Audited financial statements of

Urbana Corporation

December 31, 2014, December 31, 2013 and January 1, 2013

Urbana Corporation
December 31, 2014, December 31, 2013 and January 1, 2013

Table of contents

Deloitte.

Deloitte LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of Urbana Corporation

We have audited the accompanying financial statements of Urbana Corporation, which comprise the statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013, the statements of comprehensive income, statements of changes in deficit and statements of cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Urbana Corporation as at December 31, 2014, December 31, 2013 and January 1, 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
March 24, 2015

Urbana Corporation
Statements of financial position
(In Canadian dollars)

	December 31, 2014	December 31, 2013	January 1, 2013
	$	$	$
Assets			
Cash and cash equivalents	**920,032**	676,774	4,232,076
Investments, at fair value (Note 3)	**193,466,807**	182,954,875	129,676,657
Sundry receivables (Note 7)	**136,717**	895,523	25,892
Prepaid expenses	**18,043**	18,943	19,053
	194,541,599	184,546,115	133,953,678
Liabilities			
Loan payable (Note 5)	**3,550,000**	8,700,000	-
Deferred tax liability (Note 8)	**2,870,000**	-	-
Accounts payable and accrued liabilities (Note 7)	**986,507**	991,774	4,880,654
	7,406,507	9,691,774	4,880,654
Shareholders' equity			
Share capital (Note 6)	**145,457,987**	154,064,015	180,237,972
Contributed surplus	**63,396,249**	60,375,578	47,323,015
Deficit	**(21,719,144)**	(39,585,252)	(98,487,963)
Shareholders' equity representing net assets	**187,135,092**	174,854,341	129,073,024
Total liabilities and shareholders' equity	**194,541,599**	184,546,115	133,953,678
Number of shares outstanding (Note 6)	**57,548,300**	60,525,200	69,579,000
Net assets per share - basic and diluted	**3.25**	2.89	1.86

Approved by the Board:

Thomas S. Caldwell ______________________ Director

Michael Gundy ______________________ Director

See accompanying notes.

Urbana Corporation

Statements of comprehensive income
for the years ended December 31, 2014 and December 31, 2013
(In Canadian dollars)

	2014	2013
	$	$
Revenue		
Net realized gain (loss) on sale and disposal of investments	**9,091,572**	(22,602,702)
Net change in unrealized gain on foreign exchange and investments	**17,304,840**	83,960,279
Dividends	**2,269,725**	2,663,128
Interest	**91,519**	111,870
Total operating income	**28,757,656**	64,132,575
Expenses		
Investment management fees (Note 7)	**3,101,401**	2,747,415
Transaction costs	**209,952**	1,137,761
Interest	**252,344**	263,979
Administrative	**521,872**	410,447
Audit fees	**107,217**	89,020
Director fees	**60,000**	58,333
Shareholder reporting costs	**35,800**	46,245
Insurance	**21,960**	21,170
Legal fees	**6,155**	75
Custody	**8,754**	-
Independent Review Committee fees	**15,617**	7,659
Bad debts (Note 7)	**589,239**	431,039
	4,930,311	5,213,143
Net income before income taxes	**23,827,345**	58,919,432
Foreign witholding taxes	**91,237**	16,721
Provision for deferred income taxes (Note 8)	**2,870,000**	-
Total profit for the year	**20,866,108**	58,902,711
Basic and diluted earnings per share	**0.35**	0.90
Weighted average number of shares outstanding	**59,368,646**	65,209,123

See accompanying notes.

Urbana Corporation

Statement of changes in deficit
for the years ended December 31, 2014 and December 31, 2013

(In Canadian dollars)

	Share capital	Contributed surplus	Deficit	Total
	$	$	$	$
Balance at January 1, 2013	180,237,972	47,323,015	(98,487,963)	129,073,024
Profit for the year	-	-	58,902,711	58,902,711
Normal course issuer bid payment/redemption	(26,173,957)	13,052,563	-	(13,121,394)
Balance at December 31, 2013	154,064,015	60,375,578	(39,585,252)	174,854,341
Profit for the year	-	-	20,866,108	20,866,108
Dividends paid	-	-	(3,000,000)	(3,000,000)
Normal course issuer bid payment/redemption	(8,606,028)	3,020,671	-	(5,585,357)
Balance at December 31, 2014	**145,457,987**	**63,396,249**	**(21,719,144)**	**187,135,092**

See accompanying notes.

Urbana Corporation

Statements of cash flows
for the years ended December 31, 2014 and December 31, 2013

(In Canadian dollars)

	2014	2013
	$	$
Operating activities		
Total results of operations for the year	**20,866,108**	58,902,711
Items not affecting cash		
Loss (gain) on sale and disposal of investments	**(9,091,572)**	22,602,702
Unrealized net gain (loss) on foreign exchange and investments	**(17,304,840)**	(83,960,279)
Provision for future income taxes	**2,870,000**	-
	(2,660,304)	(2,454,866)
Net change in non-cash working capital items		
Sundry receivables	**758,806**	(869,631)
Prepaid expenses	**900**	110
Accounts payable and accrued liabilities	**(5,267)**	(3,888,880)
	754,439	(4,758,401)
Cash used in operating activities	**(1,905,865)**	(7,213,267)
Financing activities		
Proceeds from loan payable	**-**	8,700,000
Repayment of loan payable	**(5,150,000)**	
Dividends paid	**(3,000,000)**	-
Normal course issuer bid repurchases payments	**(5,585,357)**	(13,121,394)
Cash used in financing activities	**(13,735,357)**	(4,421,394)
Investing activities		
Purchases of investments	**(22,044,169)**	(84,103,159)
Proceeds on sale of investments	**37,928,649**	92,182,518
Cash flow from investing activities	**15,884,480**	8,079,359
Net change in cash during the year	**243,258**	(3,555,302)
Cash and cash equivalents, beginning of year	**676,774**	4,232,076
Cash and cash equivalents, end of year	**920,032**	676,774
Supplemental disclosure		
Amount of interest paid	**252,344**	255,265

See accompanying notes.

Urbana Corporation

Schedule of investment portfolio
as at December 31, 2014
(In Canadian dollars)

Number of shares	Description	Cost	Fair value
		$	$
	Privately owned entities		
2,350,563	Caldwell India Holdings Inc. (i)	25,599,727	15,660,533
791,000	Urbana Mauritius Inc. (ii)	7,313,848	5,198,697
10,802,050	CNSX Markets Inc. common stock	5,282,463	6,481,230
32	Minneapolis Grain Exchange (seats)	7,279,359	7,005,096
169,341	Budapest Stock Exchange (shares)	4,761,242	1,756,304
759,000	Caldwell Financial Ltd. (Note 7)	1,707,750	2,352,900
3,250,040	Radar Capital Fund 1 Limited Partnership	3,250,040	3,250,040
3,750,000	Real Matters Inc.	4,500,000	4,500,000
50	Urbana SRL Inc.	50	50
50	Radar Capital Inc. (Note 7)	50	50
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000
406,066	Caldwell Growth Opportunities Trust	3,400,000	4,280,017
56	Urbana Special Investment Holdings Ltd. (iii)	3,175,830	500,000
		69,270,359	53,984,917
	Publicly traded securities		
500,000	CBOE Holdings Inc.	16,531,836	36,728,107
45,000	Intercontinental Exchange Group Inc.	9,346,153	11,429,669
300,000	Citigroup Inc.	13,069,871	18,801,872
1,200,000	Bank of America Corp.	14,386,684	24,865,311
800,000	AGF Management Ltd.	10,200,638	6,792,000
20,000	Canadian Natural Resources	689,993	718,400
25,950	Franco Nevada Corp.	1,691,376	1,484,600
20,000	Suncor Energy	684,000	738,000
700,000	Barrick Gold Corp.	13,038,664	8,759,871
600,000	Morgan Stanley	14,411,923	26,964,060
		94,051,138	137,281,890
	Other		
1,200,000	Edgecrest Capital Holdings Inc. (iv)	1,200,000	1,200,000
1,000,000	Highview Financial Holdings Inc. (v)	1,000,000	1,000,000
		2,200,000	2,200,000
		165,521,497	193,466,807

(i) Urbana owns 58.54% of the outstanding shares of Caldwell India Holdings Inc., which holds 4,015,544 equity shares of the Bombay Stock Exchange.

(ii) Urbana Mauritius Inc. is a wholly-owned subsidiary of Urbana which holds 791,000 equity shares of the Bombay Stock Exchange.

(iii) Urbana Special Investment Holdings Ltd is a wholly-owned subsidiary of Urbana which holds 56.44262 equity shares of OneChicago LLC.

(iv) The Company holds an unsecured subordinated 8% promissory note, $500,000 of which is repayable on February 12, 2015 and the remaining $700,000 is repayable on February 12, 2016.

(v) The Company holds an unsecured subordinated 6.25% promissory note repayable on October 22, 2016.

In addition to the investments listed above, the Company holds 24,683 Bermuda Stock Exchange (shares) which have been written off.

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 Company's registered head office is Box 47, 150 King Street West, Suite 1702, Toronto, Ontario, M5H 1J9.

The long-term strategy of Urbana is to continue to seek and acquire investments for income and capital appreciation. Currently, management has identified the financial services sector as attractive for longer term growth.

1. First time adoption of IFRS

These are Urbana's first annual audited Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The date of transition to IFRS was January 1, 2013.

The Company's IFRS accounting policies presented in Note 2 have been applied in preparing the Financial Statements for the year ended December 31, 2014, the comparative information and the opening Statement of Financial Position at the date of transition.

The Company has applied IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), in preparing these first IFRS Financial Statements. IFRS 1 sets out the procedures that the Company must follow when it adopts IFRS for the first time as the basis for preparing its Financial Statements. The Company is required to establish its IFRS accounting policies as at December 31, 2014 and, in general, apply these retrospectively to determine the IFRS opening Statement of Financial Position at its date of transition, January 1, 2013.

There is no impact on shareholders' equity, net income and comprehensive income as a result of adopting IFRS.

The accompanying note disclosure provides details on the principal adjustments made by the Company in restating its Canadian Generally Accepted Accounting Principles ("GAAP") consolidated financial statements as at January 1, 2013, December 31, 2013 and December 31, 2014 and its results of operations and changes in net assets for the year ended December 31, 2013.

Mandatory exceptions adopted

a) Financial assets and liabilities that had been de-recognized before the date of transition to IFRS under Canadian GAAP have not been recognized under IFRS.

b) The Company has used estimates under IFRS that are consistent with those applied under Canadian GAAP.

Impact of transition

The Company's transition to IFRS has had no significant impact on the deficit as at January 1, 2013 and December 31, 2013 or the Statement of Comprehensive Income for the year ended December 31, 2013.

The Company reclassified certain amounts upon transition in order to conform to the accounting policies adopted under IFRS. The investments in the subsidiaries, Caldwell India Holdings Inc. ("CIHI") and Urbana Mauritius Inc. ("UMI"), previously were consolidated and are now accounted for at fair value. Accordingly, certain account balances previously presented, such as non-controlling interest, are no longer shown on the Financial Statements and are reflected in the fair value of the investments.

As a result of the opening deficit not being impacted by the transition to IFRS, the reconciliations and disclosures required by IFRS 1 for the consolidated deficit at the transition date and the comparative year consolidated net income, changes in net assets and deficit and cash flows are not necessary and have not been presented in these Financial Statements.

2. Summary of significant accounting policies

Basis of presentation

These Financial Statements present the financial position and results of operations of the Company in accordance with IFRS.

The Company qualifies as an investment entity as it meets the following definition of an investment entity outlined in IFRS 10, *Consolidated Financial Statements*:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

No significant judgments or assumptions were made in determining that the Company meets the definition of an investment entity as defined in IFRS 10.

Statement of compliance

The Financial Statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets

Judgments and estimates

The preparation of financial statements in conformity with IFRS 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 year. Actual results could differ from those estimates. Significant judgements and estimates included in the financial statements relate to the valuation of level 3 investments and realization of the deferred income tax liability and the following:

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, Urbana is required to make significant judgments about whether or not the business of the Company is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39 "*Financial Instruments – Recognition and Measurement*". The most significant judgments made include the determination whether certain investments are held-for-trading and that the fair value option can be applied to those which are not.

Functional and presentation currency

The Company considers its functional and presentation currency to be the Canadian dollar, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars.

Segmented information

The Fund is organized as one main operating segment, namely the management of the Fund's investments in order to achieve the Fund's investment objectives.

2. Summary of significant accounting policies (continued)

Foreign currency translation

The monetary assets and liabilities of the Company are translated into Canadian dollars, the Company's functional currency, at exchange rates in effect at the date of the statement of financial position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Foreign exchange gains and losses are included in the Statement of Comprehensive Income for the year. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, treasury bills, commercial paper and bankers' acceptances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

Financial instruments

The Company's financial instruments are comprised of cash and cash equivalents, investments, sundry receivables, loan payable and accounts payable. The Company recognizes financial instruments at fair value upon initial recognition.

Investments have been designated at fair value through profit or loss ("FVTPL") with gains and losses recorded in net income. Cash and cash equivalents and sundry receivables are recorded as loans and receivables and are carried at amortized cost. Loan payable and accounts payable are recorded as other financial liabilities and are carried at amortized cost. The carrying values approximate their fair values due to their short-term maturities.

Valuation of investments

Investments are measured at fair value in accordance with IFRS 13 "*Fair Value Measurement*". Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded.

The Minneapolis Grain Exchange ("MGEX") is valued based on the current price of a seat, as quoted by the exchange.

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 are valued as described above, with an appropriate discount as determined by management.

Investments for which reliable quotations are not readily available, or for which there is no closing bid price, including securities of private issuers, are valued at fair value using management's best estimates. 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 cash flows, 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. Unrealized gains and losses on investments are recognized in the Statements of Comprehensive Income.

The Company takes its own credit risk and the risk of its counterparties into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Management has reviewed its policies concerning valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in the Company's financial statements incorporate appropriate levels of credit risk.

There are inherent uncertainties in the process of valuing investments for which there are no published markets. As such, 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.

Refer to Note 3 for the classification of the fair value measurements.

2. Summary of significant accounting policies (continued)

Transaction costs

Transaction costs are expensed and are included in “Transaction costs” in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The cost of investments for each security is determined on an average basis.

Resource properties

Urbana has owned resource properties in Urban Township, Quebec for a number of years. All development costs have been written off as no expenditures on exploration or evaluation have occurred since 2005. Management monitors the exploration activity in the area on an ongoing basis and may carry out exploration work on its resource properties if and when it is deemed suitable. In 2013, there has been some limited exploration activity in Urban Township by other companies with land positions in the area. During 2014, Urbana entered into a joint exploration agreement with a neighboring company, Beaufield Resources Inc. to survey the Urban Township region.

Deferred income taxes

The Company accounts for income taxes using the liability method, whereby deferred 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 deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

Investment transactions and income recognition

Investment transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Realized gains and losses from investment transactions and unrealized net gain or loss on foreign exchange and investments are calculated on an average cost 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.

3. 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;

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

3. Fair value measurement (continued)

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013:

				December 31, 2014
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Publicly traded securities	137,281,890	-	-	137,281,890
Privately owned entities	-	7,005,096	46,979,821	53,984,917
Other	-	-	2,200,000	2,200,000
	137,281,890	7,005,096	49,179,821	193,466,807

Level 3 valuation methods - December 31, 2014

Description	Fair value	Primary valuation technique used	Significant unobservable inputs	Range*
Private investments with no recent transactions				
Caldwell India Holdings Inc. – holder of Bombay Stock Exchange seats	15,660,533	Analysis of comparable exchanges	P/E multiple	18.7-37.3
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats.	5,198,697	Analysis of comparable exchanges	P/E multiple	18.7-37.3
Budapest Stock Exchange	1,756,304	Analysis of comparable exchanges	EBITDA multiple	23.4
Caldwell Financial Ltd.	2,352,900	Prescribed formula in shareholder's agreement	N/A	N/A
Urbana Special Investment Holding Inc.	500,000	Recent offer	N/A	$8,929
Private investments with access to recent transactions				
CNSX Markets Inc.	6,481,230	Market – subject company	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	4,280,017	Net asset value per unit	Net asset value per unit	N/A
Private investments with no market for resale				
Radar Capital Fund 1 Limited Partnership	3,250,040	Cost	N/A	N/A
Real Matters Inc.	4,500,000	Cost	N/A	N/A
Highview Investments Limited Partnership	3,000,000	Cost	N/A	N/A
Urbana SRL Inc.	50	Cost	N/A	N/A
Radar Capital Inc.	50	Cost	N/A	N/A
Private debt				
Highview Financial Holdings Inc.	1,000,000	Face value	N/A	N/A
Edgecrest Capital Holdings Inc.	1,200,000	Face value	N/A	N/A
Ending balance	49,179,821			

3. Fair value measurement (continued)

** Where it is not applicable, the range has not been provided for the unobservable input*

				December 31, 2013
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Publicly traded securities	146,079,013	-	-	146,079,013
Privately owned entities	-	4,760,000	30,615,862	35,375,862
Other	-	-	1,500,000	1,500,000
	146,079,013	4,760,000	32,115,862	182,954,875

Level 3 valuation methods - December 31, 2013

Description	Fair value	Primary Valuation technique used	Significant unobservable inputs	Range *
Private investments with no recent transactions				
Caldwell India Holdings Inc. – holder of Bombay Stock Exchange seats	11,479,966	Analysis of comparable exchanges	P/E multiple	6.7-26.1
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats.	3,842,566	Analysis of comparable exchanges	P/E multiple	6.7-26.1
Budapest Stock Exchange	2,231,346	Analysis of comparable exchanges	EBITDA multiple	53.15
Caldwell Financial Ltd.	1,867,140	Prescribed formula in shareholder's agreement	N/A	N/A
Private investments with access to recent transactions				
CNSX Markets Inc.	6,194,704	Market – subject company	Recent transaction price	N/A
Private investments with no market for resale				
Radar Capital Fund 1 Limited Partnership	500,040	Cost	N/A	N/A
Real Matters Inc.	4,500,000	Cost	N/A	N/A
Urbana SRL Inc.	50	Cost	N/A	N/A
Radar Capital Inc.	50	Cost	N/A	N/A
Private debt				
2232057 Ontario Inc.	1,500,000	Face value	N/A	N/A
Ending balance	32,115,862			

**Where it is not applicable, the range has not been provided for the unobservable input*

3. Fair value measurement (continued)

				January 1, 2013
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Publicly traded securities	98,643,157	-	-	98,643,157
Privately owned entities	-	2,688,390	25,845,110	28,533,500
Other	-	-	2,500,000	2,500,000
	98,643,157	2,688,390	28,345,110	129,676,657

Level 3 valuation methods- January 1, 2013

Description	Fair value	Primary Valuation technique used	Significant unobservable inputs	Range*
Private investments with no recent transactions				
Caldwell India Holdings Inc. – holder of Bombay Stock Exchange seats	13,622,976	Analysis of comparable exchanges	P/E multiple	10-15
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats.	4,584,071	Analysis of comparable exchanges	P/E multiple	10-15
Budapest Stock Exchange	2,000,693	Analysis of comparable exchanges	EBITDA multiple	10.1
Caldwell Financial Ltd.	1,631,850	Prescribed formula in shareholder's agreement	N/A	N/A
Private investments with access to recent transactions				
CSNX Markets Inc.	2,860,562	Market – subject company	Recent transaction price	N/A
Private investments with no market for resale				
2232057 Ontario Inc.	1,144,958	Cost	N/A	N/A
Private debt				
2232057 Ontario Inc.	2,500,000	Face value	N/A	N/A
Ending balance	28,345,110			

** Where it is not applicable, the range has not been provided for the unobservable input*

3. Fair value measurement (continued)

During the years ended December 31, 2014 and December 31, 2013 the reconciliation of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

			December 31, 2014
	Privately owned entities	**Other**	**Total**
	$	**$**	**$**
Beginning balance	**30,615,862**	**1,500,000**	**32,115,862**
Purchases	**9,436,527**	**2,200,000**	**11,636,527**
Change in unrealized gains on foreign exchange and investments	**9,429,883**	**-**	**9,429,883**
Sales	**(2,502,451)**	**(1,500,000)**	**(4,002,451)**
Ending balance	**46,979,821**	**2,200,000**	**49,179,821**

			December 31, 2013
	Privately owned entities	Other	Total
	$	$	$
Beginning balance	25,845,110	2,500,000	28,345,110
Purchases	6,144,304	-	6,144,304
Change in unrealized (losses) on foreign exchange and investments	(3,115,278)	(1,000,000)	(4,115,278)
Sales	-	-	-
Ending balance	30,615,862	1,500,000	32,115,862

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2014, December 31, 2013 and January 1, 2013 are as shown below:

Level 3 valuation methods- December 31, 2014

Description	**Input**	**Sensitivity used***	**Effect on fair value**
Private investments with no recent transactions	P/E Multiple	1X	920,937
	EBITDA Multiple	1X	73,486
	N/A	10%	285,290
Private investments with access to recent transactions	Recent transaction price	10%	648,123
	Net asset value per unit	10%	428,002
Private investments with no market for resale	Cost	10%	1,075,014
Private debt	Face value	10%	220,000

3. Fair value measurement (continued)

Level 3 valuation methods- December 31, 2013

Description	Input	Sensitivity used*	Effect on fair value
Private investments with no recent transactions	P/E Multiple	1X	1,038,112
	EBITDA Multiple	1X	41,982
	N/A	10%	187,714
Private investments with access to recent transactions	Recent transaction price	10%	619,470
Private investments with no market for resale	Cost	10%	500,014
Private debt	Face value	10%	120,000

Level 3 valuation methods- January 1, 2013

Description	Input	Sensitivity used*	Effect on fair value
Private investments with no recent transactions	P/E Multiple	1X	1,385,620
	EBITDA Multiple	1X	198,088
	N/A	10%	163,185
Private investments with access to recent transactions	Recent transaction price	10%	286,056
Private investments with no market for resale	Cost	10%	114,496
Private debt	Face value	10%	250,000

*The sensitivity analysis refers to a percentage or multiple added or deducted from the input and the effect this has on the fair value while all other variables were held constant.

For the years ended December 31, 2014 and December 31, 2013, there were no transfers into/out of Level 1, Level 2 and Level 3 investments.

Page 16

4. 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 December 31, 2014, the Company holds approximately $2.2 million (December 31, 2013 - $1.5 million; January 1, 2013 - $2.5 million) in debt instruments. The fair value of the debt instruments includes a consideration of the credit worthiness of the debt issuer and the security provided against the outstanding amount. The carrying amount of investments and other assets represent the maximum credit exposure as disclosed in the statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligation when due. The following tables detail the Funds' remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

	December 31, 2014 financial liabilities due on demand	**< 3 months**	**Total**
	$	**$**	**$**
Demand Loan	**3,550,000**	**-**	**3,550,000**
Accounts Payable and accrued liabilities	**-**	**986,507**	**986,507**
	3,550,000	**986,507**	**4,536,507**

	December 31, 2013 financial liabilities due on demand	< 3 months	Total
	$	**$**	$
Demand Loan	8,700,000	-	8,700,000
Accounts Payable and accrued liabilities	-	991,774	991,774
	8,700,000	991,774	9,691,774

	January 1, 2013 financial liabilities due on demand	< 3 months	Total
	$	**$**	$
Demand Loan	-	-	-
Accounts Payable and accrued liabilities	-	4,880,654	4,880,654
	-	4,880,654	4,880,654

4. Financial instruments and risk management (continued)

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 (Note 5). The Company's common shares and Class A shares cannot be redeemed by shareholders. The Company endeavors to maintain sufficient liquidity to meet its 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, 2014, December 31, 2013 and January 1 2013.

	December 31, 2014	December 31, 2013	January 1, 2013
Currency	**As % of net assets**	As % of net assets	As % of net assets
	%	%	%
United States Dollar	**67.70**	67.84	76.49
Indian Rupee	**11.15**	8.41	13.90
Other	**.94**	1.22	1.55
	79.79	77.47	91.94

The Company's net assets would decrease or increase by approximately $7,381,444 (December 31, 2013 - $7,465,490; January 1, 2013 - $6,340,809) in response to a 5% appreciation or depreciation of the Canadian dollar, with all other variables held constant. In practice, the actual results may differ materially.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as loan 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
	$	$	$	$	$
Financial asset – bonds					
December 31, 2014	**2,200,000**	**2,200,000**	-	-	**2,200,000**
December 31, 2013	-	1,500,000	-	-	1,500,000
January 1, 2013	-	2,500,000	-	-	2,500,000
Loan payable					
December 31, 2014	**3,550,000**	-	-	-	**3,550,000**
December 31, 2013	8,700,000	-	-	-	8,700,000
January 1, 2013	-	-	-	-	-

As at December 31, 2014, 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 $ 49,852 (December 31, 2013 - $42,411). In practice, the actual results may differ materially.

4. Financial instruments and risk management (continued)

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 instrument 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 and privately traded securities. As at December 31, 2014, for publicly traded securities, 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 $13,728,189 (December 31, 2013 - $14,607,901) (approximately 7.34% (December 31, 2013 – 8.35%) of total net assets). 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, in accordance with the Company's investment objectives. The Company is not subject to any capital requirements imposed by a regulator. The Company must comply with the covenants on the loan payable (Note 5).

5. Loan payable

On February 19, 2008, the Company entered into a demand loan facility with the Bank of Montreal. In September 2009 the loan facility agreement was amended to allow the Company to borrow up to $15,000,000 from the Bank of Montreal (the "Bank") at any given time. Interest is charged on the outstanding balance of the loan facility at Bank's prime rate plus 1.75% (prior to July 2014, the Bank's prime rate plus 2.50%), 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, 2014, the outstanding balance of the loan was $3,550,000 (December 31, 2013 - $8,700,000) (January 1, 2013 - $Nil) which is the fair value of the loan. The minimum amount borrowed during the year was $Nil (2013 - $Nil) and the maximum amount borrowed during the year was $10,500,000 (2013 - $15,000,000). As at December 31, 2014, the Company has complied with all covenants, conditions or other requirements of the outstanding debt.

6. Share capital

At December 31, 2014 share capital consists of the following:

		Year ended December 31, 2014		Year ended December 31, 2013
	Number	**Amount**	Number	Amount
		$		$
Authorized				
Unlimited preferred shares				
Unlimited common shares				
Unlimited non-voting fully participating Class A shares				
Issued - common shares				
Balance, beginning of year	**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, beginning of year	**50,525,200**	**146,065,122**	59,579,000	172,239,079
Normal Course Issuer Bid Redemption (a)	**(2,976,900)**	**(8,606,028)**	(9,053,800)	(26,173,957)
Balance, end of year	**47,548,300**	**137,459,094**	50,525,200	146,065,122
Total	**57,548,300**	**145,457,987**	60,525,200	154,064,015

The Class A shares and common shares have been classified as equity in these financial statements as the holder of these shares have no contractual rights that would require the Company to redeem the shares.

(a) On August 27, 2014, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 4,855,693 of its own Non-Voting Class A Shares (the "NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the NCIB were permitted starting on August 29, 2014, and will terminate on the earlier of August 28, 2015, 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 to be made 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 may pay for any such shares is to be the market price of such shares on the TSX at the time of acquisition. The shares purchased under the NCIB are to be cancelled. Urbana is not to purchase in any given 30 day period, in the aggregate, more than 980,000 Non-Voting Class A Shares, being 2% of the 49,000,000 issued and outstanding Non-Voting Class A Shares as at August 26, 2014 (the date on which the notice was filed). As at December 31, 2014, Urbana has purchased 1,451,700 Non-Voting Class A Shares pursuant to the NCIB. These shares were purchased on the open market at an average purchase price of $1.90 per share. Previously, the TSX had accepted Urbana's notices of intention to conduct normal course issuer bids for the periods of August 28, 2008 to August 27, 2009, August 28, 2009 to August 27, 2010, August 28 2010 to August 27, 2011, August 29, 2011 to August 28, 2012, August 29, 2012 to August 28, 2013 and August 29, 2013 to August 28, 2014 ("Previous NCIBs"). Pursuant to these Previous NCIBs, Urbana purchased, respectively during these periods, 1,336,582 Non-Voting Class A Shares at an average price of $1.28 per share, 3,083,920 Non-Voting Class A Shares at $1.32 per share, 7,431,300 Non-Voting Class A Shares at $1.27 per share, 6,636,033 Non-Voting Class A Shares at $1.01 per share, 5,989,067 Non-Voting Class A Shares at $1.18 per share and 5,386,000 Non-Voting Class A Shares at $1.78 per share.

7. Related party transactions

Caldwell Financial Ltd. ("CFL") and Urbana are under common management. Caldwell Investment Management Ltd. ("CIM") is a subsidiary of CFL.

Pursuant to a fund management and portfolio management agreement effective as of August 1, 2011 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 Company's investment portfolio. The investment management fees are accrued and paid quarterly in arrears. In the years ended December 31, 2014 and December 31, 2013, investment management fees of $3,101,401 and $2,747,415, respectively were earned by CIM. For the years ended December 31, 2014 and December 31, 2013, CIM did not reimburse any expenditures relating to the Company.

Included in accounts payable and accrued liabilities is investment management fees of $815,549 (December 31, 2013 - $758,265) payable to CIM. There are no other fees payable to related parties. All related party transactions are recorded at their exchange amounts.

The Company has a 50% ownership interest in Radar Capital Inc. (RCI), a private capital company, and Urbana SRL Inc. (SRL), a company that markets investment management software. In 2014, Urbana advanced RCI $73,242 (2013 - $500,000) and SRL $33,181 (2013 - $350,000) for operating purposes. Included in sundry receivables is $106,423 from RCI and SRL. In addition, the bad debts of $589,239 relate to these advances. In 2014, Urbana made investments of $3,250,040 (2013 - $500,040) in RCI.

All related party transactions are recorded at their exchange amounts.

8. Income taxes

The Company's provision for income taxes for the years ended December 31, 2014 and December 31, 2013 is summarized as follows:

	2014	2013
	$	$
Net income before income taxes	**23,827,345**	58,919,432
Expected income taxes payable at future rates - 26.5% (2013 - 26.5%)	**6,314,246**	15,613,649
Income tax effect of the following:		
Non-taxable portion of realized capital transactions (gains) losses	**(1,204,633)**	3,047,177
Non-taxable portion of unrealized foreign exchange gain	**(2,292,891)**	(10,910,516)
Utilization of losses not previously recognized	**-**	(5,986,720)
Non-taxable dividend	**(251,765)**	-
Other	**305,043**	(1,763,590)
	2,870,000	-

8. Income taxes (continued)

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

	December 31, 2014	December 31, 2013
	$	$
Resource deductions available in perpetuity	**(14,525)**	(14,525)
Unrealized capital gains on investments	**3,654,147**	360,373
Tax benefit of capital loss carryforwards	**-**	(165,190)
Tax benefit of non-capital loss carryforwards (expiring 2031/2032)	**(771,246)**	(1,793,937)
Valuation allowance	**-**	1,613,279
Other	**1,624**	-
Total deferred income tax liability	**2,870,000**	-

9. Future accounting developments

In July 2014, the final version of IFRS 9 Financial Instruments ("IFRS 9") was issued, which replaces IAS 39 – Financial Instrument: Recognition and Measurement. IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. Financial asset classification is based on the cash flow characteristics and the business model in which an asset is held. The classification determines how a financial instrument is accounted for and measured. IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. A new model for hedge accounting aligns hedge accounting with risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact the adoption of this standard will have on the Financial Statements.

10. Event after statement of financial position date

On March 2, 2015, the Bank and the Company amended the loan facility agreement (Note 5) to allow the Company to borrow up to $25,000,000 (previously $15,000,000) from the Bank at any given time with interest being charged on the outstanding balance of the loan facility at Bank's prime rate plus 1.25% (previously 1.75%).

11. Approval of financial statements

The Financial Statements were approved by the Board of Directors and authorized for issue on March 24, 2015.