Consolidated financial statements of

Urbana Corporation

December 31, 2008 and 2007

Urbana Corporation

December 31, 2008 and 2007

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Auditors' Report

To the Shareholders of
Urbana Corporation (the "Company")

We have audited the consolidated statements of net assets and of investment portfolio of the Company as at December 31, 2008 and the consolidated statements of operations, changes in net assets and retained earnings (deficit) and of cash flows for the year then ended. 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 audit.

We conducted our audit 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative financial statements as at December 31, 2007 and for the period then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated February 14, 2008.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
February 18, 2009

Urbana Corporation

Consolidated statements of net assets
as at December 31, 2008 and 2007

	2008	2007
	$	$
Assets		
Cash and cash equivalents	1,477,180	218,666
Investments, at fair value	179,248,111	291,122,714
Sundry receivables	44,674	193,914
Prepaid expenses	5,699	37,280
Office equipment	1,799	2,037
Deposit on future investments	335,349	1,835,349
Future income taxes (note 10)	6,400,000	-
	187,512,812	293,409,960
Liabilities		
Loan payable (note 4)	11,100,000	-
Accounts payable and accrued liabilities	816,786	945,054
Future income taxes (note 10)	-	12,800,000
	11,916,786	13,745,054
Non-controlling interest (note 3)	17,193,696	16,823,628
Net assets	158,402,330	262,841,278
Shareholders' equity		
Share capital (note 5)	215,915,646	218,135,737
Contributed surplus (note 6)	14,918,769	13,242,479
Retained earnings (deficit)	(72,432,085)	31,463,062
	158,402,330	262,841,278
Total liabilities and shareholders' equity	187,512,812	293,409,960
Number of shares outstanding (note 5)	77,100,000	78,061,518
Net assets per share - basic and fully diluted (note 7)	2.05	3.37

See accompanying notes

Approved by the Board

_____________________________ Director

_____________________________ Director

Urbana Corporation

Consolidated statements of operations
for the years ended December 31, 2008 and 2007

	2008	2007
	$	$
Gains / losses		
(Loss) gain on sale of investments	(4,158,084)	2,343,460
Investment income		
Dividends	3,042,855	839,266
Seat rental income	2,548,751	638,755
Interest income	49,514	1,195,965
Gain (loss) on foreign exchange	49,143	(1,118,562)
	5,690,263	1,555,424
Expenses (note 8)		
Investment management fees	3,196,246	1,899,428
Foreign withholding taxes	1,134,992	246,833
Interest	463,009	75,291
Administrative	451,568	366,799
Legal fees	377,512	278,035
Shareholder reporting costs	201,956	36,794
Transaction costs	166,098	1,215,129
Audit fees	114,295	66,980
Insurance	31,370	31,456
Director fees	20,900	18,350
Independent Review Committee fees	5,089	1,021
Amortization	238	360
License fees	1,778	1,045
Expenses absorbed by Manager	(351,845)	(466,782)
	5,813,206	3,770,739
Net (loss) income before net unrealized (loss) gain on foreign exchange and investments, non-controlling interest and income taxes	(4,281,027)	128,145
Unrealized net (loss) gains on foreign exchange, deposit on future investments and investments	(118,444,052)	13,133,398
Net (loss) income before non-controlling interest and income taxes	(122,725,079)	13,261,543
Non-controlling interest portion of (income) loss	(370,068)	1,454,766
Net (loss) income before income taxes	(123,095,147)	14,716,309
Provision for income taxes (note 10)		
Future	(19,200,000)	2,078,353
	(19,200,000)	2,078,353
Total results of operations for the year	(103,895,147)	12,637,956
Basic and fully diluted earnings per share (note 7)	(1.33)	0.30
Weighted average number of shares outstanding	77,884,674	41,882,629

See accompanying notes

Urbana Corporation

Consolidated statements of changes in net assets and retained earnings (deficit) for the years ended December 31, 2008 and 2007

	2008	2007
	$	$
Net assets		
Net assets, beginning of year as previously stated	262,841,278	26,917,127
Restatement on change in accounting policy	-	(93,128)
Net assets, beginning of year as restated	262,841,278	26,823,999
Operating activities		
Total results of operations for the year	(103,895,147)	12,637,956
Capital transactions (notes 5 and 6)		
Issuance of shares (net of expenses and tax impact)	-	208,667,903
Exercise of warrants	1,242,910	1,468,941
Normal course issuer bid redemption proceeds	(1,575,291)	-
Net impact of exercise/issuance of warrants on contributed surplus	(211,420)	13,242,479
Total capital transactions	(543,801)	223,379,323
Net assets, end of year	158,402,330	262,841,278
Retained earnings (deficit)		
Retained earnings (deficit), beginning of year	31,463,062	18,825,106
Total results of operations for the year	(103,895,147)	12,637,956
Retained earnings (deficit), end of year	(72,432,085)	31,463,062

See accompanying notes

Urbana Corporation

Consolidated statements of cash flows
for the years ended December 31, 2008 and 2007

	2008	2007
	$	$
Operating activities		
Net investment (loss) income	(4,281,027)	128,145
Add (deduct) items not involving cash		
Amortization	238	360
Loss (gain) on sale of investments	4,158,084	(2,343,460)
	(122,705)	(2,214,955)
Net change in non-cash working capital items		
Sundry receivables	149,240	(173,003)
Prepaid expenses	31,581	229,578
Accounts payable and accrued liabilities	(128,268)	517,698
	52,553	574,273
Cash flow used in operating activities	(70,152)	(1,640,682)
Financing activities		
Issuance of loan payable	11,100,000	-
Repayment of loan payable	-	(1,138,268)
Issuance of shares (net of expenses)	-	114,021,784
Exercise of warrants	1,031,490	1,219,073
Normal course issuer bid redemptions	(1,575,291)	-
Issuance of share warrants - contributed surplus	-	13,492,347
Cash flow from financing activities	10,556,199	127,594,936
Investing activities		
Purchases of investments	(27,958,450)	(129,656,692)
Proceeds on sale of investments	11,155,327	5,753,522
Proceeds on maturity of investments	7,575,590	-
Deposits on future investments	-	(1,835,349)
Cash flow used in investing activities	(9,227,533)	(125,738,519)
Net change in cash during the year	1,258,514	215,735
Cash and cash equivalents, beginning of year	218,666	2,931
Cash and cash equivalents, end of year	1,477,180	218,666
Supplemental disclosure of cashflow information		
Amount of interest paid	463,009	75,291
Amount of income taxes paid	-	-

See accompanying notes

Urbana Corporation

Consolidated statements of investment portfolio
as at December 31, 2008 and 2007

Number of shares	Description	Cost	2008 Fair value
		$	$
	Privately owned entities		
24,683	Bermuda Stock Exchange	533,099	639,224
169,341	Budapest Stock Exchange	4,761,242	8,717,755
50,000	Bulgarian Stock Exchange	724,589	772,207
312,500	Canadian Trading and Quotation System Inc. ("CTQS") Class A*	-	-
308,888	Bombay Stock Exchange (shares held by CIHI)	43,507,793	41,792,447
22	Chicago Board Options Exchange (seats)	58,814,864	47,528,373
9	Kansas City Board of Trade (seats)	5,287,915	3,666,465
41	Minneapolis Grain Exchange (seats)	10,146,476	5,567,595
54	OneChicago Stock Futures Exchange	3,175,830	1,888,332
		126,951,808	110,572,398
	Publicly traded securities		
80,000	Hong Kong Exchange & Clearing Ltd.	1,026,297	937,877
56,000	Johannesburg Stock Exchange Ltd.	487,160	274,434
132,000	London Stock Exchange Group	4,301,431	1,194,865
1,735,981	NYSE Euronext	116,322,041	58,634,356
200	Osaka Securities Exchange Co. Ltd.	1,261,887	1,078,570
210,791	TMX Group Inc.	8,266,039	5,305,610
		131,664,855	67,425,712
	Other		
	Resource investment	1,094,038	1
1,250,000	Canadian Trading and Quotation System Inc. (Convertible debenture with no interest. Convertible into shares at $4 per share)*	1,250,000	1,250,000
	Total investments	260,960,701	179,248,111

* The Company holds 312,500 Class A shares of the CTQS. The shares have nil fair value and will be cancelled at the time the debenture is converted.

See accompanying notes

Urbana Corporation

Consolidated statements of investment portfolio
as at December 31, 2008 and 2007

Number of shares	Description	Cost	2007 Fair value
		$	$
	Privately owned entities		
23	American Stock Exchange (seats)	9,018,718	7,979,965
8	Kansas City Board of Trade (seats)	4,614,609	5,749,540
31	Minneapolis Grain Exchange (seats)	7,462,819	8,758,136
18	Chicago Board Options Exchange (seats)	46,640,786	55,767,958
308,888	Bombay Stock Exchange (shares held by CIHI	43,507,793	40,380,310
24,683	Bermuda Stock Exchange	533,099	503,223
950	Philadelphia Stock Exchange (shares)	1,264,362	1,200,712
		113,042,186	120,339,844
	Publicly traded securities		
49,440	Caldwell Growth Opportunities Trust (units)	602,669	1,166,778
200,000	Montreal Exchange Inc.	6,188,820	7,794,000
1,498,703	NYSE Euronext	105,645,352	126,309,217
150,000	TSX Group Inc.	6,504,982	7,920,000
300,000	Bolsa De Mercadorias & Futuros BM&F S.A.	3,385,413	4,121,618
4,000	Deutsche Boerse AG	454,586	783,440
132,000	London Stock Exchange Group	4,301,431	5,120,069
200	Osaka Securities Exchange Co. Ltd.	1,261,887	925,083
275,000	Bovespa Holding SA	3,436,547	5,089,435
56,000	Johannesburg Stock Exchange Ltd.	487,160	709,632
80,000	Hong Kong Exchange & Clearing Ltd.	1,026,297	2,238,047
112,000	Singapore Exchange Ltd.	511,929	1,029,960
		133,807,073	163,207,279
	Other		
	Resource investment	1,094,038	1
	Cda T Bill 24 Jan 2008	7,575,590	7,575,590
	Total investments	255,518,887	291,122,714

See accompanying notes

Urbana Corporation ("Urbana" or the "Company") is an investment company originally incorporated as a mineral exploration company named Macho River Gold Mines Limited under the Companies Act (Ontario) on August 25, 1947. A change of Business application from a mining issuer to an investment issuer was approved by the TSX Venture Exchange in July, 2005. The Company is now considered a "non-redeemable investment fund" and an "investment fund" for the purposes of applicable securities laws and is listed on the Toronto Stock Exchange ("TSX").

The long-term strategy of Urbana is to continue to seek and acquire investments for income and capital appreciation. Currently, management has identified securities exchange properties as attractive long-term investments due to the demutualization and consolidation of the exchange industry.

1. Summary of significant accounting policies

These consolidated financial statements of Urbana have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies of the Company are listed below.

Use of estimates

The preparation of financial statements in conformity with 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.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its 59.24% owned subsidiary, Caldwell India Holdings Inc. All inter-company transactions have been eliminated.

Adoption of new accounting standards

Financial instruments: disclosure and presentation

As of January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Section 3862, Financial Instruments – Disclosures ("Section 3862") and CICA Section 3863, Financial Instruments – Presentation ("Section 3863"), replacing Section 3861. Section 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Company manages those risks. Section 3863 carries forward unchanged the presentation requirements of Section 3861 with respect to financial instruments. Comparative figures are not required in the initial year of adoption. Refer to Note 2 for the discussion on financial instruments and risk management.

Capital management

On January 1, 2008, the Company adopted CICA Handbook Section 1535 Capital Disclosures. This standard requires the disclosure of information that enables users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. (See note 2)

1. Summary of significant accounting policies (continued)

Financial instruments: recognition and measurement

On April 1, 2005, The CICA issued Section 3855, "Financial Instruments - Recognition and Measurement", which addresses the classification, recognition and measurement of financial instruments. This section, which came into effect on October 1, 2006, was initially applicable to the Company's year ended December 31, 2007.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be determined by using the closing bid price for the securities instead of the closing traded price that was used before Section 3855 was adopted.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, be charged to net income. Prior to 2007, the practice was to add these expenses to the cost of securities purchased or to deduct from the proceeds of sale.

Foreign exchange

The monetary assets and liabilities of the Company's integrated foreign subsidiary are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average exchange rates for the year. Foreign exchange gains and losses are included in the statement of operations for the year.

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

Financial instruments

The Company's financial instruments are comprised of cash and cash equivalents, investments, sundry receivables, loan payable and accounts payable and accrued liabilities.

The fair values of cash, sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities. The fair value of loan payable approximates its carrying value as the interest rate on the loan is variable. Investments are classified as held-for-trading financial instruments, and as such, are recorded at fair value. Unrealized gains and losses on investments are recognized in the statement of operations.

Valuation of investments

Investments are valued at fair value. The securities which are actively traded are valued at the closing bid price on the recognized stock exchange on which the securities are listed or principally traded.

Securities which are listed on a stock exchange or traded over-the-counter and which are subject to a hold period or other trading restrictions will be valued as described above, with an appropriate discount as determined by management.

The fair value of any security for which no published market exists, including securities of private issuers, is determined by management using a valuation technique. A number of valuation methodologies are considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cashflows, industry valuation benchmarks and available market prices. During the initial period after an investment has been made, cost translated using the year end foreign currency exchange rate may represent the most reasonable estimate of fair value.

1. Summary of significant accounting policies (continued)

Valuation of investments (continued)

The process of valuing investments for which no published market exists is based on inherent uncertainties. The resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

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 Accountant 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 down to a nominal value.

Office equipment

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

Future 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.

Revenue recognition

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

Dividend income is recorded on the ex-dividend date. Interest income revenue is recognized as earned.

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

Earnings per share

Basic earnings per share is computed by dividing the total results of operations 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 per share reflects the assumed conversion of all dilutive securities using the “treasury stock” method for purchase warrants and stock options.

2. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks. Management seeks to minimize potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Company's position and market events.

Credit risk

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash and cash equivalents at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at December 31, 2008, the Company had no significant investments in debt instruments and/or derivatives. Accordingly, the Company is not subject to significant amounts of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligation when due. The Company's obligations are due within one year. As at December 31, 2008 the Company had a demand loan for $11,100,000. Liquidity risk is managed by investing in assets that are traded in an active market and can be readily sold or by borrowing under its credit facility. The Company's common shares and Class A shares cannot be redeemed. The Company endeavours to maintain sufficient liquidity to meet expenses.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investment rises. When the value of the Canadian dollar rises, the value of foreign investment falls.

The table below indicates the currencies to which the Company had significant exposure as at December 31, 2008.

Currency	As % of net assets
	%
United States Dollars	75.06
Indian Rupee	26.38
Other	8.40
	109.84

As at December 31, 2008, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $8,699,456. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. The Company is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

2. Financial instruments and risk management (continued)

Interest rate risk (continued)

The tables below summarize the Company's exposure to interest rate risks by remaining term to maturity.

	Less than 1 year	1 - 3 years	3 -5 years	Over 5 years	Total
	$	$	$	$	$
Loan payable	11,100,000	-	-	-	11,100,000

As at December 31, 2008, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the results of operations would have decreased or increased, respectively, by approximately $90,000. In practice, the actual trading results may differ and the difference could be material.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. Any equity and derivative instruments that the company may hold are susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

The most significant exposure for the Company to other price risk arises from its investment in publicly traded securities. As at December 31, 2008, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately $8,830,277 (approximately 5.5% of total net assets). In practice, the actual trading results may differ and the difference could be material. Management is unable to meaningfully quantify any correlation of the price of its privately owned equities to changes in a benchmark index.

Capital management

Management manages the capital of the Company which consists of the net assets and the proceeds from the bank facility, in accordance with the Company's investment objectives. The Company borrowed this money to make additional investments. The Company is not subject to any capital requirements imposed by a regulator.

3. Acquisition of Caldwell India Holdings Inc.

During 2007, the Company subscribed for 100 common shares, at US$1 per share, for Caldwell India Holdings Inc. ("CIHI"), a newly incorporated corporation. CIHI then issued 4,051,300 investor shares (non-voting) at US$10 per share of which the Company subscribed for 2,400,000, representing 59.24% of the issued share capital of CIHI. The total proceeds for the CIHI shares issued were $44,843,950, of which the Company provided $26,565,556. The remaining $18,278,394 which is owned by other investment funds managed by Caldwell Investment Management Ltd. was accounted for as a non-controlling interest. CIHI used the proceeds of the share issuance to purchase 308,888 equity shares of the Bombay Stock Exchange.

3. Acquisition of Caldwell India Holdings Inc. (continued)

Non-controlling interest consists of the following:

	2008	2007
	$	$
Non-controlling interest, beginning of year/at acquisition	16,823,628	18,278,394
Share of net income (loss)	370,068	(1,454,766)
Non-controlling interest, end of year	17,193,696	16,823,628

4. Loan payable

On February 19, 2008, the Company entered into a demand loan facility with the Bank of Montreal. Under this loan facility, the Company may borrow up to $50,000,000 from the Bank of Montreal at any given time. Interest is charged on the outstanding balance of the loan facility at Bank's prime rate, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on the Company's assets and allows the Company to purchase additional interests in public and/or private exchanges around the world. As at December 31, 2008, the outstanding balance of the loan was $11,100,000 which is the fair value of the loan.

5. Share capital

At December 31 share capital consists of the following:

	2008		2007	
	Number	Amount	Number	Amount
		$		$
Authorized				
Unlimited preferred shares				
Unlimited common shares				
Unlimited non-voting fully participating Class A shares				
Issued - common shares				
Balance, January 1	10,000,000	7,998,893	10,000,000	7,998,893
Issued during the year	-	-	-	-
Balance, end of year	10,000,000	7,998,893	10,000,000	7,998,893
Issued - non-voting Class A shares				
Balance, January 1	68,061,518	210,136,844	-	-
Issued during the year (a)	-	-	67,736,432	205,767,903
Exercise of warrants into Class A shares	275,064	1,242,910	325,086	1,468,941
Future tax impact of share issuance costs	-	-	-	2,900,000
Normal Course Issuer Bid Redemption (b)	(1,236,582)	(3,463,001)	-	-
Balance, end of year	67,100,000	207,916,753	68,061,518	210,136,844
Total	77,100,000	215,915,646	78,061,518	218,135,737

5. Share capital (continued)

a) During 2007 the Company completed three offerings on January 11, 2007, July 12, 2007 and November 29, 2007 and issued 67,736,432 Non-Voting Class A shares and 21,967,047 warrants (See note 7). Each warrant entitles the holder to purchase one Non-Voting Class A share at a price of $3.75.

b) During 2008 the TSX accepted the Company's notice of intention to conduct a normal course issuer bid to enable it to purchase up to 5,954,185 of its Non-Voting Class A shares, representing 10% of the public float, pursuant to TSX rules.

Purchases under the bid commenced on August 28, 2008, and will terminate on the earlier of August 27, 2009, the date Urbana completes its purchases pursuant to the notice of intention to make a normal course issuer bid filed with the TSX or the date of notice by Urbana of termination of the bid.

Purchases are on the open market by Urbana through the facilities of the TSX in accordance with the rules and policies of the TSX. The price that Urbana paid for such was the market price of such shares on the TSX at the time of acquisition. Non-Voting Class A Shares purchased under the bid are cancelled. Urbana will not purchase in any given 30 day period, in the aggregate, more than 1,366,731 Class A Shares, being 2% of the 68,336,582 issued and outstanding Class A Shares as at August 26, 2008.

6. Contributed surplus

	2008	2007
	$	$
Balance, beginning of year	13,242,479	-
January 11, 2007 short form prospectus (note 5 (a))	-	7,140,881
July 12, 2007 short form prospectus(note 5 (a))	-	6,351,466
Warrants exercised	(211,420)	(249,868)
Normal Course Issuer Bid Redemption Premium (note 5 (b))	1,887,710	-
Balance, end of year	14,918,769	13,242,479

7. Class A purchase warrants

A summary of the Class A warrants are presented below:

	2008		2007	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, January 1	21,641,961	3.75	-	-
Issued (note 5 (a))	-	-	21,967,047	3.75
Exercised	(275,064)	3.75	(325,086)	3.75
Outstanding, December 31	21,366,897	3.75	21,641,961	3.75

As at December 31, 2008, the following Class A warrants are outstanding:

	Number of warrants	Exercise price	Expiry date
Class A warrants	8,828,861	3.75	January 11, 2009
Class A warrants	12,538,036	3.75	July 12, 2009
	21,366,897	3.75	

Since the exercise price of the warrants was higher than the market price of the equity shares as at December 31, 2008, there was no dilution in respect of the net assets per equity share and the results of operations per equity share.

8. Related party transactions

Caldwell Financial Ltd ("CFL") is a significant shareholder of the Company and under common management. Caldwell Investment Management Ltd. ("CIM") is a subsidiary of CFL.

Under an investment management agreement dated May 1, 2006 between the Company and CIM, the investment manager, CIM is entitled to an investment management fee equal to 1.5% per annum of the market value of the equity securities in the Company's portfolio and .5% of the market value of the fixed income securities in the Company's portfolio of marketable securities. The investment advisory fees are accrued and paid quarterly in arrears. In the years ended December 31, 2008 and December 31, 2007, investment management fees of $3,196,246 and $1,899,428 respectively, were paid to CIM. For the year ended December 31, 2008, CIM reimbursed expenditures aggregating to $351,845 (December 31, 2007 - $466,782) relating to the Company.

Included in accounts payable and accrued liabilities is investment management fee of $630,826 (2007 - $769,321) payable to CIM. There are no other fees payable to related parties.

In the year ended December 31, 2008, investments included units of the Caldwell Growth Opportunities Trust, a fund under common management. All of these units were sold during the year.

All related party transactions are recorded at their exchange amounts.

9. Net asset value and net assets

In calculating net assets ("Net Assets") for financial reporting purposes, the Company must comply with Canadian GAAP and these rules require the use of bid price for securities purchased long and ask price for securities sold short, where the securities are traded in an active market.

The Canadian securities regulatory authorities have published amendments to NI 81-106, in final form, that remove the requirement that net asset value be calculated in accordance with Canadian GAAP (other than in financial statements) effective September 8, 2008. As a result of the amendments, the net asset value of investment funds (other than in financial statements) will continue to be calculated using the fair value of the assets and liabilities of the investment funds, as calculated by applying the close or last trade price to obtain securities values ("Net Asset Value").

As a result the Company's valuations are different for daily transactions and financial reporting purposes as compared to the financial statements because of the valuation methodology used in determining fair values. The Net Asset Value per share and Net Assets per share is presented as follows:

	Net Asset Value per share	Net Assets per share
	$	$
As at December 31, 2008	2.06	2.05
As at December 31, 2007	3.37	3.37

10. Income taxes

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

	2008	2007
	$	$
Income before income taxes	(123,095,147)	14,716,309
Expected income taxes rates payable at future rates - 33% (2007 - 33.00%)	(40,621,399)	4,856,382
Income tax effect of the following:		
Non-taxable portion of realized capital transactions gains	686,084	(386,670)
Non-taxable portion of unrealized capital gains	20,162,172	(2,167,011)
Non-controlling interest	-	(240,036)
Other	573,143	15,688
	(19,200,000)	2,078,353

10. Income taxes (continued)

b) The components of the Company's future income tax (asset) liability are as follows:

	2008	2007
	$	$
Resource deductions available in perpetuity	(18,088)	(56,084)
Unrealized capital gains (losses) on investments	(2,766,231)	16,000,866
Share issuance costs	(1,732,149)	(2,900,000)
Tax benefit of capital loss carryforwards	(568,019)	-
Tax benefit of non-capital loss carryforwards	(1,314,212)	(240,772)
Other	(1,300)	(4,010)
Total future income tax (asset) liability	(6,400,000)	12,800,000

c) Future tax (income) expense consists of the following:

	2008	2007
	$	$
Increase in future tax (asset) liability on balance sheet	(19,200,000)	9,302,000
Add: future tax benefit of share issuance costs reducing the future tax liability and being allocated to share capital	-	2,900,000
Less: future tax cost of the acquisition of NYSE Euronext shares using a tax free rollover	-	(10,142,050)
Add: future tax restatement	-	18,403
Future taxes	(19,200,000)	2,078,353

11. Future changes in accounting standards

The Canadian Accounting Standards Board ("AcSB") recently confirmed the plan to adopt International Financial Reporting Standards ("IFRS") on or by January 1, 2011. IFRS will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. Accordingly, the Company will adopt IFRS for their fiscal period beginning January 1, 2011. In order to prepare for the conversion to IFRS, management has developed a preliminary IFRS conversion plan for the Company and is in the initial stages of evaluating the impact of this change on the Company's financial statements. The impact of the adoption of these standards will be disclosed in future periods.

12. Comparative amounts

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