Audited financial statements of

Urbana Corporation

December 31, 2015 and December 31, 2014

Urbana Corporation
December 31, 2015 and December 31, 2014

Table of contents

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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, 2015 and December 31, 2014, the statements of comprehensive income, statements of changes in deficit and statements of cash flows for the years then ended, 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, 2015 and December 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 29, 2016

Urbana Corporation

Statements of financial position

(In Canadian dollars)

	December 31, 2015	December 31, 2014
	$	$
		(Note 11)
Assets		
Cash and cash equivalents	**345,723**	920,032
Investments, at fair value (Notes 2 and 3)	**195,274,320**	193,573,230
Sundry receivables	**83,967**	30,294
Current income taxes (Note 9)	**87,515**	-
Prepaid expenses	**-**	18,043
	195,791,525	194,541,599
Liabilities		
Loan payable (Note 4)	**5,500,000**	3,550,000
Deferred income tax liability (Note 9)	**3,320,000**	2,870,000
Accounts payable and accrued liabilities (Note 7)	**927,846**	986,507
	9,747,846	7,406,507
Shareholders' equity		
Share capital (Note 6)	**133,432,271**	145,457,987
Contributed surplus	**66,889,412**	63,396,249
Deficit	**(14,278,004)**	(21,719,144)
Shareholders' equity representing net assets	**186,043,679**	187,135,092
Total liabilities and shareholders' equity	**195,791,525**	194,541,599
Number of shares outstanding (Note 6)	**53,388,500**	57,548,300
Net assets per share - basic and diluted	**3.48**	3.25

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, 2015 and December 31, 2014

(In Canadian dollars)

	2015	2014
	$	$
		(Note 11)
Revenue		
Net realized gain on sale and disposal of investments	**9,650,495**	9,091,572
Net change in unrealized gain on foreign exchange and investments	**3,172,813**	16,715,601
Dividends	**3,622,177**	2,269,725
Interest revenue	**101,841**	91,519
Total operating income	**16,547,326**	28,168,417
Expenses		
Investment management fees (Note 7)	**3,338,609**	3,101,401
Transaction costs	**505,584**	209,952
Other tax adjustments	**324,939**	-
Interest	**281,290**	252,344
Administrative (Notes 7 and 8)	**976,597**	664,003
Professional fees	**275,094**	113,372
	5,702,113	4,341,072
Net income before income taxes	**10,845,213**	23,827,345
Foreign witholding taxes	**164,160**	91,237
(Recovery of) current income taxes (Note 9)	**(87,515)**	-
Provision for deferred income taxes (Note 9)	**450,000**	2,870,000
Total profit for the year	**10,318,568**	20,866,108
Basic and diluted earnings per share	**0.19**	0.35
Weighted average number of shares outstanding	**55,332,500**	59,368,646

See accompanying notes.

Urbana Corporation

Statements of changes in equity
for the years ended December 31, 2015 and December 31, 2014

(In Canadian dollars)

	Share capital	Contributed surplus	Deficit	Total
	$	$	$	$
Balance at January 1, 2015	145,457,987	63,396,249	(21,719,144)	187,135,092
Profit for the year	-	-	10,318,568	10,318,568
Dividends paid	-	-	(2,877,428)	(2,877,428)
Normal course issuer bid payment/redemption	(12,025,716)	3,493,163	-	(8,532,553)
Balance at December 31, 2015	**133,432,271**	**66,889,412**	**(14,278,004)**	**186,043,679**
Balance at January 1, 2014	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 (Note 11)	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, 2015 and December 31, 2014

(In Canadian dollars)

	2015	2014
	$	$
		(Note 11)
Operating activities		
Total profit for the year	**10,318,568**	20,866,108
Items not affecting cash		
Gain on sale and disposal of investments	**(9,650,495)**	(9,091,572)
Net change in unrealized gain on foreign exchange and investments	**(3,172,813)**	(16,715,601)
Purchases of investments	**(48,657,991)**	(22,295,871)
Proceeds on sale of investments	**59,780,209**	37,928,649
Provision for deferred income taxes	**450,000**	2,870,000
	9,067,478	13,561,713
Net change in non-cash working capital items		
Sundry receivables	**(53,673)**	421,269
Prepaid expenses	**18,043**	900
Current income taxes	**(87,515)**	-
Accounts payable and accrued liabilities	**(58,661)**	(5,267)
	(181,806)	416,902
Cash used in operating activities	**8,885,672**	13,978,615
Financing activities		
Proceeds from loan payable	**46,100,000**	25,750,000
Repayment of loan payable	**(44,150,000)**	(30,900,000)
Dividends paid	**(2,877,428)**	(3,000,000)
Normal course issuer bid repurchases payments	**(8,532,553)**	(5,585,357)
Cash used in financing activities	**(9,459,981)**	(13,735,357)
Net change in cash during the year	**(574,309)**	243,258
Cash and cash equivalents, beginning of year	**920,032**	676,774
Cash and cash equivalents, end of year	**345,723**	920,032
Supplemental disclosure		
Amount of income taxes paid	**87,515**	**-**
Amount of interest paid	**281,290**	252,344

See accompanying notes.

Urbana Corporation

Schedule of investment portfolio
as at December 31, 2015
(In Canadian dollars)

Number of shares	Description	Cost	Fair value
		$	$
	Privately owned entities		
2,350,563	Caldwell India Holdings Inc. (i)	25,599,727	16,071,074
791,000	Urbana Mauritius Inc. (ii)	7,313,848	5,808,847
11,684,403	CNSX Markets Inc. common stock	5,829,521	10,515,963
32	Minneapolis Grain Exchange (seats)	7,279,359	6,823,259
169,341	Budapest Stock Exchange (shares)	4,761,242	2,902,844
759,000	Caldwell Financial Ltd. (Note 7)	1,707,750	2,292,180
5,000,040	Radar Capital Fund 1 Limited Partnership	5,000,044	5,550,044
5,280,000	Real Matters Inc.	8,075,000	13,200,000
50	Radar Capital Inc. (Note 7) (v)	50	50
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000
406,066	Caldwell Growth Opportunities Trust (Note 7)	3,400,000	4,485,771
100	Urbana Special Investment Holdings Ltd. (iii)	2,894,499	3,515,805
205,080	Highview Financial Holdings Inc.	123,838	116,896
		74,984,878	74,282,733
	Publicly traded securities		
190,000	CBOE Holdings Inc.	6,282,098	17,128,992
45,000	Intercontinental Exchange Group Inc.	9,346,153	16,018,684
250,000	Citigroup Inc.	10,891,560	17,971,481
950,000	Bank of America Corp.	11,389,458	22,209,625
600,000	AGF Management Ltd.	7,650,479	3,120,000
250,000	Suncor Energy	9,341,948	8,930,000
700,000	Barrick Gold Corp.	12,298,786	7,168,693
750,000	Teck Resources Ltd. Class B	5,480,819	4,005,000
50,000	Canadian Imperial Bank of Commerce	4,735,396	4,559,500
20,000	BCE Inc.	1,142,000	1,069,200
400,000	Morgan Stanley	9,607,949	17,674,908
		88,166,646	119,856,083
	Other		
1,000,000	Highview Financial Holdings Inc. (iv)	1,000,000	1,000,000
1,000,000	Radar Capital Inc. (v)	1,000,000	135,504
		2,000,000	1,135,504
		165,151,524	195,274,320

(i) Urbana owns 58.54% of the outstanding investor shares of Caldwell India Holdings Inc., which holds 4,015,544 equity shares of the Bombay Stock Exchange. Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the ordinary shares. The fair value of these ordinary shares is nominal.

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

(iii) Urbana Special Investment Holdings Ltd. which is a wholly-owned subsidiary of Urbana, holds 51.44262 equity shares of One Chicago LLC.

(iv) Urbana holds an unsecured promissory note repayable on October 22, 2016 with a semi-annual interest payment of 55,902 Class D common shares.

(v) Urbana holds an unsecured promissory note which is non-interest bearing and due on demand.

In addition to the investments listed above, Urbana holds 24,683 common shares of the Bermuda Stock Exchange which have been written off and 44 mining claims in Urban township, Quebec. Mining expenditures of $180,003 have been recorded as a loss in realized gain on sale and disposal of investments.

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. As a result of the change, the Company was considered an investment fund for the purposes of applicable securities laws.

On July 13, 2015, shareholders voted in favour of a resolution which reclassified the Company from an investment fund to a non-investment fund (the "Reclassification"). As a result of the Reclassification, Urbana is no longer an investment fund for securities law purposes.

The Company's common and Class A shares are listed for trading on the Toronto Stock Exchange ("TSX") and the Canadian Securities Exchange ("CSE"). Its 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. Summary of significant accounting policies

Basis of presentation

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

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

- 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:

1. Summary of significant accounting policies (continued)

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

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 statements 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.

1. Summary of significant accounting policies (continued)

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. Management uses various valuation techniques with unobservable market inputs in its determination of fair value of private investments, those most significant of which are disclosed in Note 2. Management exercises judgment in the determination of certain assumptions about market conditions existing at the date of the financial statements in the application of the chosen valuation techniques. 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 2 for the classification of the fair value measurements.

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.

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.

1. Summary of significant accounting policies (continued)

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. 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 December 31, 2015 and December 31, 2014:

				December 31, 2015
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Publicly traded securities	**119,856,083**	**-**	**-**	**119,856,083**
Privately owned entities	**-**	**6,823,259**	**67,459,474**	**74,282,733**
Other	**-**	**-**	**1,135,504**	**1,135,504**
	119,856,083	**6,823,259**	**68,594,978**	**195,274,320**

2. Fair value measurement (continued)

Level 3 valuation methods – December 31, 2015

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	**16,071,074**	Analysis of comparable exchanges	P/E multiple	19.6-54.7
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats.	**5,808,847**	Analysis of comparable exchanges	P/E multiple	19.6-54.7
Caldwell Financial Ltd.	**2,292,180**	Prescribed formula in shareholder's agreement	1 x net fees plus share capital	N/A
Private investments with access to recent transactions				
CNSX Markets Inc.	**10,515,963**	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	**4,485,771**	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	**116,896**	Cost	N/A	N/A
Real Matters Inc.	**13,200,000**	Market transaction	Recent transaction price	N/A
Budapest Stock Exchange	**2,902,844**	Market transaction	Recent transaction price	N/A
Radar Capital Fund 1 Limited Partnership	**5,550,044**	Net asset value per unit	Net asset value per unit	N/A
Urbana Special Investment Holdings Ltd.	**3,515,805**	Market transaction	Recent transaction price	$65,966
Private investments with no market for resale				
Highview Investments Limited Partnership	**3,000,000**	Cost	N/A	N/A
Radar Capital Inc.	**50**	N/A	N/A	N/A
Private debt				
Radar Capital Inc.	**135,504**	Face value	N/A	N/A
Highview Financial Holdings Inc.	**1,000,000**	Face value	N/A	N/A
Ending balance	68,594,978			

** See- Note 1 – Valuation of investments*

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

2. Fair value measurement (continued)

				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	47,086,244	54,091,340
Other	-	-	2,200,000	2,200,000
	137,281,890	7,005,096	49,286,244	193,573,230

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	17.5-54.7
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats.	5,198,697	Analysis of comparable exchanges	P/E multiple	17.5-54.7
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	1 x net fees plus share capital	N/A
Urbana Special Investment Holdings Ltd.	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.	33,231	Cost	N/A	N/A
Radar Capital Inc.	73,292	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	49,286,244			

** See- Note 1 – Valuation of investments*

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

2. Fair value measurement (continued)

During the years ended December 31, 2015 and 2014 the reconciliation of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

			December 31, 2015
	Privately owned entities	**Other**	**Total**
	$	**$**	**$**
Beginning balance	**47,086,244**	**2,200,000**	**49,286,244**
Purchases	**5,995,900**	**-**	**5,995,900**
Change in unrealized gains on foreign exchange and investments	**14,658,661**	**135,504**	**14,794,165**
Sales	**(281,331)**	**(1,200,000)**	**(1,481,331)**
Ending balance	**67,459,474**	**1,135,504**	**68,594,978**

			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	9,536,306	-	9,536,306
Sales	(2,502,451)	(1,500,000)	(4,002,451)
Ending balance	47,086,244	2,200,000	49,286,244

2. Fair value measurement (continued)

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, 2015 and December 31, 2014 are as shown below:

Level 3 valuation methods- December 31, 2015

Description	Input	Sensitivity used*	Effect on fair value ($)
Private investments with no recent transactions	P/E Multiple	1X	**670,546**
	1 x net fees plus share capital	10%	**229,218**
Private investments with access to recent transactions	Recent transaction price	10%	**3,013,461**
	Net asset value per unit	10%	**1,003,582**
	Cost	10%	**11,690**
Private investments with no market for resale	Cost	10%	**300,005**
Private debt	Face value	10%	**113,540**

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
	1 x net fees plus share capital	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%	1,082,656
Private debt	Face value	10%	220,000

*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, 2015 and 2014, there were no transfers into/out of Level 1, Level 2 and Level 3 investments.

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 December 31, 2015, the Company holds approximately $1.1 million (2014 - $2.2 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 Company's 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, 2015 financial liabilities due on demand	**< 3 months**	**Total**
	$	**$**	**$**
Demand Loan	**5,500,000**	**-**	**5,500,000**
Accounts Payable and accrued liabilities	**-**	**927,846**	**927,846**
	5,500,000	**927,846**	**6,427,846**

	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

3. 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 4). 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, 2015 and December 31, 2014.

	December 31, 2015	December 31, 2014
Currency	**As % of net assets**	As % of net assets
	%	**%**
United States Dollar	**54.47**	67.70
Indian Rupee	**11.76**	11.15
Other	**1.56**	.94
	67.79	79.79

The Company's net assets would decrease or increase by approximately $6,306,276 (2014 - $7,381,444) 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, 2015	**1,135,504**	**-**	-	-	**1,135,504**
December 31, 2014	1,200,000	1,000,000	-	-	2,200,000
Loan payable					
December 31, 2015	**5,500,000**	-	-	-	**5,500,000**
December 31, 2014	3,550,000	-	-	-	3,550,000

As at December 31, 2015, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the results of operations would have decreased or increased by approximately $56,492 (2014 - $49,852). In practice, the actual results may differ materially.

3. 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 market risk arises from its investment in publicly and privately traded securities. As at December 31, 2015, 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 $11,985,608 (2014 - $13,728,189) (approximately 6.44% (2014 – 7.34%) 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 4).

4. Loan payable

On February 19, 2008, the Company entered into a demand loan facility with the Bank of Montreal (the "Bank"). On March 2, 2015 the loan facility agreement was amended to allow the Company to borrow up to $25,000,000 from the Bank at any given time. Interest is charged on the outstanding balance of the loan facility at Bank's prime rate plus 1.25% (prior to March 2015, the Bank's prime rate plus 1.75%), 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 investments and/or for general corporate purposes. As at December 31, 2015, the outstanding balance of the loan was $5,500,000 (2014 - $3,550,000) which is the fair value of the loan. The minimum amount borrowed during the year ended December 31, 2015 was $Nil (2014 - $Nil) and the maximum amount borrowed during the year ended December 31, 2015 was $16,050,000 (2014 - $10,500,000). As at December 31, 2015, the Company has complied with all covenants, conditions or other requirements of the outstanding debt.

5. Resource properties

Urbana has owned resource properties in Urban Township, Quebec for a number of years. 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 November 2014, Urbana entered into a joint exploration agreement with Beaufield Resources Inc. ("Beaufield"), a company that owns neighboring properties, to explore the Urban Township region. The exploration program, led by Beaufield, is currently underway. Urbana's property is centrally located within the Urban-Barry greenstone belt and consists of the original claim group held since the 1940's when visible gold was first discovered in the area. Recent announcements by Beaufield and Oban Mining Corporation have prompted management to expand its exploration program for the property, portions of which have never been drilled.

6. Share capital

At December 31, 2015 and 2014, share capital consists of the following:

	Year ended December 31, 2015		Year ended December 31, 2014	
	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	**47,548,300**	**137,459,094**	50,525,200	146,065,122
Normal Course Issuer Bid Redemption	**(4,159,800)**	**(12,025,716)**	(2,976,900)	(8,606,028)
Balance, end of year	**43,388,500**	**125,433,378**	47,548,300	137,459,094
Total	**53,388,500**	**133,432,271**	57,548,300	145,457,987

The Non-Voting Class A shares ("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.

On August 27, 2015, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 4,411,688 of its own Class A Shares (the "NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the NCIB were permitted starting on August 31, 2015, and will terminate on the earlier of August 30, 2016, 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 or the CSE 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 or the CSE at the time of acquisition. The shares purchased under the NCIB are to be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 4,946 Class A Shares, being 25% of the average daily volume for the most recently completed six months, which is 19,784 shares calculated in accordance with the TSX rules. Notwithstanding this restriction, Urbana may make one purchase of more than 4,946 Class A Shares in any given week in accordance with the TSX's block purchase rules. As at December 31, 2015, Urbana has purchased 911,500 Class A Shares pursuant to the NCIB. These shares were purchased on the open market at an average purchase price of $1.99 per share. Previously, the TSX had accepted Urbana's notices of intention to conduct normal course issuer bids. Details of the previous normal course issuer bid purchases are as follows:

6. Share capital (continued)

Normal Course Issuer Bid Period	Total Number of Class A Shares Purchased during the Period	Average Price
August 28, 2008 - August 27, 2009	1,336,582	1.28
August 28, 2009 - August 27, 2010	3,083,920	1.32
August 28, 2010 - August 27, 2011	7,431,300	1.27
August 29, 2011 - August 28, 2012	6,636,033	1.01
August 29, 2012 - August 28, 2013	5,989,067	1.18
August 29, 2013 - August 28, 2014	5,386,000	1.78
August 29, 2014 - August 28, 2015	4,700,000	2.02

7. Related party transactions

Caldwell Financial Ltd., a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. ("CIM"), the investment manager of Urbana. Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana.

Urbana has a 50% ownership interest in Radar Capital Inc. ("RCI"), a private capital company, and Urbana SRL Inc. ("SRL"), a company that ceased operating during 2015. From 2013 to 2015, Urbana advanced SRL a total of $620,700. These advances are now included as a loss in realized gain on sale and disposal of investments. In 2015, Urbana invested $1,750,000 (2014 - $3,250,000) in Radar Capital Fund 1 Limited Partnership which is managed by RCI. As at December 31, 2015, Urbana owned 406,666 units of Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

Caldwell Securities Ltd. ("CSL"), a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. The total amount of commission fees paid to CSL by Urbana during the years ended December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $522,140, $142,570, $674,282 and $279,879 respectively.

CIM provides investor relations services to Urbana pursuant to an agreement between Urbana and CIM dated October 1, 2015. In 2015, Urbana paid CIM $12,250 (plus HST) for investor relations services provided by CIM. In 2015, Urbana also paid Caldwell Financial Ltd. $25,833 (plus HST) for administrative services and office rental and storage.

Investment management fees are charged for portfolio management services in accordance with a fund management and portfolio management agreement effective as of August 1, 2011 between Urbana and CIM. Pursuant to such agreement, CIM is entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. In 2015, CIM earned $3,338,609 of investment management fees from Urbana, as compared to $3,101,401 in 2014. The investment management fees are accrued and paid quarterly in arrears. As at December 31, 2015 there was an investment management fee payable of $836,079 to CIM (2014 – $815,549).

All related party transactions are recorded at their exchange amounts.

8. Administrative expenses

As a result of the Company's reclassification from an investment fund to an investment corporation in July 2015, there were significant non-recurring expenses and on-going expenses incurred and included in administrative expenses in 2015.

9. Income taxes

The Company's provision for income taxes for the years ended December 31, 2015 and 2014 is summarized as follows:

	2015	2014
	$	$
Net income before income taxes	**10,845,213**	23,827,345
Expected income taxes payable at future rates - 26.5% (2014 - 26.5%)	**2,873,982**	6,314,246
Income tax effect of the following:		
Non-taxable portion of realized capital transactions (gains)	**(1,383,200)**	(1,204,633)
Non-taxable portion of unrealized capital (gains)	**(339,739)**	(2,292,891)
Non-taxable dividends	**(323,408)**	(251,765)
Other	**(300,990)**	396,280
	526,645	2,961,237
Represented by		
Provision for current income taxes	**(87,515)**	-
Provision for deferred income taxes	**450,000**	2,870,000
Provision for foreign withholding taxes	**164,160**	91,237
	$ 526,645	$ 2,961,237

The components of the Company's deferred income tax liabilities are as follows:

	December 31, 2015	December 31, 2014
	$	$
Resource deductions available in perpetuity	**(14,525)**	(14,525)
Unrealized capital gains on investments	**3,983,193**	3,654,147
Taxes payable on 2015 transactions exceeding non-capital loss carryforwards at December 31, 2014	**(328,548)**	(771,246)
Other	**(320,120)**	1,624
Total deferred income tax liability	**3,320,000**	2,870,000

10. 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.

In December 2014, a disclosure initiative was issued, which amends IAS 1 Presentation of Financial Statements. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. These amendments are effective for annual periods beginning on or after January 1, 2016. Urbana will amend disclosures if required in the 2016 Financial Statements

11. Comparative figures

Urbana has re-evaluated the presentation of their investments in Radar Capital Inc. and Urbana SRL in accordance with IFRS 10, and as a result, have reclassified their investment in these entities of $106,423 from sundry receivables to investments, at fair value for the year ended December 31, 2014. This reclassification did not have an effect on shareholders' equity representing net assets as at December 31, 2014 or total profit for the year then ended.

12. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on March 29, 2016.