CROSSWINDS HOLDINGS INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018 and 2017
(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CROSSWINDS HOLDINGS INC.

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Financial Position *(unaudited)*

(expressed in Canadian Dollars)

As at		**September 30, 2018**		December 31, 2017
Assets				
Current assets				
Cash	**$**	**20,084,309**	$	5,807,637
Marketable securities		**-**		1,700,475
Due from related parties (note 8)		**-**		93,263
Interest receivable and prepaid expenses		**50,823**		87,845
Asset classified as held for sale (note 6)		**-**		13,986,211
		20,135,132		21,675,431
Non-current assets				
Capital assets, net of accumulated depreciation		**-**		20,493
		-		20,493
	$	**20,135,132**	$	21,695,924
Liabilities				
Accounts payable and accrued liabilities	**$**	**800,937**	$	255,637
		800,937		255,637
Shareholders' equity				
Share capital (note 7)		**20,002,728**		20,044,736
Contributed surplus		**13,656,502**		13,560,226
Deficit		**(14,263,977)**		(13,837,798)
Accumulated other comprehensive loss		**(61,058)**		(324,786)
Total equity attributable to shareholders of Crosswinds		**19,334,195**		19,442,378
Non-controlling interests		**-**		1,997,909
		19,334,195		21,440,287
	$	**20,135,132**	$	21,695,924

Commitment (note 10)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Loss *(unaudited)*

(expressed in Canadian Dollars, except per share amounts)	Three months ended Sept. 30, 2018	Three months ended Sept. 30, 2017	Nine months ended Sept. 30, 2018	Nine months ended Sept. 30, 2017
Revenue				
Interest and dividend income	**$ 96,280**	$ 12,681	**$ 245,778**	$ 72,793
Investment management and consulting fees (note 8)	**97,995**	92,787	**289,710**	288,169
	194,275	105,468	**535,488**	360,962
Net results of investments				
Realized loss on sale of marketable securities	**(113,846)**	-	**(113,846)**	-
Reversal of previously recognized unrealized loss on change in value of marketable securities	**122,944**	-	**50,731**	-
Realized gain on sale of investment in private entity	**-**	-	**-**	849,650
Reversal of previously recognized unrealized gain on investment in private entity	**-**	-	**-**	(882,000)
Net foreign exchange gain (loss)	**(145,351)**	(80,144)	**424,039**	(155,189)
	(136,253)	(80,144)	**360,924**	(187,539)
Expenses				
Salaries and benefits	**643,591**	162,620	**987,599**	540,173
General and administration	**222,227**	112,911	**516,585**	477,140
Directors' fees	**47,195**	77,655	**168,941**	180,400
Consulting fees	**34,523**	59,848	**115,614**	134,252
Share-based payments (note 7(d))	**-**	64,705	**96,276**	121,224
Audit and tax fees	**24,587**	37,500	**221,590**	108,319
Legal fees	**252,150**	17,924	**338,128**	64,950
	1,224,273	533,163	**2,444,733**	1,626,458
Loss before income taxes	**(1,166,251)**	(507,839)	**(1,548,321)**	(1,453,035)
Current income tax provision	**-**	-	**-**	-
Net loss for the period from continuing operations	**(1,166,251)**	(507,839)	**(1,548,321)**	(1,453,035)
Loss for the period from discontinued operations, net of tax (note 6)	**-**	(2,432,855)	**-**	(2,926,022)
Gain on sale from discontinued operations, net of tax (note 6)	**-**	-	**1,325,684**	-
Net loss for the period	**$ (1,166,251)**	$ (2,940,694)	**$ (222,637)**	$ (4,379,057)
Attributable to:				
Shareholders of Crosswinds	**(1,166,251)**	(2,593,144)	**(426,179)**	(3,961,054)
Non-controlling interests	**-**	(347,550)	**203,542**	(418,003)
	$ (1,166,251)	$ (2,940,694)	**$ (222,637)**	$ (4,379,057)
Net loss per share from continuing and discontinued operations				
Basic and diluted	**$ (0.12)**	$ (0.28)	**$ (0.04)**	$ (0.47)
Net loss per share from continuing operations				
Basic and diluted	**$ (0.12)**	$ (0.06)	**$ (0.16)**	$ (0.17)
Weighted average number of common shares outstanding				
Basic and diluted (note 7(c))	**9,579,074**	9,208,099	**9,567,601**	8,514,564

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (loss) *(unaudited)*

(expressed in Canadian Dollars)	Three months ended Sept. 30,				Nine months ended Sept. 30,			
		2018		2017		**2018**		2017
Net loss	**$**	**(1,166,251)**	$	(2,940,694)	**$**	**(222,637)**	$	(4,379,057)
Other comprehensive income (loss)								
Change in unrealized foreign currency translation gains (losses) on foreign operations	**$**	**(18,503)**		(52,181)		**24,322**		(73,280)
Discontinued operations (note 6)	**$**	**-**		(561,239)		**265,526**		(1,088,379)
Other comprehensive income (loss)	**$**	**(18,503)**		(613,420)		**289,848**		(1,161,658)
Comprehensive income (loss)	**$**	**(1,184,754)**	$	(3,554,114)	**$**	**67,211**	$	(5,540,715)
Attributable to:								
Shareholders of Crosswinds	**$**	**(1,184,753)**		(3,126,387)		**(162,451)**		(4,967,229)
Non-contolling interests	**$**	**-**		(427,727)		**229,662**		(573,486)
	$	**(1,184,753)**	$	(3,554,114)	**$**	**67,211**	$	(5,540,715)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Equity *(unaudited)*

For the nine months ended September 30, 2018 and 2017

(expressed in Canadian Dollars)

	Share capital		Contributed surplus	Deficit	Accumulated other comprehensive income	Equity attributable to shareholders of Crosswinds	Non-controlling interests	Total equity
	Number of shares	Amount						
Balance - January 1, 2017	5,304,007	$ 15,273,044	$ 13,405,355	$ (9,145,948)	$ 670,281	$ 20,202,732	$ 2,609,850	$ 22,812,582
Shares issued under rights offering	3,904,092	-	-	-	-	-	-	-
Net loss for the period	-	-	-	(3,961,054)	-	(3,961,054)	(418,003)	(4,379,057)
Net proceeds from rights offering	-	4,815,707	-	-	-	4,815,707	-	4,815,707
Change in unrealized foreign currency translation losses on foreign operations	-	-	-	-	(73,280)	(73,280)	-	(73,280)
Discontinued operations (note 6)	-	-	-	-	(932,896)	(932,896)	(155,483)	(1,088,379)
Share-based payments	-	-	121,224	-	-	121,224	-	121,224
Balance - September 30, 2017	9,208,099	$ 20,088,751	$ 13,526,579	$ (13,107,002)	$ (335,894)	$ 20,172,434	$ 2,036,364	$ 22,208,798
Balance - January 1, 2018	**9,176,299**	**$ 20,044,736**	**$ 13,560,226**	**$ (13,837,798)**	**$ (324,786)**	**$ 19,442,378**	**$ 1,997,909**	**$ 21,440,287**
Net income for the period	**-**	**-**	**-**	**(426,179)**	**-**	**(426,179)**	**203,542**	**(222,637)**
Shares repurchased	**(23,500)**	**(42,008)**	**-**	**-**	**-**	**(42,008)**	**-**	**(42,008)**
Deferred share units issued from treasury	**46,174**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in unrealized foreign currency translation gains on foreign operations	**-**	**-**	**-**	**-**	**24,322**	**24,322**	**-**	**24,322**
Discontinued operations:								
- change in unrealized foreign currency translation gain on asset held for sale	**-**	**-**	**-**	**-**	**156,721**	**156,721**	**26,120**	**182,841**
- elimination of OCI on sale of asset held for sale	**-**	**-**	**-**	**-**	**82,685**	**-** 82,685	**-**	**-** 82,685
- distribution of NCI	**-**	**-**	**-**	**-**	**-**	**-**	**(2,227,571)**	**(2,227,571)**
Share-based payments	**-**	**-**	**96,276**	**-**	**-**	**96,276**	**-**	**96,276**
Balance - September 30, 2018	**9,198,973**	**$ 20,002,728**	**$ 13,656,502**	**$ (14,263,977)**	**$ (61,058)**	**$ 19,334,195**	**$ -**	**$ 19,334,195**

Crosswinds Holdings Inc.

Condensed Interim Consolidated Statements of Cash Flows *(unaudited)*

For the nine months ended September 30,

(expressed in Canadian dollars)	**2018**	2017
Operating activities		
Net loss	**$ (222,637)**	$ (4,379,057)
Add (deduct)		
Interest income	**(130,703)**	(68,687)
Gain on sale from discontinued operations, net of tax (note 6)	**(1,325,684)**	(849,650)
Realized loss on sale of marketable securities	**113,846**	-
Reversal of previously recognized unrealized loss on change in value of marketable securities	**(50,731)**	-
Reversal of previously recognized unrealized gain on investment in private entity	**-**	882,000
Depreciation	**20,493**	5,224
Share-based payments (note 7(d))	**96,276**	121,224
Net decrease (increase) in due from related parties	**93,263**	(2,646)
Net decrease (increase) in interest receivable and prepaid expenses	**37,022**	(6,127)
Net increase (decrease) in accounts payable and accrued liabilities	**545,301**	(125,939)
Cash used by continuing operations	**(823,554)**	(4,423,658)
Share of loss from discontinued operations (note 6)	**-**	2,926,022
Interest received	**130,703**	68,687
Net cash used by operating activities	**(692,851)**	(1,428,949)
Investing activities		
Proceeds from sale of asset held for sale	**15,577,421**	-
Proceeds from sale of marketable securities	**1,707,573**	-
Proceeds from investment in private entity	**-**	3,019,790
Cash provided by investing activities	**17,284,994**	3,019,790
Financing activities		
Net proceeds from rights offering	**-**	4,815,707
Distribution of non-contolling interest	**(2,227,571)**	-
Common shares repurchased (note 7(b)(i))	**(42,008)**	-
Cash (used) provided by financing activities	**(2,269,579)**	4,815,707
Effect of exchange rate changes on cash	**(45,892)**	(73,132)
Increase in cash	**14,276,672**	6,333,416
Cash - beginning of period	**5,807,637**	1,566,053
Cash - end of period	**$ 20,084,309**	$ 7,899,469

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of operations and corporate information

Crosswinds Holdings Inc. ("Crosswinds" or the "Company") is a publicly traded private equity firm. The Company is incorporated under the *Business Corporations Act* (Alberta), with its head office at 365 Bay St., Suite 400, Toronto, Ontario M5H 2V1. The registered office of the Company is located at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta T2P 4H2.

The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "CWI".

During the quarter, the Board unanimously resolved, having regard to the Company's available resources and opportunities, that it was in the best interests of the Company to distribute all of its available capital (less a reasonable reserve for liabilities and contingencies) to shareholders and dissolve the Company (the "Monetization Event").

The Company proposed to complete the Monetization Event by way of a plan of arrangement (the "Arrangement") which was approved by the Court of Queen's Bench in Alberta and by shareholders of the Company at a special shareholder meeting on September 12, 2018.

Subsequent to the quarter end, on October 29, 2018, the Company implemented a number of steps of the Arrangement. (see note 12(i)).

The Company is assessing options for a sale of the Company. If a sale or similar transaction is not consummated, the Company plans to dissolve as part of the Arrangement.

These unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2018 were approved and authorized for issue by the Board on November 8, 2018.

2. Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2017.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for marketable securities which are presented at fair value.

3. Summary of significant accounting policies

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2017, 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.

4. Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2017.

(Expressed in Canadian dollars except per share amounts or unless otherwise stated)

5. Recent accounting pronouncements

The following is a future change in accounting policy not yet effective as at September 30, 2018:

(a) *IFRS 16 – Leases* – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this standard.

6. Asset classified as held for sale / Discontinued operations

During the fourth quarter of 2017, the Company began formalizing the process of effecting a sale of its interest in Monarch Delaware Holdings LLC ("Monarch"), which held its interest in Monarch National Insurance Company ("MNIC"). In November 2017, the Company announced that it was in discussions regarding a sale of its investment in Monarch to Federated National Insurance Company ("Federated"), and on November 27, 2017, the Company announced it had entered into a purchase and sale agreement with Federated subject to certain closing conditions and regulatory approval. The Company reclassified its investment in Monarch as held for sale as of November 27, 2017. As the carrying value (net of minority interests) was not more than the fair value less costs to sell both on the date of reclassification as well as at December 31, 2017, no impairment loss was recognized.

For the three and nine months ended September 30, 2017, the income related to Monarch has been reclassified as discontinued operations on the Consolidated Statements of Loss and represents the Company's share of the investment's net income.

The sale of Monarch closed on February 22, 2018. The interests in Monarch were sold by Crosswinds' majority owned subsidiary, Crosswinds Investor Monarch LP ("CIML"), for an aggregate purchase price of USD$12,282,000 paid to CIML. Crosswinds, in its capacity as a majority limited partner of CIML, received approximately USD$10,500,000 of those proceeds and recognized a gain on sale of $1,122,142 as presented below:

	Nine months ended September 30, 2018
Consideration received	$ 15,577,421
Net assets disposed of	(14,169,052)
Gain on sale non-controlling interests	(203,542)
Cumulative exchange loss in respect of the net assets of Monarch	(82,685)
	$ 1,122,142

The net loss for the period from continuing operations on the Consolidated Statements of Loss is attributable to the shareholders of the Company. The gain on sale from discontinued operations, net of tax, attributable to the shareholders of the Company is $1,122,142.

(Expressed in Canadian dollars except per share amounts or unless otherwise stated)

Included within discontinued operations in the Consolidated Statements of Comprehensive Income (loss) and the Consolidated Statements of Changes in Equity is the change in unrealized foreign currency translation gain on the Company's consolidation of Crosswinds Investor Monarch LP (the entity which held the Company's investment in Monarch).

7. Share capital

a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of Class A, Class B and Class C preference shares, issuable in series without nominal or par value.

b) Issued and outstanding

Common shares	Number	Amount
Balance - December 31, 2017	**9,176,299**	**$ 20,044,736**
Shares cancelled under normal course issuer bid (i)	(23,500)	(42,008)
Shares issued from treasury	46,174	-
Balance – September 30, 2018	**9,198,973**	**$20,002,728**

(i) Normal Course Issuer Bid – The Company announced on September 14, 2017 that the TSX had approved its notice of intention to make a normal course issuer bid for up to 460,404 of its common shares, being 5% of its 9,208,099 issued and outstanding common shares as of September 13, 2017. The Company was able to purchase common shares at prevailing market prices during the period from September 18, 2017 to September 17, 2018. Purchases were made at market prices in accordance with the rules and policies of the TSX. Daily purchases were limited to 2,020 common shares, other than block purchase exemptions and were made through the facilities of the TSX. All common shares purchased by the Company under the normal course issuer bid were cancelled.

During the nine months ended September 30, 2018, 23,500 shares were purchased and cancelled at an average purchase price of $1.79.

c) Weighted average basic and diluted number of common shares outstanding

	For the three months ended September 30		For the nine months ended September 30	
	2018	2017	**2018**	2017
Basic weighted average number of common shares	**9,579,074**	9,208,099	**9,567,601**	8,162,050
Effect of dilutive deferred share units	**-**	-	**-**	-
Diluted weighted average number of common shares	**9,579,074**	9,208,099	**9,567,601**	8,162,050

(Expressed in Canadian dollars except per share amounts or unless otherwise stated)

d) Deferred share units

Under the Company's Deferred Share Unit Plan, units vested as set out in the chart below:

Grant Date	Number vested in 2018	Price per DSU	Remaining number to vest
July 5, 2017	46,356	$ 1.34	-
January 5, 2018	42,923	$ 1.64	-

For the three and nine months ended September 30, 2018, the Company recorded a share-based payments expense of $nil (2017 - $64,705) and $96,276 (2017 - $121,224).

8. Related party transactions

Investment Management Services Agreement

Crosswinds AUM LLC ("Crosswinds AUM"), a 100% owned subsidiary of the Company, was party to an investment management services agreement with MNIC and its parent Monarch National Holding Company ("MNHC"). Under the agreement, AUM served as an investment advisor and managed the assets of MNHC and MNIC for a management fee paid quarterly in arrears. The investment management services agreement was terminated effective February 21, 2018 as part of the sale of the Company's interests in MNHC and MNIC.

For the three and nine months ended September 30, 2018, AUM earned $97,995 (2017 - $92,787) and $289,710 (2017 - $288,169), respectively, in investment management and consulting fees. As at September 30, 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.

9. Financial risk management

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 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.

a) Risk management structure

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

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

b) Risk mitigation

The Company has not used derivatives or other instruments for trading or risk management purposes.

c) 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 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 has a concentration of foreign exchange risk due to its large holding in a U.S. dollar denominated investment - (see 10(g) below).

To manage the concentration of risk, the Company reviews its investment policies and risk management procedures regularly.

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

All of the Company's accounts payable and accrued liabilities are due within one year.

e) Interest Rate Sensitivity

As at and during the three and nine months ended September 30, 2018, the Company did not have any significant exposure to interest rate risk.

f) Credit Risk

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

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 amongst approved counterparties.

Monarch utilizes reinsurance to mitigate the exposure to losses, manage capacity and protect capital resources. Monarch reinsures (cedes) a portion of written premiums on an excess of loss or a quota share basis in order to limit its loss exposure. To the extent that reinsuring companies are unable to meet their obligations assumed under these reinsurance agreements, Monarch remains primarily liable to its policyholders.

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, 2018 and December 31, 2017, none of these financial assets was either impaired or past due. The Company does not hold any collateral as security.

The Company has credit exposure related to deposits and securities placed with Canadian, Cayman Islands, and U.S. chartered banks in the amount of $20,084,309 as at September 30, 2018 (December 31, 2017 – $7,508,112 The banks at which the deposits are held have a senior debt rating of AA- from DBRS.

g) Foreign Exchange Risk

The Company has significant exposure to foreign exchange risk relating to transactions and assets denominated in a foreign currency. Presently the Company does not use derivative instruments to hedge its foreign currency exposure. As at September 30, 2018, approximately $5,224,884 (December 31, 2017 - $9,907,516) of the Company's net assets were denominated in U.S. dollars.

Based on U.S. dollar balances as at September 30, 2018, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have an unfavourable or favourable impact of approximately $261,244 (December 31, 2017 - $ 495,376), respectively, on net assets.

Based on U.S. dollar balances as at September 30, 2018, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have an unfavourable or favourable impact of approximately $32,770 (December 31, 2017 - $ 161,386), respectively, on net loss.

Based on U.S. dollar balances as at September 30, 2018, a strengthening or weakening of $0.05 of the Canadian dollar to the U.S. dollar with all other variables held constant could have a unfavourable or favourable impact of approximately $93,102 (December 31, 2017 - $ 557,544), respectively, on other comprehensive loss.

10. Commitment

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 remaining under the premises lease to be approximately $421,530 (US $325,633). (see note 12(ii)).

Future minimum annual lease commitments under the operating lease are as follows:

Less than one year	$	199,433
1-2 years		204,978
3-5 years		17,119
over 5 years		-
	$	421,530

11. Capital disclosures

The Company's objectives when managing capital are: (a) to safeguard the Company's ability to continue to execute its strategies from time to time, so that it can provide returns for shareholders and benefits to other stakeholders; and (b) to provide an adequate return to shareholders by seeking returns on investments that are commensurate with the level of risk on the investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may buy back shares or sell assets.

The Company views all shareholders' equity as capital. The Company is not directly subjected to any material externally imposed capital requirement. During the time the Company held its investment in MNIC, MNIC was subject to minimum capital requirements as imposed by the Florida Office of Insurance Regulation. Crosswinds Re is subject to minimum capital requirements as imposed by the Cayman Islands Monetary Authority.

12. Subsequent events

(i) On October 29, 2018, the Company completed the following steps of the Plan of Arrangement: (a) a split of the Company's issued and outstanding common shares (the "Shares") on a twenty-for-one (20-1) basis (the "Share Split"), and (b) the redemption and immediate cancellation of 95% of the Shares held following the Share Split (the "Initial Redemption") and payment, in satisfaction thereof, of CAD $0.09573 for each post-split Share redeemed (the "Redemption Price"). In accordance with the Plan of Arrangement, for each Share held prior to the Share Split, shareholders of Crosswinds received the Redemption Price (which is equal to $1.8189 on a pre-Share Split basis) and a new share certificate representing one post-Share Split Share which will be continued to be held by CDS Clearing and Depository Services Inc. The distribution paid to shareholders was $17,456,276.

(ii) Effective on October 31, 2018, the Company entered into a surrender agreement to terminate its lease at 14 Wall Street for total consideration of USD $60,000 comprised of (a) a payment of USD $16,337 and (b) the forfeiture of its security deposit in the amount of USD $43,663. The Company has no further obligations under the premises lease.