Management's Discussion and Analysis

This interim management's discussion and analysis ("MD&A") for Crosswinds Holdings Inc. ("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 months ended March 31, 2018 (the "Interim Statements"). The commentary in this MD&A is presented as at March 31, 2018 and updated based on information available up to May 7, 2018.

We encourage you to read our Interim Statements 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 29, 2018 (the "AIF"), on our website at www.crosswindsinc.com or under our profile 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". 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 March 31, 2018 was USD $1.00 = CDN $1.2894 and averaged USD $1.00 = CDN $1.2647 for the first three months of 2018 based on the Bank of Canada closing exchange rates for. The Company reports its Interim Statements using accounting policies consistent with International Financial Reporting Standards ("IFRS").

FINANCIAL HIGHLIGHTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

- Revenues of $151,276 compared to $124,636 for the same period in 2017;
- Net gain from results of investments of $251,070 compared to a loss of $(15,495) for the same period in 2017; and
- Net income of $911,859 or $0.10 per Share attributable to Crosswinds' shareholders compared to net loss of $(430,203) or $(0.06) per Share attributable to Crosswinds' shareholders for the same period in 2017.

FINANCIAL POSITION AS AT MARCH 31, 2018

- Cash and marketable securities of $20,890,902 or $2.28 per Share; and
- Net book value of $20,680,161 or $2.26 per Share[2] 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 Monarch 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.

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): 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; 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; changes in market variables including foreign exchange rates, risks associated with general economic conditions; the limited number and concentration of the Company's investments; equity prices and credit spreads that could negatively impact the investment portfolio; 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; ability to maintain minimum capital and surplus requirements for insurance investments; performance of investments being impacted by business cycles in the property and casualty insurance industry; the Company's dependence on key personnel and contractors; the market for the Company's Shares, limited liquidity and volatility of the Company's 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; 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; risks associated with the implementation of our business, growth and investment strategies; availability and available terms of any required capital to implement corporate objectives; 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; 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 USE OF NON-IFRS FINANCIAL MEASURES

This MD&A makes reference to the net book value per Share, both on a consolidated basis including non-controlling interests with respect to the Company's investment in Monarch 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 the 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 to attract cost effective capital with which to execute its investment strategies, as further described herein.

The Company has three key segments to its business which have been designed to work together to capture various components of the value chain of the insurance business: primary insurance, reinsurance and asset management.

Following the completion of the sale of the Company's major investment in Monarch (defined below) in February 2018, the Company holds the majority of its assets in cash and is exploring next steps which include assessing available investment opportunities against other strategic alternatives including, without limitation, a return of capital or other monetization event.

1. Primary Insurance:

The Company's investment in Monarch National Insurance Company ("Monarch Insurance"), a Florida-based property and casualty insurance carrier, represented its platform investment in the insurance sector until the Company entered into an agreement in Q4 2017 to sell its interests in Monarch Insurance to its joint venture partner, Federated National Holding Company (the "Monarch Sale"). The Monarch Sale was completed during the quarter. See "Material and Significant Events in Q1" below. In the Company's view, the insurance market in Florida continues to be a candidate for consolidation and greater capital efficiency and may present future opportunities for the Company although there can be no assurance that will be the case. The Company's ability to re-enter this market or others will depend on market conditions and investment prospects from time to time. The Company may seek a different platform investment and/or partner with which to pursue any consolidation opportunities and may look at other insurance markets both inside and outside of Florida where similar trends of dislocation and fragmentation may be observed.

The Monarch Joint Venture included the following entities: Monarch Delaware LLC ("Monarch Parent"), Monarch National Holding Company ("Monarch Holding") and Monarch Insurance. Monarch Parent, Monarch Holding and Monarch Insurance are referred to collectively as the "Monarch Entities" or "Monarch". The Monarch Entities were a significant investee of the Company. Monarch Parent had an initial equity capitalization of USD $33million. Crosswinds' economic interest in Monarch Parent attributable to Crosswinds shareholders was approximately 36.4% and Crosswinds controlled 50% of the voting rights of Monarch Parent during the time it held this investment.

Following the Monarch Sale, Crosswinds is exploring prospective investment opportunities in the primary insurance space which could be effected by way of new investment and/or acquisition. Unless and until Crosswinds makes any new investment in a primary insurance business, it has no primary insurance interests.

2. Reinsurance:

Crosswinds Re, a wholly-owned subsidiary of the Company is a specialty reinsurer established in the Cayman Islands.

Reinsurance is the highest cost of goods for the insurance industry. Crosswinds Re has been designed with the intention that it could profitably enhance the risk management of primary insurance interests held by the Company from time to time (during 2017, Monarch, and in the future, any other primary carriers acquired or invested in) and is expected to form an integral part of any of the Company's future growth and acquisition strategies. The Company formed Crosswinds Re to provide servicing capabilities to the Company's investees as it grew its business on the primary insurance side, and to be a capital efficient and risk sensitive vehicle with portions of risk retention being redistributed through various channels such as insurance linked securities and retrocessional markets.

The Company and Crosswinds Re are party to a reinsurance underwriting advisory agent services agreement (the "Underwriting Agreement") with Trans Re pursuant to which Trans Re has agreed to serve as strategic advisor to Crosswinds Re providing information on structuring, pricing, risk assessment and market conditions for reinsurance business being assessed by Crosswinds Re.

For the 2018 year, Crosswinds Re has a right of first refusal agreement with Federated National Insurance Company, an affiliate of its former Joint Venture partner. Crosswinds Re is working with its Underwriting advisor to assess writing business on Federated's program during the second quarter of 2018, based on an evaluation of market terms and conditions. Crosswinds Re is also looking for other reinsurance opportunities as part of its evaluation of prospective primary insurance investments. See "Operational Review - Reinsurance" below.

3. Asset Management:

The Company's wholly-owned subsidiary, Crosswinds AUM LLC ("Crosswinds AUM") conducts its asset management activities. Crosswinds AUM is a registered investment advisor with the United States Securities and Exchange Commission and managed the assets of the Monarch Entities until the Monarch Sale was completed during the quarter. Crosswinds AUM also manages the assets of its affiliate, Crosswinds Re.

The Monarch Entities were party to an Investment Management Agreement (the "Investment Agreement") with Crosswinds AUM until its termination in February 2018 in connection with the Monarch Sale. Under the terms of the Investment Agreement, Crosswinds AUM managed the Monarch Entities' investment portfolio for an annual management fee calculated as 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.

Crosswinds AUM has entered into a consulting agreement with its former joint venture partner, Federated National Holding Company ('Federated National"), for Crosswinds AUM to provide consulting services with respect to insurance market and general operational matters to Federated National (the "Consulting Agreement"). The Consulting Agreement has a term ending on December 31, 2018. Crosswinds AUM is entitled to receive compensation equal to USD $300,000, less any amounts already paid to Crosswinds AUM in 2018 under the Investment Agreement.

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 most recent annual information form as updated by periodic news releases, all available under the Company's profile on SEDAR at www.sedar.com.

Operational Review

Consolidated Performance

The Company had net income attributable to the shareholders of Crosswinds of $911,859 and a loss of ($210,283) from continuing operations for the first quarter of 2018. The Company's net income for the quarter was made up of two components: (1) net operating losses from continuing operations of ($210,283) and a gain on sale of Monarch of $1,122,142.

The Company ceased equity accounting for Monarch during Q4 2017 when it reclassified its investment in Monarch as held for sale. Prior to the completion of the Monarch Sale, Monarch was presented as a discontinued operation in the Company's financial results.

The carrying value of Monarch was written down in Q4 2017 as a result of Monarch's operating performance. As the proceeds from the Monarch Sale were in excess of the carrying value of the investment at Q4 2017, the Company recorded its share of the gain on the Monarch Sale of $1.1 million in Q1 2018.

Primary Insurance

During the quarter, Crosswinds completed the sale of its interests in Monarch.

The Monarch Sale agreement was entered into after a year of poor performance where Monarch had experienced flat premium growth, having stopped writing new business as of the beginning of 2017 in the tri-county area of Florida (Palm Beach, Broward, Dade) ("Tri-County"), where it determined it had an over concentration of policies. Monarch experienced challenges writing premium outside of Tri-County as a newly established player in a competitive environment trying to set appropriate premium rates. During 2017, the primary market in Florida also continued to suffer from sustained activity around assignment of benefits ("AOB"). In addition, the primary market in Florida experienced an active hurricane season with Hurricane Irma making landfall in Florida in September 2017. These challenges contributed to the Company's decision to exit the investment.

Reinsurance

Crosswinds Re is a specialty Cayman-domiciled reinsurance company. Crosswinds Re was issued a license in September 2016 from the Cayman Islands Monetary Authority ("CIMA") to operate as a class B(iii) reinsurer.

Crosswinds Re was formed to act as a specialty reinsurer as part of Crosswinds' integrated reinsurance, insurance and asset management structure with an initial focus on the Florida property and casualty market.

Crosswinds Re was formed with an initial USD$200,000 regulatory capital contribution made by Crosswinds and later capitalized with an additional USD$2,000,000.

Crosswinds Re is party to a reinsurance underwriting advisory agreement with Trans Re (the "Underwriting Agreement") pursuant to which Trans Re serves as strategic advisor to Crosswinds Re providing information on structuring, pricing, risk assessment and market conditions for reinsurance business being assessed by Crosswinds Re.

Crosswinds Re, through Crosswinds AUM, has been investing its funds allocated for its reinsurance activities in bonds with a view to earning interest income to partially offset its operational expenses for the quarter. Crosswinds Re being fully established and not having profitable business to write to date has contributed to the increase in the Company's operating losses.

In the quarter, in connection with the Monarch Sale, Crosswinds Re entered into the ROFR Agreement providing it with a right of first refusal with respect to any and all quota share and excess of loss reinsurance coverage purchased by Federated National Insurance Company during the term of the ROFR Agreement up to a maximum of USD$10 million of reinsurance coverage. The ROFR Agreement is in effect from the date of the closing of the Monarch Sale to December 31, 2018.

The value to Crosswinds Re of the ROFR Agreement will depend on the amount of coverage, if any, it writes and whether it takes any losses on any business it does write. Crosswinds Re is currently evaluating during Q2 2018 the risk-reward of any opportunities available under the ROFR Agreement as they are presented for the the 2018 wind season. See "Outlook".

Asset Management

Crosswinds AUM managed the assets for the Monarch Entities during the first part of Q1 2018 under the Investment Agreement. Crosswinds AUM also managed assets for Crosswinds Re during the quarter. During the quarter, at the end of February 2018, the Investment Agreement terminated and Crosswinds AUM entered into the Consulting Agreement with Federated National which will be in effect until December 31, 2018 and pursuant to which Crosswinds AUM is entitled to earn USD$300,000 for 2018, less any fees earned in 2018 under the Investment Agreement when it was in effect. The Investment Management and Consulting Fees earned in Q1 2018 were $94,853 (USD$75,000) and the Consulting Fees to be earned for subsequent quarters in 2018 will be USD$75,000 per quarter.

Material and Significant Events in Q1 2018

The following is a summary of the Company's material and significant events in Q1 2018, updated for any subsequent events to the date hereof.

First Quarter 2018	***Completion of Sale of Interests in Monarch*** Following the satisfaction of all closing conditions, including receipt of regulatory approval from the Florida Office of Insurance Regulation, Crosswinds completed the sale of its interests in Monarch (the "Monarch Sale"). Upon closing of the Monarch Sale, in addition to the approximately USD$10,500,000 of consideration received by Crosswinds, Crosswinds Re entered into the ROFR Agreement permitting it to write up to USD$10,000,000 of limit on reinsurance business with Federated National Insurance Company, at market terms and rates during 2018. The ROFR Agreement terminates on December 31, 2018 and its economic benefit will depend upon market conditions. In addition, Crosswinds AUM entered into a consulting agreement with Federated National Holding Company to consult on insurance market and general operational matters (the "Consulting Agreement"). The Consulting Agreement also terminates on December 31, 2018 and entitles Crosswinds AUM to earn USD$300,000 in fees, less those fees already earned in 2018 under the Investment Agreement in place until the completion of the Monarch Sale.

Summary of Investments

The following is a summary of the Company's investment in private entities including associates as at March 31, 2018 updated to the date hereof.

Investments in Private Entities– Current Portfolio

At March 31, 2018, following the Monarch Sale which was completed in the quarter, the Company held no private investments.

Investments in Private Entities – Dispositions

Monarch Joint Venture - Monarch National Insurance Company was a property and casualty insurer in the state of Florida.

Investment Update:

On February 28, 2018, Crosswinds monetized its investment in Monarch receiving cash consideration of approximately USD$10,500,000. Crosswinds initially invested USD$12,000,000 attributable to Crosswinds shareholders resulting in a realized loss of approximately USD$1,500,000 attributable to Crosswinds shareholders.

Crosswinds made the determination to exit this investment after it continued to have concerns with the underwriting quality of the Monarch business given trends on reserves and attritional losses.

Management monitored performance and options for this investment closely and came to the determination that a sale was the best path. Monarch's underperformance impacted Crosswinds' earnings and cash flow as the investment management fees earned by Crosswinds AUM were calculated based upon Monarch's assets. A continued investment in Monarch was expected to continue to yield poor performance absent changes being implemented by the Joint Venture partner which did not appear to be forthcoming. Monarch was looking to shrink its book of business in Q1 and Q2 2018 and given that reinsurance payments are evenly distributed throughout the quarters, but earned premium will be less in the first quarters of the year, reinsurance costs as a percentage of premiums were expected to increase. It was also expected that post Hurricane Irma, reinsurance rates would rise industry wide which would have had a negative impact on Monarch. In addition, the Monarch Parent Board of Managers would have been constrained in its ability to declare a distribution to its members (which would have been permitted, subject to regulatory and Monarch Parent Board approval, commencing in March 2018) if Monarch's operating earnings did not improve which would, in turn, have negatively impact Crosswinds' future cash flow. Crosswinds ceased equity accounting for its Monarch investment and "held it for sale" effective as of November 27, 2017.

Financial Review

The following is a summary of (a) the Company's financial statements for the three months ended March 31, 2018 and 2017 and (b) the Company's financial position as at March 31, 2018 compared to the year ended December 31, 2017.

Results from Operations for the Year Ended	March 31, 2018	March 31, 2017
Total revenues	$151,276	$124,636
Net results of investments	251,070	(15,495)
Expenses	(612,629)	(561,988)
Taxes	-	-
Loss from continuing operations	$(210,283)	$(452,847)
Income from discontinued operations, net of tax	-	26,418
Gain on sale from discontinued operations, net of tax	1,325,684	-
Net income (loss)	$1,115,401	$(426,429)

Comprehensive Loss for the Three Months Ended	March 31, 2018	March 31, 2017

Net income (loss)	$1,115,401	$(426,429)
Other comprehensive income (loss)		
Change in unrealized foreign currency translation gains on foreign operations	32,315	7,848
Discontinued operations	265,526	(178,039)
Other comprehensive income (loss)	297,841	(170,191)
Comprehensive income (loss)	$1,413,242	$(596,620)

Earnings (loss) Per Share (EPS)		
Net income (loss) per share from continuing and discontinued operations	$0.10	$(0.06)
Loss per share from continuing operations	$(0.02)	$(0.06)

Financial Position as at	Mar 31, 2018	Dec 31, 2017
Cash and marketable securities	$20,890,902	$7,508,112
Total assets	21,083,778	21,695,924
Shareholders' equity attributable to shareholders of Crosswinds	20,680,161	19,442,378
Number of shares outstanding	9,156,799	9,176,299

Net Book Value Per Share[1]		
Net book value per Share[1]	2.26	2.34
Attributable to shareholders of Crosswinds	2.26	2.12
Non-controlling interests	-	0.22
Closing market price on TSX	$1.90	$1.66
Market price (discount) to net book value attributable to shareholders of Crosswinds	(15.9) %	(21.7) %

[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 Monarch 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.

Results of Operations Highlights

The Company's operating results reflect (i) revenue recognized primarily from the income generated from the Company's investments in bank deposits and marketable securities and related asset management activities; (ii) changes in the value of the Company's assets; and (iii) the expenses required to deploy and manage the Company's invested capital.

For the Three-months Ended

March 31, 2018	March 31, 2017
Revenue $151,276: $94,853 from Crosswinds AUM investment management fees and Consulting Fees; $24,282 from dividends earned by Crosswinds Re and $32,141 from domestic bank interest.	Revenue $124,636: $96,501 from Crosswinds AUM investment management fees; $23,727 from Salbro interest income and $4,408 from domestic bank interest.
Changes quarter-over-quarter: The Company did not earn any interest income from Salbro during Q1 of 2018 as the investment was fully monetized in Q2 2017. The domestic bank interest earned in Q1 2018 is greater than Q1 2017 due to higher bank balances as a result of the rights offering ("Rights Offering") in Q1 2017 and the monetization of the Salbro and Monarch investments in Q2 2017 and Q1 2018, respectively. The investment management and consulting fees earned by Crosswinds AUM in Q1 2018 were consistent with the fees earned in Q1 2017. Crosswinds Re began investing its funds in Q4 2017 resulting in dividend income that didn't exist in Q1 2017.	
Net results of investments of $251,070 consist of: $245,379 net foreign exchange gain on the translation of USD denominated assets into CDN dollars due to currency fluctuations and an unrealized gain in marketable securities of $5,691 for Crosswinds Re.	Net results of investments of $(15,495) consist of: net foreign exchange loss on the translation of USD denominated assets into CDN dollars due to currency fluctuations.
Expenses of $612,629: consisting primarily of $176,143 salaries and benefits; $88,511 share-based payments expense related to DSUs; $39,985 in consulting fees; $145,779 in general and administration consisting primarily of rent, investor relations and marketing expenses; $53,117 in directors' fees; $77,576 in audit and tax fees and $31,518 of legal fees.	Expenses of $561,988: consisting primarily of $190,907 salaries and benefits; $45,799 share-based payments expense related to DSUs; $32,725 in consulting fees; $183,449 in general and administration consisting primarily of rent, investor relations and marketing expenses; $41,038 in directors' fees; $48,964 in audit and tax fees and $19,106 of legal fees.
Net loss from continuing operations of $(210,283) or $(0.02) per Share on a basic and fully diluted basis. Net income from discontinued operations of $1,325,684 or $0.14 per Share on a basic and fully diluted basis.	Net loss from continuing operations of $(452,847) or $(0.06) per Share on a basic and fully diluted basis. Net income from discontinued operations of $26,418 or $0.00 per Share on a basic and fully diluted basis.

March 31, 2018	March 31, 2017

Changes quarter-over-quarter: The Company's net loss from continuing operations in Q1 2018 is lower than Q1 2017 due primarily to a net foreign exchange gain in Q1 2018 of $245,379 compared to a loss of $(15,495) in the same period in 2017. The gain in 2018 reflects increased USD balances subject to translation in 2018 compared to 2017 as a result of the sale of Monarch which increased the Company's USD cash balances.

Balance Sheet Highlights

As at March 31, 2018, following the sale of its investment in Monarch, the Company's assets consisted primarily of cash and marketable securities.

March 31, 2018	December 31, 2017
Total assets of $21,083,778	Total assets of $21,695,924

Changes: *The assets decreased marginally from December 2017 to March 2018 as the increase in cash from the sale of Monarch was reduced by the payment of corporate expenses during Q1 2018.*

Equity attributable to shareholders of Crosswinds $20,680,161	Equity attributable to shareholders of Crosswinds $19,442,378

Changes: *The increase in equity attributable to shareholders of Crosswinds from December 2017 to March 2018 of $1,237,783 is due to an increase in the comprehensive income attributable to the shareholders of Crosswinds of $1,183,580 and an increase in contributed surplus of $88,511 as a result of the share-based payments expense for 2018 related to the issuance of DSUs to directors and officers offset by a decrease in share capital of $34,308 resulting from the cancellation of shares as a result of the normal course issuer bid.*

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

Carrying Value

Set out below is the carrying value including carrying value per Share of each of the Company's assets and liabilities as at March 31, 2018.

	March 31, 2018	
Asset/(Liability)	Total carrying value	Carrying value per Share
Liquid Net Assets (Working Capital)		
Cash	$19,137,318	$2.09
Marketable securities	1,753,584	0.19
Interest receivable and prepaid expenses	174,124	0.02
Accounts payable and accrued liabilities	(403,617)	(0.04)
Working Capital	***$20,661,409***	***$2.26***
Capital assets, net of accumulated depreciation	***$18,752***	***$0.00***
Shareholders' Equity [1]	***$20,680,161***	***$2.26***

[1] Excludes the Company's tax loss carryforwards of $18,215,243 expected to be available to offset future taxable income.

Results of Operations for the Three Months Ended March 31, 2018

The following is an analysis of the Company's results of operations for the three months ended March 31, 2018 and 2017. This analysis should be read in conjunction with the applicable interim financial statements and the accompanying notes thereto.

Revenues

	Three Months Ended March 31		
	2018	2017	Inc / (Dec)
Legacy Salbro Investment - Interest	$ -	$23,727	$(23,727)
Bank Interest	32,141	4,408	27,733
Dividend Income	24,282	-	24,282
Crosswinds AUM – Consulting and Investment management fees	94,853	96,501	(1,648)
Total	$151,276	$124,636	$26,640

The Company fully monetized its investment in Salbro in June 2017 and as a result there was no interest earned in Q1 of 2018. The Company earned more bank interest in Q1 2018 due to higher balances reflecting the proceeds from the sale of its investment in Monarch in Q1 2018 as well as proceeds from the Q1 2017 Rights Offering and the monetization of the Salbro investment. Crosswinds Re began investing its funds in Q4 2017 resulting in dividend income that didn't exist in Q1 2017. The investment management and consulting fees earned in Q1 2018 under a revised investment management services agreement is consistent with the fees earned in Q1 2017.

Net Results of Investments

	Three Months Ended March 31		
	2018	2017	Inc / (Dec)
Unrealized gain on change in value of marketable securities	$5,691	$-	$5,691
Net foreign exchange gain (loss)	245,379	(15,495)	260,874
Total	$251,070	$(15,495)	$266,265

Net results of investments increased in Q1 2018 compared to Q1 2017 as a result of an increase in the net foreign exchange gain due to increased USD balances subject to translation in as a result of the sale of Monarch.

Expenses and Income Taxes

	Three months ended March 31		
	2018	2017	Inc / (Dec)
Salaries and benefits	$176,143	$190,907	$(14,764)
General and administration	145,779	183,449	(37,670)
Share-based compensation	88,511	45,799	42,712
Audit and tax fees	77,576	48,964	28,612
Directors' fees	53,117	41,038	12,079
Consulting fees	39,985	32,725	7,260
Legal fees	31,518	19,106	12,412
	612,629	561,988	50,641
Provision for income taxes	-	-	-
Total	$ 612,629	$ 561,988	$50,641

The expenses for 2018 have increased slightly compared to 2017. General and administration expenses have decreased by $37,670 in 2018 compared to 2017 as a result of decreased investor relations and marketing expenses while share-based compensation expense has increased by $42,712 reflecting a larger component of management's short-term incentive bonus being paid out in DSUs in 2018 compared to 2017.

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.

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	*151,276*	*134,856*	*105,468*	*130,859*	*124,636*	*115,337*	*110,021*	*102,634*
Net results of investment	*251,070*	*(40,263)*	*(80,144)*	*(91,900)*	*(15,495)*	*634,285*	*15,908*	*(2,320)*
Expenses	*(612,629)*	*(595,139)*	*(533,163)*	*(531,306)*	*(561,988)*	*(635,330)*	*(494,737)*	*(471,720)*

Tax provision	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Net income (loss) from continuing operations	*(210,283)*	*(500,544)*	*(507,839)*	*(492,349)*	*(452,847)*	*114,294*	*(368,808)*	*(371,405)*
Income (loss) from discontinued operations	*-*	(268,628)	*(2,432,855)*	*(519,585)*	*26,418*	*64,621*	*101,008*	*123,623*
Gain on sale from discontinued operations	*1,325,684*							
Net income (loss) for the period	*1,115,401*	*(769,172)*	*(2,940,694)*	*(1,011,932)*	*(426,429)*	*178,912*	*(267,800)*	*(247,782)*
Weighted avg # of shares Basic and Diluted	*9,589,701*	*8,686,361*	*9,208,099*	*9,208,099*	*7,104,378*	*5,999,032*	*5,999,032*	*5,999,032*
Net income (loss) per share from continuing and discontinued operations	*0.10*	*(0.09)*	*(0.32)*	*(0.11)*	*(0.06)*	*0.03*	*(0.05)*	*(0.05)*
Net income (loss) per share from continuing operations	*(0.02)*	(0.05)	*(0.06)*	*(0.05)*	*(0.06)*	*0.02*	*(0.07)*	*(0.07)*
Net book value	*20,680,161*	*21,440,287*	*22,208,798*	*25,698,209*	*27,077,468*	*22,812,582*	*22,324,270*	*22,287,686*
Common shares o/s	*9,156,799*	*9,176,299*	*9,208,099*	*9,208,099*	*9,208,099*	*5,304,007*	*5,304,007*	*5,304,007*
Net book value per common share[1]	*2.26*	*2.34*	*2.41*	*2.79*	*2.94*	*4.30*	*4.21*	*4.20*
Total assets	*21,083,778*	*21,695,924*	*22,475,822*	*22,440,634*	*22,706,227*	*23,089,935*	*22,475,822*	*22,440,634*

[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 3 of this MD&A

In Q1 2018, Crosswinds sold its investment in Monarch, realizing proceeds of $13,349,850 and recognizing a gain on sale of $1,122,142. The net results of investment were higher in Q1 2018 compared to previous quarters in 2017 as a result of a net foreign exchange gain on the translation of USD denominated assets into CDN dollars due to currency fluctuations.

In Q4 2017, Crosswinds entered into an agreement for the Monarch Sale in the quarter and accounted for Monarch as a discontinued operation effective November 27, 2017. The net losses in Q3 2017 and Q2 2017 were significantly higher than previous quarters due to an increase in the share of loss in Monarch. Monarch's losses for the quarters were a result of increased attritional losses combined with a significant increase in case reserves based on actuarial analysis and loss activity during the quarters. In Q3 2017, Monarch increased reserves by USD$10 million including USD$3.4 million reflecting its full retention amount which is not covered by reinsurance and for which Monarch was responsible as a result of claims from Hurricane Irma.

Revenues trended upward during 2016 as Monarch's assets grew and Crosswinds AUM earned asset management fees thereon. The Company's interest income declined during each of the quarters of 2016 and 2017 as, effective at the end of December 2015, the Company's Salbro investment paid cash interest at 6% per annum as the Company received principal and interest payments from Salbro on a monthly basis until the end of Q2 2017 when the Company exited the investment. During Q2 2017, the Company fully monetized its investment in Salbro for cash consideration of approximately $3.0 million and no longer received any interest or principal repayments related thereto in Q3 2017.

Total assets and number of Shares outstanding increased in Q1 of 2017 following completion of the Rights Offering on February 28, 2017. The net book value per share decreased following the Rights Offering reflecting the issuance of additional Shares in the Rights Offering. During 2017, the Company repurchased 31,800 Shares under its normal course issuer bid slightly offsetting this effect.

The Company's first non-cash DSU grants have also had an impact on the Company's expenses on a declining scale basis throughout 2016. Subsequent DSU grants, being smaller in size, have had a lesser impact. Foreign exchange fluctuations have also caused significant variation in reported performance for the Company as described herein.

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 unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 and 2017 and the corresponding notes thereto.

Liquidity

The Company had working capital of $20,661,409 at March 31, 2018 (December 31, 2017 - $7,433,586). The Company's cash consists of deposits with chartered banks in Canada, the Cayman Islands, Channel Islands and the U.S.

The Company calculates its working capital as follows:

Working Capital	March 31, 2018	December 31, 2017
Cash	$19,137,318	$5,807,637
Marketable securities	1,753,584	1,700,475
Due from related parties	-	93,263
Interest receivable and prepaid expenses	174,124	87,845
Accounts payable and accrued liabilities	(403,617)	(255,637)
Working capital	$20,661,409	$7,433,583
Total per Share	$2.26	$ 0.81

The Company worked on developing a strategy to generate liquidity in 2016 and as a part of that strategy completed the Rights Offering in the first quarter of 2017, raising gross proceeds of $4,880,115 and net proceeds of $4,815,707. With the monetization of its interests in Salbro in Q2 2017, the Company generated another approximately $3.0 million.

Following the Rights Offering and the monetization of Salbro in 2017 and with the closing of the Monarch Sale subsequent to year end in February 2018, the Company believes it has sufficient working capital to support its medium-term needs.

Approximately $4.8 million of those funds were net proceeds of the Rights Offering and have been allocated as described in the Offering circular, a copy of which is available on the Company's profile at www.sedar.com and as follows:

Use of Funds	**Amount Stated in Offering Circular**	**Deployed as at March 31, 2018**
General Working Capital	$600,000	Nil
Capitalizing Crosswinds Re	$4,065,707	$2,656,600
InsurTech	$150,000	Nil
Total	$4,815,707 (amount raised less fees and expenses of the Offering)	$2,656,600

The Company is expending cash in excess of its revenues following the Monarch Sale. The Company now holds the majority of its assets in cash and is exploring next steps which include assessing available investment opportunities against other strategic alternatives including, without limitation, a return of capital or other monetization event. See "Outlook".

The Company established Crosswinds Re during Q3 2016 and made a regulatory capital contribution through a then newly established fund structure, Crosswinds Private Equity Partners (C.I.), L.P. (the "Fund"). Crosswinds is the sole initial limited partner of the Fund. The Fund's general partner, Crosswinds Private Equity Partners (C.I.). G.P. is wholly-owned by Crosswinds. Crosswinds intended to use the Fund as a vehicle to raise additional capital for Crosswinds Re to execute its business plan of acting as a specialty reinsurer as part of Crosswinds' integrated insurance, reinsurance and asset management structure with an initial focus on the Florida property and casualty insurance market. There can be no assurance that such funds will be sought, or available or if they are available that they will be available on commercially favorable terms. During Q2 2017, the Company capitalized Crosswinds Re with an additional USD$2 million (CDN $2,656,600). In Q3 2017, Crosswinds Re began investing these funds in bonds with a view to earning interest income to partially offset its expenses. Returns on invested capital have been modest to date and cannot be expected to cover all expenses as Crosswinds Re will need to actively write profitable business to achieve this objective.

Crosswinds Re, which is domiciled in Cayman Islands, is required by CIMA to maintain minimum capital levels. As of March 31, 2018, the capital maintained by Crosswinds Re was in excess of the regulatory capital requirement in Cayman Islands. USD $200,000 of the amount shown as cash in the table above is required to meet Crosswinds Re's minimum capital requirements and as such is not accessible cash to Crosswinds for such time as Crosswinds desires to maintain its licensed reinsurance entity.

Capital Resources

At March 31, 2018, the Company had no long-term debt or capital lease obligations. The Company entered into a premises lease agreement in Q3 of 2015 for approximately 3,000 square feet of office space located at 14 Wall Street, New York, New York. The Company's payment commitments under the premises lease are set out below:

	Payments due by period				
At March 31, 2018	**TOTAL**	**< 1 year**	**1-2 years**	**3-5 years**	**after 5 years**
Operating lease	$ 516,730	$ 195,960	$ 201,402	$ 119,368	$ -

Share Capital

As at March 31, 2018 there were 9,156,799 Shares outstanding and as at the date hereof there were 9,152,799 Shares outstanding. As at December 31, 2017, there were 9,176,299 Shares were outstanding. The Company reported a net book value at March 31, 2018 of $20,680,160 (December 31, 2017 – $21,440,287) or $2.26 per Share (December 31, 2017 - $2.34) of which $20,680,160 (December 31, 2017 – $19,442,378) or $2.26 per Share (December 31, 2017 - $2.12) is attributable to shareholders of the Company[1]. See the cautionary statement regarding the use of non-IFRS financial measures on page 3 of this MD&A.

[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.

In Q3 2017, the Company implemented a normal course issuer bid (the "Bid"). To date, the Company has repurchased a total of 51,300 Common Shares under the Bid at an average price of $1.47.

The Company has adopted an Option Plan which was approved by the Company's shareholders on June 24, 2016. No options are outstanding under the Stock Option Plan as at March 31, 2018.

The Company also has a deferred share unit plan ("DSU Plan"). As at March 31, 2018 and the date hereof, the Company had granted an aggregate of 449,362 DSUs to its directors and officers of which 426,184 had vested. Each DSU is convertible into one Share subject to the terms of the DSU Plan and each grant.

The maximum number of Shares that can be issued on exercise of options granted under the Option Plan may not exceed 10% of the issued and outstanding Shares of the Company from time to time, less the number of Shares issued under all other security-based compensation arrangements of the Company including the DSU Plan.

Off-Balance Sheet Arrangements

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

Proposed Transactions

Other than as described herein or in the ordinary course of business, the Company has no proposed asset or business acquisitions or dispositions at this time.

Transactions with Related Parties

Investment Management Services Agreement

Crosswinds AUM has agreed to act as investment advisor and to manage the assets of the Monarch entities for a management fee paid quarterly in arrears under the Investment Management Agreement which terminated on February 21, 2018.

For the three months ended March 31, 2018, Crosswinds AUM earned investment management fee and consulting income in the amount of $94,853 (2017 - $96,501). As at March 31, 2018, $Nil (December 31, 2017 - $93,263) was still owed to the Company and was included in due from related parties on the consolidated statements of financial position.

Changes in Accounting Policies and Critical Accounting Estimates

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

Critical Accounting Estimates

The Company’s management makes judgments in its process of applying the Company’s accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of financial data requires that the Company’s management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. 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.

The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018 are reflected in note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2017, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com**.**

Recent accounting pronouncements

There have been no new accounting pronouncements issued in the first quarter of 2018 that are expected to impact the Company. For a summary of accounting pronouncements, see the accounting pronouncements note (note 5) in the Company’s unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018.

Changes in Accounting Policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as the 2017 year end financial statements with the exception of the adoption of IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers*. The adoption of these new standards did not have a material impact on the Company's financial results.

Factors that May Affect Future Results

Future results of the Company will depend on the strategies it implements from time to time.

The Company is currently focused on assessing opportunities to redeploy the proceeds from the sale of its primary investment in the Monarch Joint Venture that are value maximizing. Given the Company scale, it must assess the return profile of any prospective investments against its costs of operation, time for capital commitment and risks associated with a concentration of investments. The attractiveness of any prospective investment opportunity will be assessed against other strategic alternatives available to the Company.

The Company's Board of Directors is exploring next steps for the Company which include assessing available investment opportunities against other strategic alternatives including, without limitation, a return of capital or other monetization event.

As the Company is working to evaluate new investments and other strategic alternatives, its future results are dependent on the outcome of that evaluation and 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 and its AIF. There can be no guarantee that any prospective initiatives or transactions described herein will meet the Company's return profile, be successfully executed and, if executed, yield satisfactory risk-adjusted returns. While seeking new investment opportunities and assessing strategic options, 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 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 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.

As at March 31, 2018, the Company's Certifying Officers have certified that the disclosure controls and procedures are effective and that during the quarter ended March 31, 2018, 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

With the Company having monetized Monarch, its major asset and platform investment, early in 2018, those cash proceeds were added to the proceeds from Salbro and the Rights Offering which were received in the first half of 2017. The Company now holds the substantial majority of its assets in cash and cash equivalents at the same time that it has completed the full operational build out of its three lines of complementary businesses. The result of this is that the Company's operating costs are largely fixed and in place at the same time that its revenue streams to support those operations have been decreasing, in part because the Company made the disciplined decision to crystalize its loss on the Monarch investment.

The Company has been sourcing and evaluating new niche investment opportunities in the primary insurance space that have attractive return profiles and the potential of ancillary benefits for the asset management and/or reinsurance lines of business. However, the Company must consider these opportunities against other strategic alternatives available to it. The Company is exploring next steps which include assessing available investment opportunities against other strategic alternatives including, without limitation, a return of capital or other monetization event.

Given the Company's small scale and constrained public market liquidity, additional challenges exist related to deploying its capital in new investments, including the relative returns on a small size of investment, the time period during which capital will be tied up and the risk of investment concentration.

As seen with the Monarch exit, as an investor, the Company is bottom line oriented and will evaluate all investments and partnerships to ensure that they produce and have the prospect of continuing to produce sufficient returns, in particular having regard for the amount of risk being assumed.

Following completion of the Monarch Sale, the Company is holding most of its cash in USD, as the overall value of the Company is expressed in Canadian dollars it will fluctuate based on the relative value of the Canadian dollar to the USD pending reinvestment or conversion.

Results may vary substantially from year to year and quarter to quarter due to the stage of development of the Company's business and any new investment activities.

Risk Factors

The Company manages a number of risks to achieve an acceptable level of risk without appreciably hindering its ability to maximize returns. Management has procedures in place to identify and manage significant operational and financial risks. A discussion of risk factors relating to the Company is found under the heading "Risk Factors" in the Company's Annual Information Form dated as at March 29, 2018 and its annual MD&A for the year ended December 31, 2017. Each of the discussions referred to above is incorporated by reference herein. The documents referred to above are available under the Company's profile on SEDAR at www.sedar.com.

CORPORATE DIRECTORY

Board of Directors:

J. Roy Pottle[,2,] Chairman
Thomas Cholnoky[2,6]
J. Mark Gardhouse[4,6]
Bradd Gold[3,4,6]
Colin King
Gaetano Muzio[,4,5,6]
Robert Wolf[1,2,]

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
[5]Risk Policy Committee Chairman
[6]Risk Policy Committee Member

Auditor:

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