Consolidated financial statements of

Urbana Corporation

June 30, 2010
(Unaudited)

Urbana Corporation
June 30, 2010

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Urbana Corporation

Consolidated statements of net assets

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
	$	$
Assets		
Cash and cash equivalents	**5,459,844**	1,756,696
Investments, at fair value	**180,307,704**	183,760,782
Sundry receivables	**3,594**	3,709
Prepaid expenses	**18,139**	14,132
Deposit on future investments	**335,349**	685,381
Interest receivable	**677**	-
Future income taxes (note 12)	**4,900,000**	5,000,000
	191,025,307	191,220,700
Liabilities		
Loan payable (note 5)	**4,155,000**	-
Accounts payable and accrued liabilities	**820,809**	1,161,118
	4,975,809	1,161,118
Non-controlling interest (note 4)	**14,633,610**	15,380,177
Shareholders' equity		
Share capital (note 6)	**228,442,402**	230,739,519
Contributed surplus (note 7)	**18,781,250**	17,733,587
Deficit	**(75,807,764)**	(73,793,701)
Shareholders' equity representing net assets	**171,415,888**	174,679,405
Total liabilities and shareholders' equity	**191,025,307**	191,220,700
Number of shares outstanding (note 6)	**86,656,200**	87,526,320
Net assets per share - basic and diluted	**1.98**	2.00

See accompanying notes

Approved by the Board

_____________________ Director

_____________________ Director

Urbana Corporation

Consolidated statements of operations for the six months ended June 30

(unaudited)

	2010	2009
	$	$
Gains/losses		
Loss on sale of investments	**(788,407)**	(3,647,206)
Investment income		
Dividends	**4,695,667**	2,004,111
Seat rental income	**729,692**	1,515,651
Interest income	**1,322**	56,160
Loss on foreign exchange	**(116,788)**	(22,193)
	5,309,893	3,553,729
Expenses		
Investment management fees (note 10)	**1,210,478**	1,060,830
Foreign withholding taxes	**800,362**	703,193
Interest	**44,294**	97,428
Administrative	**184,627**	153,543
Legal fees	**49,630**	12,283
Shareholder reporting costs	**39,889**	29,176
Transaction costs	**483,591**	-
Audit fees	**77,823**	44,328
Insurance	**15,262**	15,514
Director fees	**20,000**	9,955
Independent Review Committee fees	**2,660**	3,050
Amortization	**19**	118
License fees	**750**	358
	2,929,385	2,129,776
Net gain (loss) before net unrealized loss on foreign exchange and investments, non-controlling interest and income taxes	**1,592,101**	(2,223,253)
Unrealized net loss on foreign exchange and investments	**(4,452,731)**	(299,683)
Net loss before non-controlling interest and income taxes	**(2,860,630)**	(2,522,936)
Non-controlling interest portion of loss	**746,567**	965,852
Net loss before income taxes	**(2,114,063)**	(1,557,084)
Provision for income taxes (recovery) (note 12)		
Current	**-**	-
Future	**(100,000)**	(700,000)
	(100,000)	(700,000)
Total results of operations for the period	**(2,014,063)**	(857,084)
Basic and diluted loss per share	**(0.02)**	(0.01)
Weighted average number of shares outstanding	**87,330,017**	77,033,217

See accompanying notes

Urbana Corporation

Consolidated statements of changes in net assets and deficit for the six months ended June 30

(unaudited)

	2010	2009
	$	$
Net assets		
Shareholders' equity representing net assets, beginning of period	**174,679,405**	158,402,330
Operating activities		
Total results of operations for the period	**(2,014,063)**	(857,084)
Capital transactions (Notes 6 and 7)		
Normal course issuer bid redemption payments	**(1,249,454)**	(150,266)
Total capital transactions	**(1,249,454)**	(150,266)
Net assets, end of period	**171,415,888**	157,394,980
(Deficit) retained earnings		
(Deficit) retained earnings, beginning of period	**(73,793,701)**	(72,432,085)
Total results of operations for the period	**(2,014,063)**	(857,084)
Deficit, end of period	**(75,807,764)**	(73,289,169)

See accompanying notes

Urbana Corporation

Consolidated statements of cash flows
for the six months ended June 30

(unaudited)

	2010	2009
	$	$
Operating activities		
Total results of operations for the period	**(2,014,063)**	(857,084)
Items not affecting cash		
Loss on sale of investments	**788,407**	3,647,206
Unrealized loss on foreign exchange and investments	**4,452,731**	299,683
Non-controlling interest portion of loss (gain)	**(746,567)**	(965,852)
Provision for future income taxes	**(100,000)**	(700,000)
Amortization and write-off	**19**	118
	2,380,527	1,424,071
Net change in non-cash working capital items		
Sundry receivables	**115**	(563,896)
Prepaid expenses	**(4,007)**	1,042
Accounts payable and accrued liabilities	**(340,309)**	(13,062)
	(344,201)	(575,916)
Cash flow from operating activities	**2,036,326**	848,155
Financing activities		
Issuance of loan payable	**6,155,000**	-
Repayment of loan payable	**(2,000,000)**	(5,600,000)
Interest receivable	**(677)**	-
Normal course issuer bid redemptions	**(1,249,454)**	(150,266)
Cash flow from (used in) financing activities	**2,904,869**	(5,750,266)
Investing activities		
Purchases of investments	**(46,363,882)**	(1,998,823)
Proceeds on sale of investments	**7,160,796**	4,623,699
Proceeds on maturity of investments	**37,499,825**	1,999,125
Deposits on future investments	**350,032**	-
Cash flow used in investing activities	**(1,353,229)**	4,624,001
Net change in cash during the period	**3,587,966**	(278,110)
Unrealized gain on foreign exchange	**115,182**	-
Cash and cash equivalents, beginning of period	**1,756,696**	1,477,180
Cash and cash equivalents, end of period	**5,459,844**	1,199,070
Supplemental Disclosure		
Amount of interest paid	**44,294**	97,428

See accompanying notes

Urbana Corporation

Consolidated statements of investment portfolio
as at June 30, 2010 (Unaudited) and December 31, 2009 (Audited)

Number of Shares	Description	Cost	2010 Fair value
		$	$
	Privately owned entities		
2,200,000	2232057 Ontario Inc.	**2,200,000**	**1,821,600**
1,100,000	2232057 Ontario Inc., Warrants	**-**	**-**
24,683	Bermuda Stock Exchange (seats)	**533,099**	**242,315**
169,341	Budapest Stock Exchange (seats)	**4,761,242**	**6,612,632**
50,000	Bulgarian Stock Exchange (seats)	**724,589**	**114,870**
312,500	CNSX Markets Inc. Class A*	**-**	**-**
4,015,544	Bombay Stock Exchange (shares held by CIHI)	**43,507,793**	**35,030,031**
436,000	Bombay Stock Exchange (shares held by UMI)	**3,790,779**	**3,680,525**
880,000	CBOE Holdings Inc. (transfer restriction until Dec. 15, 2010)	**29,145,211**	**29,939,259**
880,000	CBOE Holdings Inc. (transfer restriction until Jun. 15, 2011)	**29,145,211**	**29,428,686**
11	Kansas City Board of Trade (seats)	**5,948,449**	**4,324,986**
42	Minneapolis Grain Exchange (seats)	**10,243,993**	**4,239,974**
55	OneChicago Stock Futures Exchange	**3,175,830**	**354,878**
		133,176,196	**115,789,756**
	Publicly traded securities		
1,900,000	NYSE Euronext	**121,494,554**	**55,765,747**
180,000	TMX Group Inc.	**7,058,590**	**5,002,200**
		128,553,144	**60,767,947**
	Other		
2,500,000	2232057 Ontario Inc. Unsecured subordinated promissory note - 10%	**2,500,000**	**2,500,000**
1,250,000	CNSX Markets Inc. Convertible debenture with no interest. Convertible into shares at $4 per share	**1,250,000**	**1,250,000**
	Resource investment	**1,094,038**	**1**
		266,573,378	**180,307,704**

* The company holds 312,500 class A shares of CNSX Markets Inc.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 June 30, 2010 (Unaudited) and December 31, 2009 (Audited)

Number of Shares	Description	Cost	2009 Fair value
		$	$
	Privately owned entities		
24,683	Bermuda Stock Exchange (seats)	533,099	365,893
169,341	Budapest Stock Exchange (seats)	4,761,242	7,641,271
50,000	Bulgarian Stock Exchange (seats)	724,589	307,592
312,500	CNSX Markets Inc. Class A*	-	-
4,015,544	Bombay Stock Exchange (shares held by CIHI)	43,507,793	37,198,574
24	Chicago Board Options Exchange (seats)	63,747,049	67,933,178
9	Kansas City Board of Trade (seats)	5,287,915	3,396,654
41	Minneapolis Grain Exchange (seats)	10,146,476	4,728,058
54	OneChicago Stock Futures Exchange	3,175,830	990,603
		131,883,993	122,561,823
	Publicly traded securities		
1,735,981	NYSE Euronext	116,322,041	45,989,265
180,000	TMX Group Inc.	7,058,590	5,959,800
		123,380,631	51,949,065
	Other		
1,250,000	CNSX Markets Inc.		
	Convertible debenture with no interest. Convertible into shares at $4 per share	1,250,000	1,250,000
	Resource investment	1,094,038	1
	Fixed Income		
8,000,000	Cda T Bill 07 Jan 2010	7,999,893	7,999,893
		265,608,555	183,760,782

* The company holds 312,500 class A shares of CNSX Markets Inc.The shares have nil fair value and will be cancelled at the time the debenture is converted.

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.

1 Summary of significant accounting policies

These unaudited consolidated financial statements of Urbana have been prepared by management in accordance with generally accepted accounting principles in Canada ("GAAP"). The financial statements have, in management's opinion, been properly prepared using judgment within reasonable limits of materiality. These interim financial statements do not include all the note disclosures required for annual financial statements and, therefore, should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2009 which are available on SEDAR at www.sedar.com or upon request to the Company. The significant accounting policies follow that of the most recently reported annual financial statements.

2. Fair value measurement

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following is a summary of the Company's investments categorized in the fair value hierarchy as at June 30, 2010 and December 31, 2009:

				June 30, 2010
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash and cash equivalents	**5,459,844**	**-**	**-**	**5,459,844**
Publicly traded securities	**60,767,947**	**-**	**-**	**60,767,947**
Privately owned entities	**-**	**67,932,905**	**47,856,851**	**115,789,756**
Other	**-**	**-**	**3,750,001**	**3,750,001**
	66,227,791	**67,932,905**	**51,606,852**	**185,767,548**

2. Fair value measurement (continued)

				December 31, 2009
	Level 1	Level 2	Level 3	Total
	$	$	$	
Cash and cash equivalents	9,756,589	-	-	9,756,589
Publicly traded securities	51,949,065	-	-	51,949,065
Privately owned entities	-	76,057,890	46,503,933	122,561,823
Other	-	-	1,250,001	1,250,001
	61,705,654	76,057,890	47,753,934	185,517,478

During the six month period ended June 30, 2010 and the year ended December 31, 2009 the reconciliation of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

June 30, 2010	**Privately owned entities**	**Other**	**Total**
	$	**$**	**$**
Beginning balance	**46,503,933**	**1,250,001**	**47,753,934**
Purchases	**5,990,779**	**2,500,000**	**8,490,779**
Change in unrealized gains (losses)	**(4,637,861)**	**-**	**(4,637,861)**
Ending balance	**47,856,851**	**3,750,001**	**51,606,852**
Total change in unrealized gains (losses) during the period for assets held at June 30, 2010	**(4,637,861)**	**-**	**(4,637,861)**

December 31, 2009	Privately owned entities	Other	Total
	$	$	$
Beginning balance	53,809,965	1,250,001	55,059,966
Change in unrealized gains (losses)	(7,306,032)	-	(7,306,032)
Ending balance	46,503,933	1,250,001	47,753,934
Total change in unrealized gains (losses) during the year for assets held at December 31, 2009	-	-	(7,306,032)

There was a purchase of Level 3 investments totaling $8.5 million during the six month period ended June 30, 2010. For the six month period ended June 30, 2010, there were no sales transfers in/out of Level 3 investments. There were no purchases, sales and transfers into/out of Level 3 investments for the year ended December 31, 2009. For the same periods, the potential impact of using reasonable possible alternative assumptions for valuing the two biggest holdings that are classified as Level 3 financial instruments would increase or decrease their fair value by up to $2.1 million and $1.8 million respectively. The major assumption relating to this sensitivity calculation relates to the multiple used to value the entities based on earnings and the increase/decrease was calculated based on increasing the multiple by plus/minus one.

3. 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, and through 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 June 30, 2010 (December 31, 2009 - $Nil), the Company had $2.5 million in debt instruments and/or derivatives.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations when due. The Company's obligations are due within one year. As at June 30, 2010, the Company had a demand loan for $4,155,000 (December 31, 2009 - $Nil). Liquidity risk is managed by investing a portion of its assets in securities that are traded in an active market and can be readily sold, if needed, or by borrowing under its credit facility. The Company's common shares and Class A shares cannot be redeemed by shareholders. 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 June 30, 2010 and December 31, 2009.

	June 30, 2010	December 31, 2009
Currency	**As % of net assets**	As % of net assets
	%	%
United States Dollars	**72.51**	69.55
Indian Rupee	**14.25**	20.93
Other	**3.92**	4.47
	90.68	94.95

The Company's net assets would decrease or increase by approximately $8,486,695 (December 31, 2009 - $8,436,402) in response to 5% appreciation or depreciation of the Canadian dollar, with all other variables held constant. In practice, the actual results may differ materially.

3. **Financial instruments and risk management (continued)**

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and loans payable. 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. There is a reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

The table below summarizes 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
	$	$	$	$	$
Interest Rate Exposure June 30, 2010					
Financial Asset	**-**	**2,500,000**	**-**	**-**	**2,500,000**
Financial Liability	**4,155,000**	**-**	**-**	**-**	**4,155,000**
Interest Rate Exposure December 31, 2009					
Financial Asset	-	-	-	-	-
Financial Liability	-	-	-	-	-

As at June 30, 2010, 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 $18,200 (December 31, 2009 - $Nil). In practice, the actual results may differ materially.

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 June 30, 2010, 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 $6,076,795 (December 31, 2009 - $5,194,907), representing approximately 3.31% of total net assets (December 31, 2009 - 2.92%). In practice, the actual results may differ materially. 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 borrows money to make additional investments. The Company is not subject to any capital requirements imposed by a regulator.

4. Subsidiaries

Caldwell India Holdings Inc.

During 2007, the Company subscribed for 100 common shares, at US$1 per share, for Caldwell India Holdings Inc. ("CIHI"). 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, which shares were subsequently split at a ratio of 1 to 13 (resulting in 4,015,544 shares) pursuant to a resolution passed by the members of the Bombay Stock Exchange.

Non-controlling interest consists of the following:

	Six month period ended June 30, 2010	Year ended December 31, 2009
	$	$
Non-controlling interest, beginning of period	**15,380,177**	17,193,696
Share of net loss	**(746,567)**	(1,813,519)
Non-controlling interest, end of period	**14,633,610**	15,380,177

Urbana Mauritius Inc.

In June 2009 Urbana established a wholly owned subsidiary in Mauritius, Urbana Mauritius Inc. ("UMI"), to facilitate future investments in India. As at June 30, 2010, UMI owns 436,000 Bombay Stock Exchange shares.

5. Loan payable

On February 19, 2008, the Company entered into a demand loan facility with the Bank of Montreal. In July 2009 the loan facility agreement was amended to allow the Company to borrow up to $15,000,000 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 plus 2.75%, 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 June 30, 2010, the outstanding balance of the loan was $4,155,000 (2009 - $Nil) which is the fair value of the loan.

6. Share capital

At June 30, 2010 share capital consists of the following:

		Six month Period ended June 30, 2010		Year ended December 31, 2009
	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 period	**-**	**-**	-	-
Balance, end of period	**10,000,000**	**7,998,893**	10,000,000	7,998,893
Issued - non-voting Class A shares				
Balance, January 1	**77,526,320**	**222,740,626**	67,100,000	207,916,753
Issued during the period	**-**	**-**	10,526,320	15,103,919
Normal Course Issuer Bid Redemption	**(870,120)**	**(2,297,117)**	(100,000)	(280,046)
Balance, end of period	**76,656,200**	**220,443,509**	77,526,320	222,740,626
Total	**86,656,200**	**228,442,402**	87,526,320	230,739,519

7. Contributed surplus

	2010	2009
	$	$
Balance, beginning of period	**17,733,587**	14,918,769
November 10, 2009 short form prospectus	**-**	2,685,038
Warrants exercised	**-**	-
Normal course issuer bid redemption gain	**1,047,663**	129,780
Balance, end of period	**18,781,250**	17,733,587

8. Class A purchase warrants

A summary of the Class A warrants are presented below:

	2010		2009	
	Number of warrants	**Exercise price**	Number of warrants	Exercise Price
		$		$
Outstanding, January 1	**-**	**-**	21,366,897	3.75
Exercised	**-**	**-**	-	-
Expired	**-**	**-**		-
			(21,366,897)	
Outstanding, June 30	**-**	**-**	-	-

9. Series B Class A purchase warrants

A summary of the Series B warrants are presented below:

	2010		2009	
	Number of warrants	**Exercise price**	Number of warrants	Exercise price
		$		$
Outstanding, January 1	**5,345,750**	**2.50**	-	-
Issued	**-**	**-**	5,263,160	2.50
Over-allotment	**-**	**-**	82,590	2.50
Outstanding, June 30	**5,345,750**	**2.50**	5,345,750	2.50

As at June 30, 2010, the following Series B warrants are outstanding:

	Number of warrants	**Exercise price**	**Expiry date**
Class B warrants	**5,345,750**	**2.50**	**November 10, 2011**
	5,345,750	**2.50**	

10. Related party transactions

Caldwell Financial Ltd. (“CFL”) and Urbana are 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 six month periods ended June 30, 2010 and June 30, 2009, investment management fees of $1,210,478 and $1,060,830 respectively were earned by CIM. For the six months ended June 30, 2010 and June 30, 2009, CIM did not reimburse any expenditures relating to the Company.

10. Related party transactions (continued)

Included in accounts payable and accrued liabilities is investment management fee of $616,361 (2009 - $536,991) payable to CIM. There are no other fees payable to related parties. All related party transactions are recorded at their exchange amounts.

11. 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 investment valuations are different for weekly net asset value calculation and for financial statements purposes. 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 June 30, 2010	**1.98**	**1.98**
As at December 31, 2009	2.00	2.00

12. Income taxes

The Company's provision for income taxes for the six months ended June 30, 2010 and for the year ended December 31, 2009 is summarized as follows:

	2010	2009
	$	$
Net income (loss) before income taxes	**(2,114,063)**	38,384
Expected income taxes payable at future rates - 25%	**(528,516)**	9,596
Income tax effect of the following:		
Non-taxable portion of realized capital transactions		
Losses	**98,551**	458,742
Non-taxable portion of unrealized capital losses	**557,259**	16,898
Decrease in effective income tax rate	**0**	1,668,698
Non-controlling interest	**(186,642)**	(453,380)
Other	**(40,653)**	(300,554)
	(100,000)	1,400,000

12. Income taxes (continued)

The components of the Company's future income tax asset are as follows:

	2010	2009
	$	$
Resource deductions available in perpetuity	**(13,703)**	(13,703)
Unrealized capital losses on investments	**(2,895,833)**	(2,540,754)
Share issuance costs	**(955,364)**	(955,364)
Tax benefit of capital loss carryforwards	**(909,444)**	(810,893)
Tax benefit of non-capital loss carryforwards	**(147,715)**	(733,739)
Other	**22,059**	54,453
Total future income tax asset	**(4,900,000)**	(5,000,000)

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