URBANA CORPORATION

2005 ANNUAL REPORT

REPORT TO SHAREHOLDERS

FINANCIAL STATEMENTS

ANNUAL MANAGEMENT REPORT
OF FUND PERFORMANCE

STATEMENT OF CORPORATE
GOVERNANCE PRACTICES

URBANA CORPORATION

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AUDITORS:

PKF Hill LLP
41 Valleybrook Drive
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DIRECTORS AND OFFICERS OF THE COMPANY:

Thomas S. Caldwell, C.M.
Director and President
Toronto, Ontario

John R. Campbell, Q.C.
Director and Corporate Secretary
Toronto, Ontario

Robert M. Callander
Director
Toronto, Ontario

Michael B.C. Gundy
Director
Toronto, Ontario

David J. Henderson, C.A.
Director
Schomberg, Ontario

Urbana Corporation's common shares are listed for trading on the TSX Venture Exchange.

Ticker Symbol – URB

Website: www.urbanacorp.com

REPORT TO SHAREHOLDERS

2005 and the period immediately after year-end have been particularly rewarding for Urbana Corporation. On December 6, 2005, the Members of the New York Stock Exchange ("NYSE") approved the change from a Member-owned, not-for-profit entity into a for-profit corporation.

Urbana Corporation held the beneficial ownership of three NYSE seats as at December 31, 2005, with a market value of U.S. $3,550,000 each, for a total value of Cdn.$12,407,250 as shown in our year-end financial statements. Showing the "Seats" at market value represents a change in accounting policy, which is described in the notes to the Financial Statements. Subsequent to year-end, shares were issued for "Seats" with the result being that Urbana Corporation now holds 254,097 shares of NYSE Group, Inc. which began trading on March 8, 2006 (Symbol: NYX). These shares can be sold on the basis of 84,699 shares, or one-third of our total holding each year, commencing March 7, 2007, over the next three years.

In addition, interim "secondary offerings" can provide us with the opportunity to liquidate shares throughout the lock-up period. The value of these holdings was Cdn. $23,502,111 as of March 31, 2006. Our total investment portfolio had a value of Cdn. $24,770,394 on that date representing a pre-tax asset value (excluding our resource properties) of Cdn. $2.75 per share, versus Cdn. $0.16 per share as of December 31, 2002.

In the future, our company will continue its focus on investment activities. The spectacular success of this NYSE investment speaks for itself.

Our resource strategy is to hold our 72-claim group in Urban Township, PQ, with a view to partnering with other companies active in the area. To date, our neighbours have been generating positive results on their gold prospect holdings. This asset has been written down to zero to reflect its hard asset value. We should however, note an optimism in regards to these holdings, but only time and results will bear that out.

One point that our shareholders may not be aware of is that Urbana Corporation is run in an extremely efficient manner as management collects no salaries, Directors' fees are only Cdn. $1,000 per year and most administration expenses are absorbed in our Investment Management contract with Caldwell Investment Management Ltd. Our thinking has always been that we all make money through our ownership of shares. This arrangement has been very advantageous to Urbana Corporation and its shareholders over its years of building a more significant financial presence.

Respectfully submitted,
The Board of Directors
April 20, 2006

URBANA CORPORATION

2005 AND 2004 FINANCIAL STATEMENTS

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CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of
Urbana Corporation

We have audited the statements of net assets of **Urbana Corporation** (the "Company") as at December 31, 2005 and December 31, 2004, the statement of investment portfolio at December 31, 2005 and the statements of operations and retained earnings (deficit), changes in net assets and cash flows for the years ended December 31, 2005 and December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and December 31, 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PKF Hill LLP

February 15, 2006
except for note 12 which
is as of March 31, 2006

URBANA CORPORATION

STATEMENTS OF NET ASSETS AS AT DECEMBER 31

	2005	2004
ASSETS		
Marketable securities (notes 1 and 2)	$ 736,919	$ 871,118
New York Stock Exchange (“NYSE”) memberships (three) (notes 1 and 2)	12,726,750	5,751,720
Resource properties (note 5)	—	1,088,757
Cash	71,387	102,841
Rental income receivable	4,790	371
Office equipment (note 4)	2,996	3,678
	$ 13,542,842	$7,818,485
LIABILITIES		
Loan payable (note 6)	$ 1,118,268	$1,118,268
Accounts payable and accrued liabilities	49,701	36,167
Future income taxes (note 3)	1,040,000	246,000
	2,207,969	1,400,435
NET ASSETS	11,334,873	6,418,050
SHAREHOLDERS’ EQUITY		
Share capital (note 7)	6,098,893	6,098,893
Unrealized gains/losses of investments (notes 1 and 2)	5,805,832	(136,289)
Retained earnings (deficit) (note 3)	(569,852)	455,446
	11,334,873	6,418,050
	$ 13,542,842	$7,818,485
Number of common shares outstanding (note 7)	9,000,000	9,000,000
Net asset value per common share - basic and fully diluted	1.26	0.71

See accompanying notes

On behalf of the Board:

Director

Director

URBANA CORPORATION

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
YEARS ENDED DECEMBER 31

	2005	2004
Gains/losses		
Gain (loss) on sale of marketable securities	$ (165,516)	$ 69,005
Investment income		
Dividends	575	5,108
Consulting and other income (note 8)	87,540	104,496
NYSE seat rental income	283,774	347,931
	371,889	457,535
Expenses		
Investment management and performance fees (note 8)	6,274	13,054
Salaries and benefits	73,744	59,913
Administrative	145,564	105,498
Audit fees	20,000	15,000
Legal fees	100,839	153,210
Director fees	6,000	—
License fees	26,867	83,880
Bank charges and interest (note 8)	57,701	30,995
Amortization	682	838
	437,671	462,388
Net income (loss) before future income taxes	(231,298)	64,152
Provision for (reduction of) future income taxes (note 9(a))	794,000	(17,000)
Net income (loss) before unrealized gains/losses of investments	(1,025,298)	81,152
Unrealized gains/losses of investments		
Unrealized gain - NYSE memberships (notes 1 and 2)	6,975,030	—
Unrealized gain - marketable securities (notes 1 and 2)	61,129	—
Write-down of marketable securities	—	(136,289)
Write-down of resource properties (note 5)	(1,094,038)	—
	5,942,121	(136,289)
Total results of operations for the year	4,916,823	(55,137)
Retained earnings, beginning of year (note 3)	455,446	374,294
Retained earnings (deficit), end of year	$ (569,852)	$ 455,446
Basic and fully diluted income (loss) per share	0.55	(0.01)
Weighted average number of common shares outstanding	9,000,000	4,774,612

See accompanying notes

URBANA CORPORATION

STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31

	2005	2004
Net assets, beginning of year	$ 6,418,050	$2,106,519
Operating activities		
Total results of operations for the year	4,916,823	(55,137)
Capital transactions		
Issuance of common shares	—	3,866,668
Debt conversion	—	500,000
Total capital transactions	—	4,366,668
Net assets, end of year	$11,334,873	$6,418,050
Unrealized gains/losses of investments		
Unrealized gains/losses of investments, beginning of year	$ (136,289)	$ —
Change during the year	5,942,121	(136,289)
Unrealized gains/losses of investments, end of year	$ 5,805,832	$ (136,289)

See accompanying notes

URBANA CORPORATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31

	2005	2004
Operating activities		
Total results of operations for the year	$ 4,916,823	$ (55,137)
Add (deduct) items not involving cash		
Amortization	682	838
Write-down of marketable securities	—	136,289
Loss (gain) on sale of marketable securities	165,516	(69,005)
Unrealized gain - marketable securities	(61,129)	—
Unrealized gain - NYSE memberships	(6,975,030)	—
Write-down of resource properties	1,094,038	—
Future income taxes	794,000	(17,000)
	(65,100)	(4,015)
Net change in non-cash working capital items		
Rental income receivable	(4,419)	6,797
Accounts payable and accrued liabilities	13,534	(110,336)
	9,115	(103,539)
Cash flows from operating activities	(55,985)	(107,554)
Financing activities		
Issuance of loan payable	—	1,494,936
Repayments of loan payable	—	(376,668)
Repayments of convertible note	—	(500,000)
Issuance of common shares	—	3,866,668
Cash flows from financing activities	—	4,484,936
Investing activities		
Purchases of marketable securities	(983,834)	(7,301,695)
Proceeds of sale of marketable securities	1,013,646	6,363,293
Purchase of two NYSE memberships	—	(3,751,720)
Additions to resource properties (note 5)	(5,281)	(43,381)
Cash flows from investing activities	24,531	(4,733,503)
Net decrease in cash during the year	(31,454)	(356,121)
Cash, beginning of year	102,841	458,962
Cash, end of year	$ 71,387	$ 102,841

See accompanying notes

STATEMENT OF INVESTMENT PORTFOLIO
YEAR ENDED DECEMBER 31, 2005

Number	Description	Cost	Market Value
	Resource properties		
72	Resource claims - Urban Township	$1,094,038	$ —
	New York Stock Exchange Memberships		
3	Seats on the NYSE	$5,751,720	$12,726,750
	Marketable securities		
62,251	Units in the Caldwell Growth Opportunities Fund	$675,790	$736,919

See accompanying notes

1. Change in Accounting Policy

In 2005, the Company adopted prospectively, Accounting Guideline 18, "Investment Companies". As a result, the investments of the Company are recorded at fair value on the balance sheet (note 2) and the unrealized gains in investments are recorded in the statement of operations. For the year ended December 31, 2005, included in income is a $61,129 unrealized gain in marketable securities in addition to a $6,975,030 unrealized gain in NYSE memberships. In 2004, the marketable securities were recorded at market value (on the basis of the accounting policy being to record at the lower of cost and market) and the NYSE memberships were recorded at cost.

2. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

Urbana America Inc.

During 2005, the Company wound-up its wholly owned subsidiary, Urbana America Inc. and assumed its assets, obligations and operations. The 2004 financial statements were consolidated, a designation which is not required in 2005 due to the wind-up.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the reporting period. Actual results could differ from those estimates.

Revenue recognition

Rental revenue from the NYSE memberships is recognized over the term of the lease contract, on a straight-line basis.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the income (loss) for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares, which are included when the conditions necessary for issuance have been met. Diluted earnings (loss) per share is calculated in a manner similar to basic earnings (loss) per share, except that the weighted average number of shares outstanding is increased to include potential common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants and on the as-if-converted method for convertible securities.

Income taxes

The Company accounts for income taxes using the liability method, whereby future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the year is the tax payable for the year and any change during the year in the future tax assets and liabilities. A valuation allowance is provided to the extent that it is more likely than not that future tax assets will not be realized.

Marketable securities

Marketable securities are recorded at fair value. Fair values for the units in the Caldwell Growth Opportunities Fund ("Fund") are provided by the investment manager's statement of account. The fair values are established by the Fund by valuing each held security based on closing market quotations, less estimated administration costs. At December 31, 2005, the cost of the marketable securities was $675,790 (2004 – $1,007,407) and the market value was $736,919 (2004 – $871,118).

NYSE memberships

The three NYSE memberships are recorded at fair value. Fair value is established by the most recent sale of NYSE memberships preceding the year end and translating this amount using the year end exchange rate. At December 31, 2005 and 2004, the cost of the three NYSE memberships was Cdn$5,751,720 (US$4,300,000).

Office equipment

Office equipment is recorded at cost and amortized at 20% per annum using the declining balance method of accounting.

Resource properties

Resource properties and related expenditures are recorded at cost, net of incidental revenues generated from the particular mineral properties. These net costs are deferred until the mineral properties to which they relate are placed into production, sold or abandoned.

General exploration costs not specifically relating to a mineral property are expensed as incurred.

As per Accounting Guideline 11 in the Canadian Institute of Chartered Accountants handbook, when there has been a delay in development activity that extends beyond three years, there is a presumption that a write-down of capitalization costs is necessary. In 2005, management determined that due to the lack of recent development activity for the resource properties, the capitalized costs of the resource properties would be written off (note 5).

3. Adjustments to Future Income Tax Balance

During 2004, it was determined that the Company's future income tax balance at January 1, 2004 was understated by $263,000. Accordingly, the retained earnings at the beginning of the year as presented in the 2004 statements were reduced by $263,000.

4. Office Equipment

Office equipment consists of the following:

	2005			2004
	Cost	Accumulated Amortization	Net	Net
Office equipment	$22,130	19,134	$2,996	$3,678

5. Resource Properties

Urban Township, Quebec

The Corporation holds 100% of the 72 claims Urban Township mineral prospect.

During the years, the following occurred:

	2005	2004
Balance, beginning of year	$1,088,757	$1,045,376
Additions	5,281	43,381
Write-down of resource properties	(1,094,038)	—
Balance, end of year	$ _	$1,088,757

6. Loan Payable

The loan payable of $1,118,268 from Caldwell Financial Ltd. ("CFL") (note 8) incurs interest as mutually agreed at a rate not exceeding prime, secured by a promissory note and matures on December 31, 2010 with a right to prepayment without penalty.

7. Share Capital

Share capital consists of the following:

	Number	Amount
Authorized		
Unlimited preferred shares		
Unlimited common shares		
Unlimited Class A non-voting shares		
Issued – common shares		
Balance at January 1, 2004 and 2005	2,300,000	$1,732,225
Issued for cash consideration on May 14, 2004	3,000,000	3,000,000
Debt conversion on November 2, 2004	1,666,666	500,000
Exercise of warrants for cash in 2004	1,666,666	500,000
Private placement on November 24, 2004 for cash	366,668	366,668
Balance as at December 31, 2004 and 2005	9,000,000	$6,098,893

In 2004, CFL exercised the conversion provisions of a $500,000 note payable, resulting in the issuance of 1,666,666 common shares and 1,666,666 share purchase warrants, which were subsequently exercised for cash proceeds of $500,000.

The Directors, Officers and Employees Stock Option Plan ("Plan") reserves 626,667 common shares that may be issued out of treasury to cover the Option Plan. The Plan restricts the exercise of options in any one year to 10% of the issued and outstanding shares. There is a further restriction in that only 5% may be exercised in any one year by any one person.

The price must not be less than the market price on the trading day next preceding the issue date of the options. The options are not assignable and must be exercised within ten years of their issue.

As none of the reserved options have been awarded, there are no outstanding options as at December 31, 2004 and 2005.

8. Related Party Transactions

CFL is a significant shareholder of the Company and under common management.

The NYSE memberships have been acquired by directors of Caldwell Asset Management Inc. ("CAM"), (a company under common management). All rights to income and gains and the related expenses and liabilities in connection with the memberships have been irrevocably assigned to the Company. Membership in the NYSE is at present restricted to individuals.

In 2004 and 2005, premises were rented from CAM and CFL.

Interest incurred by CFL in order to fund financing requirements of the Company (note 6), using resources over and above CFL's cash resources, is charged to the Company based on the interest CFL has to pay to its financial institution.

Included in accounts payable and accrued liabilities is $26,000 (2004 – $Nil) payable to related parties which are all under common management to the Company.

In 2005, the marketable securities were held with the Caldwell Opportunities Growth Fund, a fund with common management to the Company.

Included in the statements of operations and retained earnings (deficit) are the following income (expenses) related to transactions with related parties.

	2005	2004
Consulting and other income	$87,500	$65,000
Investment management and performance fees (refer above)	(6,274)	(13,054)
Interest on financing cash requirements (refer above)	(56,576)	(30,136)
Rent (refer above) included in administrative expenses	(96,300)	(45,341)

All related party transactions are recorded at their exchange amounts.

9. Income Taxes

(a) The Company's provision for future income taxes is summarized as follows:

	2005	2004
Income (loss) before income taxes	$5,710,823	$(72,137)
Expected income taxes payable (recoverable) at statutory rates – 34.12% (2004 – 34.12%)	$1,948,533	$(24,613)
Income tax effect of the following:		
Non-taxable portion of capital transactions	28,237	11,479
Non-taxable portion of unrealized gains	(1,200,369)	–
Other	17,599	(3,866)
	$794,000	$(17,000)

The Company has the following deductions which are potentially available for application against future earnings as described below and incorporated in the calculation of future income taxes. There is no expiry date for the use of these deductions.

		2005	2004
Canadian development expenses	(i)	$57,000	$57,000
Canadian exploration expenses	(ii)	102,000	97,000
Foreign exploration and development expenses	(iii)	25,000	25,000
Depletion	(iv)	17,000	17,000
Net capital losses (gross)	(v)	342,000	142,000

(i) May be claimed at 30% per annum against income from any source.

(ii) May be claimed against income from any source.

(iii) Using the diminishing balance method, may be claimed to the extent of the greater of 10% of accumulated expenditures and foreign resource income for the year.

(iv) To a maximum of 25% of net resource income.

(c) May be carried forward indefinitely to apply against future capital gains.

(c) The Company has accumulated losses for income tax purposes of $100,000 which can be carried forward to reduce future taxable income. These losses have been included in the computation of the future income tax liability. The non-capital losses expire as follows:

2006	$ 19,000
2009	10,000
2015	71,000
	$100,000

10. Financial Instruments

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying amounts of financial assets and financial liabilities, except for the loan payable, reported in the balance sheets approximate fair values due to the short-term maturities of such instruments. The fair value of the loan payable is not determinable, due to the non-arms length nature of the transaction. The NYSE seats are denominated in US dollars and their respective rental income is also denominated in US dollars. The carrying value of marketable securities and the NYSE memberships approximate their fair value in accordance with the valuation policies described in note 2.

11. Comparative Amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2005 financial statements.

12. Subsequent Event

Subsequent to year end, the Company's three NYSE memberships were converted into shares of NYSE Group Inc. on the basis of 84,699 shares per Membership. As of March 31, 2006, the total holding of 254,097 shares was quoted at US$79.25 per share. On that basis, the investment was valued at US$20,137,187 or Cdn$23,502,111.

Dividend income amounting to US$148,199 net (after US withholding taxes), or Cdn$170,903, was received on the above shares on March 16, 2006.

The value of other marketable securities increased from $675,790 at year end to $1,092,166 at March 31, 2006, bringing the aggregate value of the investment holdings to $24,594,277.

URBANA CORPORATION

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2005

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This report may contain forward-looking statements. Forward-looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward-looking statements.

CHANGES IN REPORTING REQUIREMENTS

By a resolution of the Corporation's shareholders and approval of the TSX Venture Exchange ("TSXV"), the Corporation changed its listing on the TSXV from a mining issuer to an investment issuer in July 2005. Due to the substantial investment activities of Urbana, the Corporation is now considered a "non-redeemable investment fund" under the Ontario Securities Act and is required to comply with the new National Instrument 81-106 - Investment Fund Continuous Disclosure ("NI 81-106"), which came into force on June 1, 2005.

This management report of fund performance ("MRFP") follows the disclosure obligations under NI 81-106. It contains financial highlights but does not contain the complete financial statements of the Company. You can get a copy of the annual financial statements at your request, and at no cost, by calling the Company collect at (416) 595-9106, writing to us at: 150 King St. W., Suite 1702, Toronto, Ontario M5H 1J9 or visiting the SEDAR website at www.sedar.com.

Securityholders may also contact us using one of the these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT TEAM

The investment activities of the Company are handled by Caldwell Investment Management Ltd. ("CIM") in Toronto. Profiles are as follows:

Charles Hughson

Strategic Advisor

Mr. Hughson is an investment industry professional with over three decades of experience. Graduating from the University of Aberdeen, Scotland, with an M.A. (Hons.) degree in economics, he began his career as an investment analyst in the City of London, England. Mr. Hughson immigrated to Canada in 1975 and joined the Alberta Treasury department, then a leading Canadian life insurance company.

Brendan T.N. Caldwell

B.Sc., M.A., FCSI, CFA

Mr. Caldwell holds a B.Sc. from the University of Toronto, Trinity College, an M.A. from the University of London and a Chartered Financial Analyst (CFA) designation. Prior to joining the Investment Management team, Mr. Caldwell worked for a large, international investment banking organization and a major mutual fund company.

John R. Kinsey

Mr. Kinsey contributes over forty years of investment experience, which includes portfolio management, research and trading. He also coordinates the equity research functions which include monitoring our firm's overall universe of securities followed.

Thomas S. Caldwell, C.M.

B.Comm. Hons-Economics, FCSI

Having held progressively senior positions at major investment firms in Toronto, Montreal and New York since 1965, Mr. Caldwell founded Caldwell Securities Ltd. in 1980. He serves as Chairman of CIM and has responsibility for overall strategy.

J. Dennis Freeman

Mr. Freeman's investment experience has been primarily focused on the fixed income sector, including managing major bond funds. His broad experience and market strategy views are highly regarded in the investment industry.

Robert M. Callander

B.Sc., M.B.A., CFA

Mr. Callander is an investment industry executive with over thirty years experience, including senior positions in investment research and corporate finance. He provides financial advisory services to both institution and private clients. Mr. Callander is a Chartered Financial Analyst (CFA) and professional geologist.

Thomas Ratnik

B.A.Sc., P.Eng.

Mr. Ratnik's responsibilities include market strategy, timing and technical analysis. With forty years experience as a technical analyst, Mr. Ratnik has developed a series of criteria which assist in establishing entry and exit points for equity portfolio positions. Mr. Ratnik is a professional engineer.

Jennifer Radman

Analyst

Ms. Radman joined the firm in June 2004 as a research associate. She graduated with honours with a business degree from the University of South Carolina, and is currently enrolled in the third level of the CFA program.

Thomas S. Caldwell, as the lead investment manager for the Company, supervises the overall investment activities conducted by CIM on the Company's behalf. He serves as the Company's President.

INVESTMENT OBJECTIVES & STRATEGIES

Urbana seeks to provide long-term capital growth through investing in a wide spectrum of opportunities. Potential investments can range from publicly-traded securities to private companies to other assets. The Investment Management Team at CIM attempts to seek out opportunities which will provide above average returns over a longer period of time, while blending that approach with shorter term trading opportunities.

RISK

There were no material changes to Urbana's investment style over the financial year that affected the overall level of risk associated with investment in Urbana. The suitability and investor risk tolerance remains unchanged over the years as that of an aggressive growth vehicle with concentrated investment positions.

RESULTS OF OPERATIONS

Urbana's net shareholder equity grew by $4,916,823 to $11,334,873, or by 77%, despite writing down to nil the Company's resource holdings by $1,094,038. There were no shares issued during the past year. There were no material changes in our investment holdings or investment style over the year, with the predominant position being in New York Stock Exchange memberships ("Seats"). These Seats improved in valuation as that organization moved to demutualize and completed the steps necessary to become a for-profit, publicly-traded corporation, NYSE Group, Inc.

Urbana also purchased $675,790 of Caldwell Opportunities Growth Trust during the year, with a view of both adding to our Seat participation as well as obtaining ownership interests in Chicago Board Options Exchange memberships and other exchanges. The value of that position as of year end was $736,919.

RECENT DEVELOPMENTS

Throughout the 2005, several events occurred to enhance the value of our NYSE Seat investment. On April 20, 2005 the NYSE announced a merger with Archipelago Inc., a publicly-traded electronic market. In one step the NYSE began a move to demutualize and become a for-profit, publicly traded corporation. This event, along with subsequent approval votes, resulted in a significant upward move in the value of our holdings by approximately $7,000,000.

After the turn of the year, further increases in value have occurred as Seats were exchanged for NYSE Group, Inc. stock. As a result, Urbana now holds 254,087 shares of that entity with a quoted value, as of March 31, 2006, of $23,502,111.

RELATED PARTY TRANSACTIONS

Thomas S. Caldwell is a director and officer of Caldwell Securities Ltd. ("CSL") and Caldwell Investment Management Ltd. ("CIM"), both companies which have dealings with Urbana. Mr. Caldwell is also a director and officer of Caldwell Asset Management Inc. ("CAM") and Caldwell Financial Ltd. ("CFL"), this latter company being a substantial shareholder (3,800,000 shares) of Urbana. In 2005, CIM paid a consulting fee to Urbana in the amount of $87,500 for certain administrative services (2004 - $65,000). In 2005 Urbana Corporation paid rent of $96,300 to CSL and CAM (2004 - $45,341) and investment management fees of $3,137 were charged to the Company by each of CAM and CIM (2004 – $6,527)

CFL has a loan outstanding to Urbana in the amount of $1,118,268 on which interest accrues at the prime rate or lower, as negotiated each year. Interest payments were $56,576 in 2005 (2004-$30,136).

Robert M. Callander is an officer of CSL.

Michael B.C. Gundy is an independent director of CIM and serves on that company's Audit Committee.

John R. Campbell is in independent director of CIM and serves on that company's Audit Committee.

FINANCIAL HIGHLIGHTS

As Urbana Corporation's shareholders approved a change of business on June 24, 2005 from a mining issuer to an investment issuer, only 2005 financial highlights are being reported. The above changed has been filed on SEDAR and confirmed by the TSX Venture Exchange confirmation dated July 8, 2005.

The following table shows selected key financial information about Urbana and is intended to help you understand Urbana's financial performance for the past year. This information is derived from Urbana's annual financial statements.

The following are per share calculations for 2005:

Net asset value, beginning of year	$0.71
Realized losses for the year	($0.02)
Investment income for the year	$0.04
Total expenses for the year, including future taxes	($0.13)
Unrealized gains for the year	$0.66
Net asset value as at December 31, 2005	$1.26

RATIOS & SUPPLEMENTAL DATA (2005)

Net Investment Assets	$13,463,669
Shares outstanding (1)	9,000,000
Management Expense Ratio (2)	3.25%
Portfolio Turnover Ratio (3)	0.15 %
Trading Expense Ratio (4)	0.07%

(1) The above information is provided as at December 31, 2005.

(2) The Management Expense Ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period (including the write-down of the resource property).

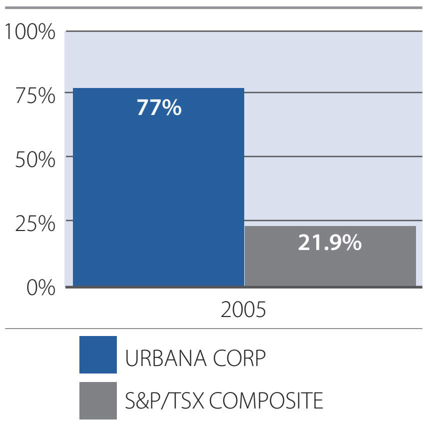
(3) The Company's turnover rate indicates how actively the Company's investment manager manages its liquid securities investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in the portfolio once in the course of the year. The higher a company's portfolio turnover rate in a year, the greater the trading costs payable by the Company in the year, and the greater the chance that the Company will receive taxable gains or losses in the year. There is not necessarily a relationship between a high turnover rate and the performance of the investment portfolio.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

INVESTMENT MANAGEMENT FEES

Investment management fees will accrue on the basis of 1.5% effective as of May 1, 2006 of the investment assets under administration. During 2005, $6,274 investment management fees were charged to Urbana by CIM and CAM and accrued as Urbana did not have the liquidity to pay fees. Investment management fees are charged for portfolio management services in accordance with an Investment Management Agreement with CIM.

PAST PERFORMANCE



ANNUAL COMPOUND RETURNS

	2005
Percentage Return	77.0%
S&P/TSX Composite	21.9%

SUMMARY OF INVESTMENT PORTFOLIO

Urbana's investment portfolio was, at year end, made up of two components: three Seats on the New York Stock Exchange, worth $12,726,750 at year-end or 94%, of the investment portfolio (now 254,097 shares of NYSE Group, Inc.) and, $71,387, or 0.5% in cash and $736,919, or 5.5%, invested in the Caldwell Growth Opportunities Trust. This latter investment was at year-end comprised of interests in New York Stock Exchange Seats and memberships in the Chicago Board Options Exchange.

The above summary of the investment portfolio may change. A quarterly update is available.

CHANGE IN ACCOUNTING POLICIES

Subsequent to its change from a mining issuer to an investment issuer, in the final quarter of 2005, the Corporation adopted the Canadian Institute of Chartered Accountants' Accounting Guideline 18 for investment companies. As a result, the investments of the Corporation are recorded at fair value on the balance sheet and the unrealized gains in investments are recorded in the statement of operations. For the year ended December 31, 2005, included in income is a $61,129 unrealized gain in marketable securities and a $6,975,030 unrealized gain on the NYSE Seats. In 2004, the marketable securities were recorded at market value (on the basis of the accounting policy being to record at the lower of cost and market) and the NYSE Seats were recorded at cost.

CORPORATE GOVERNANCE PRACTICES

The directors have the overall stewardship responsibility and are responsible to the shareholders for the affairs of the Company. The directors have determined that Urbana Corporation's main objective is to build share values by investing in capital gain opportunities, currently interests in the New York Stock Exchange and the Chicago Board Options Exchange. The Company will continue to maintain its mining properties and seek joint venture partners to develop the same. The directors have identified the principal risks facing the Company as: (a) unexpected changes in known settled laws, regulations and practices; (b) market and currency exchange rate fluctuations; (c) political situations which impact the Canadian corporate investment climate; and (d) market risk generally as to the Company's investments.

The Company's investment activities are directed by the President and the mining interests by a professionally qualified director in conjunction with the President. The directors supervise the management of the Company and ensure the integrity of the internal controls and the compliance of applicable regulatory requirements for the disclosure and dissemination of corporate information to the Company's shareholders and the public.

The board of directors has not established any succession plans beyond the fact that the President, through shareholdings, controls the Company. In view of this control situation, the Audit and Corporate Governance Committee (the "Audit Committee") ensures that the interests of all of the Company's shareholders, particularly the minority and any non-voting shareholders, are protected. The President monitors the investment portfolio on a regular basis and reports to the board. .

Three of the five directors, namely: John R. Campbell, Michael B. C. Gundy and David Henderson, are independent of management, and the board has appointed them to the Audit Committee. Messrs. Gundy and Campbell have also been appointed as the Nominating Committee. The board does not have a compensation committee. Periodically, as required, the Audit and Nominating committees meet to: (i) consider new nominees for board membership, interview new candidates and review their experience, skills, competence and related matters, and make recommendations to the board; (ii) assess the effectiveness of the board as a whole and its committees; (iii) examine the adequacy and form of compensation to the directors and officers; (iv) develop job descriptions for the senior management positions; (v) examine actual or potential conflicts of interest of officers or directors with the interests of the Company and assure that proper disclosure is made and that the interests of the Company and its shareholders, both controlling and minority, are protected; (vi) review the continuous disclosure materials; and (vii) monitor and report on how the Company is implementing its corporate governance policies and guidelines. They meet separately from the board and annually report to the board on their activities.

URBANA CORPORATION