by $400,310 in the first nine months of 2015 compared to the same period in 2014. In 2015, net results of investments included an unrealized foreign exchange gain of $980,662 from the translation of USD denominated assets into Canadian dollars offset by a $692,903 share of loss in an associate, both of which arose in connection with the Monarch Joint Venture. In 2014, net results of investments represented a gain of $654,543 resulting primarily from a $379,407 increase in the value of the DPT warrants and a $242,704 realized foreign exchange gain.

Expenses and Income Taxes

	Nine Months ended September 30		
	2015	2014	Inc / (Dec)
Legal fees expense (recovery)	$ (424,590)	$ 288,696	$ (713,286)
Share-based compensation	1,100,609	-	1,100,609
Salaries and benefits	515,968	-	515,968
Management fees	-	108,536	(108,536)
Consulting fees	215,102	138,156	76,946
General and administration	148,180	160,253	(12,073)
Directors' fees	137,646	104,367	33,279
Audit and tax fees	115,555	58,341	57,214
	1,808,470	858,349	950,121
Provision for income taxes	-	-	-
Total	$1,808,470	$858,349	$950,121

The primary reason for the increase in expenses for the nine months ended September 30, 2015 compared to the same period in 2014 was due to the granting of the DSUs in April 2015 resulting in a share-based compensation expense of $1,100,609 as well as the compensation paid to senior management in the amount of $515,968, both of which were partially offset by the recovery of legal fees of $424,590 which resulted from a US $462,500 payment 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. In 2014, CDJ 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 whereby the Chief Executive Officer and the Chief Operating Officer were employed directly by the Company.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters prepared under IFRS and presented in Canadian dollars.

	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	185,332	136,793	104,279	126,738	137,095	134,305	262,829	478,237
Net results of investment	74,164	(163,767)	343,836	-	161,209	-	493,334	1,978,316
Expenses	(654,763)	(1,161,805)	8,097	(758,621)	(319,245)	(169,588)	(369,516)	(147,484)
Tax provision	-	-	-		-	-	-	-
Net income (loss) under IFRS	(395,267)	(1,188,779)	456,211	(631,883)	(20,941)	(35,283)	386,647	2,309,069
Weighted avg # of shares Basic and Diluted	5,304,007	5,304,007	5,304,007	5,304,007	5,304,007	6,528,670	12,269,280	12,269,280
Net income (loss) per share under IFRS	(0.07)	(0.21)	0.09	(0.12)	(0.00)	(0.01)	0.03	0.19
Net book value	23,914,041	22,909,344	23,636,895	20,647,767	21,322,148	21,300,590	45,715,000	45,327,681
Common shares o/s	5,304,007	5,304,007	5,304,007	5,304,007	5,304,007	5,304,007	12,269,280	12,269,280
Net book value per common share[1]	4.51	4.32	4.46	3.89	4.02	4.02	3.73	3.69
Total assets		24,062,506	24,558,259	21,199,824	21,487,434	21,425,260	45,977,000	45,456,915

[1]Net book value per common 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 this MD&A

As expected, revenues in Q2 2015 and Q3 2015 have increased from Q1 2015 as the Company began earning asset management fee income at Crosswinds AUM following the closing of the Monarch Joint Venture. Following the realization of the majority of the Company's invested assets in connection with the Company's 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 that year.

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. In Q2 2015, the Company recognized a start-up loss on its share of investment in an associate in connection with the Monarch Joint Venture while in Q3 2015 the Company recognized a small gain on this investment. (See “Net Results of Investments” above).

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. With the issuance of the DSUs in Q2 2015 expenses increased as a result of the share-based payments expense.

A recovery of legal fees, partially incurred in 2014, contributed to the increased profitability in the first quarter of 2015. In Q2 and Q3 2015, the increase in compensation expense on both a cash and non-cash basis contributed to the net loss for each of those periods.

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 working capital of $1,641,383 at September 30, 2015 (December 31, 2014 - $16,609,681; September 30, 2014 - $17,331,206). The Company’s cash and cash equivalents consist of deposits with a Canadian chartered bank.

The Company calculates its working capital as follows:

Working Capital	September 30, 2015	September 30, 2014	December 31, 2014
Cash and cash equivalents	$ 1,650,505	$ 17,509,504	$ 17,117,852
Due from related parties	66,206	-	-
Interest receivable and prepaid expenses	73,137	29,488	43,886
Accounts payable and accrued liabilities	(148,465)	(207,786)	(552,057)
Working capital	$ 1,641,383	$ 17,331,206	$ 16,609,681
Total per share	$ 0.31	$ 3.27	$ 3.13

The Company intends to implement a strategy to generate liquidity in 2016 but 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 and is exploring its options to do so through both private and public fund raising as well as through monetization options for its interest in Salbro. There are contractual and legal restrictions on the ability of the Monarch Joint Venture to transfer funds to its members including Crosswinds. As

Crosswinds views the Monarch Joint Venture as a long term investment, this is not expected to have an impact on the Company's short term liquidity.

Capital Resources

At September 30, 2015, the Company had no long-term debt or capital lease obligations The Company entered into a premises lease agreement in the third quarter of 2015 for approximately 3,000 square feet of office space located at 14 Wall Street, New York, New York. The Company estimates the total obligation under the premises lease over a five-year period to be approximately $1,003,290 (US $752,000).

	Payments due by period			
At September 30, 2015	**TOTAL**	**< 1 year**	**1-2 years**	**3-5 years**
Operating lease	$ 1,003,544	$ 158,209	$ 410,524	$ 434,811

Share Capital

As at the date hereof and as at September 30, 2015, 5,304,007 (September 30, 2014 – 5,304,007; December 31, 2014 – 5,304,007) Shares were outstanding with the Company reporting a net book value of $23,914,041 (September 30, 2014 -$21,279,648; December 31, 2014 – $20,647,767) or $4.51 per Share of which $21,349,954 or $4.03 per Share is attributable to shareholders of the Company. See the cautionary statement regarding the use of non-IFRS financial measures on page 4 of this MD&A.

The Company has no options or option plans outstanding. The Company has a DSU Plan pursuant to which it is authorized to issue up to a maximum of 530,400 Shares of the Company. On April 15, 2015 the Company issued an aggregate of 260,000 DSUs to its directors and officers pursuant to the terms of its DSU Plan. As at September 30, 2015, an aggregate of 97,500 DSUs had vested. The DSUs vest in 8 equal amounts with the first tranche having vested on the Date of Grant, the second tranche having vested on June 30, 2015, the third tranche having vested on September 30, 2015 and with the remainder vesting in equal amounts over the next five 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

Investment Management Services Agreement

In conjunction with the closing of the Monarch Joint Venture, Crosswinds AUM, a wholly-owned subsidiary of the Company, entered into an investment management services agreement with the Monarch Entities. Under the agreement, Crosswinds AUM has agreed to act as investment advisor and manage the assets of MNHC and MNIC for a management fee paid quarterly in arrears.

For the three and nine months ended September 30, 2015, Crosswinds AUM earned $63,585 and $121,179, respectively, in investment management fees. As at September 30, 2015, the amount owing to the Company of $66,149 was included in due from related parties on the condensed interim consolidated statements of financial position.

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 nine months ended September 30, 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.

Interests in other entities

As part of its process in determining the classification of its interests in other entities, the Company applies judgment in interpreting these interests such as (i) the determination of the level of control or significant influence held by the Company (ii) the applicability of relevant IFRS standards to the operations, (iii) the legal structure and contractual terms of the arrangement, and (iv) when relevant, other facts and circumstances. The Company has concluded that its investment in Monarch Parent represents an investment in an associate as described in IAS 28, "Investments in Associates and Joint Ventures". All other interests in other entities have been determined to be subsidiaries as described in IFRS 10, "Consolidated Financial Statements".

(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 September 30, 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. 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

The carrying amount of the Salbro investment at September 30, 2015 was $4,323,647 (December 31, 2014 - $4,038,086).

ii. 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 resulting in payment to the Company of approximately $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 $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 acquirer. In aggregate, the Company received $15,918,174 for the sale of its interests in DPT.

Recent accounting pronouncements

The following are future changes in accounting policies not yet effective as at September 30, 2015:

(a) *IFRS 9 - Financial Instruments* - The standard was issued in its final version by the IASB in July 2014 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial instruments: recognition and measurement" ("IAS 39"). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the impact of this standard.

(b) *IFRS 15 - Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is assessing the impact of this standard.

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 realizing 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 all relevant 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 Interim Chief Financial Officer (collectively, the Certifying Officers) to allow timely decisions regarding disclosure.

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 by or under the supervision of the Certifying Officers, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

As at September 30, 2015, the Company's Certifying Officers have certified that the disclosure controls and procedures are effective and that during the quarter ended September 30, 2015, the Company did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control 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 or early 2016 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 options for establishing a fund structure where the Company could act as manager which, if successfully established, would also contribute to Crosswinds' fee income. The Company currently intends to grow its asset management business through raising capital.

The Company is seeking unique investments in highly regulated industries that require long lead times to consummate.

During the quarter, the Company focused on private transactions in the Florida insurance market to execute its acquisition strategy of primary insurance carriers. Management has identified a number of targets in the Florida property and casualty market and has been looking at qualifying acquisition opportunities. The Company is looking at targets that are available through managed processes and at creating acquisition opportunities for properties that would fit the Company's strategy.

In order to execute its acquisition strategy, the Company will need to raise significant amounts of additional capital. Without such additional capital, the Company's ability to expand its business will be constrained.

Additionally, as part of management's long term view, 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 identifying value 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. Management is seeking to identify these risks and changes, and adapt and participate as appropriate.

Management believes that Crosswinds is positioned for growth into 2016 provided it can secure additional capital to execute on its plans. Having completed the Monarch Joint Venture in Q1 2015, Management is exploring 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 which are 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.

Interest rate sensitivity

As at and during the nine months ended September 30, 2015, the Company did not have any direct significant exposure to interest rate risk as the Company has no debt and, therefore, would not be impacted by changes in interest rates. Crosswinds AUM invests the assets of the Monarch Entities. Indirectly, through its investment in Monarch, the Company has exposure to primary fixed income assets for the Monarch Joint Venture, its premiums and reserves. The level of interest rates affects the financial performance of the Monarch Joint Venture. While the Monarch Insurance assets are held to maturity, Crosswinds will benefit or be negatively 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 September 30, 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 September 30, 2015 and December 31, 2014, none of these financial assets was either impaired or past due but not impaired.

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 deposits placed with Canadian and U.S. chartered banks in the amount of $1,650,505 as at September 30, 2015 (December 31, 2014 - $17,117,852). The banks at which the deposits are held have a senior debt rating of AA- from DBRS.

The Monarch Joint Venture has indirect exposure to counterparty risk via reinsurance arrangements. The Board of Monarch oversees this risk structure. The Monarch Entities deal with A- or better rated A.M. Best Company reinsurers or counterparties who fully collateralize their exposures.

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. The following table highlights the Crosswinds Investor LP exposure to foreign exchange fluctuations on its initial US $14,000,000 investment in the Monarch Joint Venture:

USD – CAD rate	$1.2769 Transaction rate	$1.2683 Q1 2015 closing rate	$1.2474 Q2 2015 closing rate	$1.3345 Q3 2015 closing rate
CAD equivalent amount	$17,876,600	$17,756,200	$17,463,600	$18,683,000

The foreign exchange fluctuations from quarter to quarter will be reflected in other comprehensive income (loss).

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

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.

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

Market Risk - Indirect

The Company's remaining private investments as at September 30, 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 investment in private entity was comprised of one company in one industry as at September 30, 2015. As at September 30, 2015, the Salbro investment was carried at an aggregate fair value of $4,323,647 which representing 18.0% 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.

The Company’s investment in an associate, which operates in the property and casualty insurance business in Florida, at September 30, 2015 was $17,949,011, representing 75% of the Company’s assets. The insurance industry is inherently risky due to its cyclical nature. The Company believes it has mitigated its risk in this business by partnering with an existing experienced insurance carrier.

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,] Chairman
Bradd Gold[2,3]
Gaetano Muzio[2,4]
Robert Wolf[4]

Officers:

Colin King, Chief Executive Officer
Susan McCormick, Interim Chief Financial Officer
Helen Martin, Chief Operating Officer and Corporate Secretary

[1]Audit Committee Chairman
[2]Audit Committee Member
[3]Corporate Governance, Compensation and Nominating Committee Chairman
[4] Corporate Governance, Compensation and Nominating Committee Member

Auditor:

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Toronto, Ontario

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