URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited financial statements of Urbana Corporation ("Urbana" or the "Corporation") and notes thereto for the year ended December 31, 2017 (the "Annual Audited Financial Statements"). Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the Annual Audited Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts shown in this MD&A, unless otherwise specified, are presented in Canadian dollars. This MD&A is current as of March 9, 2018. The Corporation's Audit Committee reviewed this document, and prior to its release the Corporation's Board of Directors approved it on the Audit Committee's recommendation.

You can obtain information relating to the Corporation, including the Corporation's annual information form and Annual Audited Financial Statements, at no cost, by calling Urbana collect at (416) 595-9106, by writing to us at: 150 King Street West, Suite 1702, Toronto, Ontario M5H 1J9 or by visiting our website at www.urbanacorp.com or the SEDAR website at www.sedar.com.

REPORTING REGIME

In 2005, the Corporation became an investment fund for the purposes of applicable securities laws.

On July 13, 2015, shareholders voted to authorize the Corporation, at the sole discretion of its board of directors, from time to time, to seek to exercise control over issuers in which it invests, such that the Corporation would no longer be an investment fund for securities law purposes (the "Reclassification"). As a result of the Reclassification, Urbana is subject to National Instrument 51-102 ("NI 51-102") *Continuous Disclosure Obligations*, instead of National Instrument 81-106 ("NI 81-106") *Investment Fund Continuous Disclosure* to which it was subject prior to the Reclassification. Under NI 51-102, Urbana is required to file annual and interim Management's Discussion and Analysis. For accounting purposes, Urbana continues to be treated as an investment entity under IFRS.

NON-GAAP MEASURES

The Corporation prepares and releases audited annual financial statements and unaudited condensed interim financial statements in accordance with IFRS, but complements IFRS results in this MD&A with the following financial measures which are not recognized under IFRS and which do not have a standard meaning prescribed by IFRS: "net assets per share", "total return of net assets per share" and "compound annual growth rate of net assets per share since inception".

Net assets per share

The three financial measures used to calculate "net assets per share", namely assets, liabilities and number of shares outstanding, are individually recognized under IFRS, but "net assets per share" is not. The calculation of net assets per share as at December 31, 2017 and December 31, 2016 is presented in the following table:

	2017	**2016**
Assets ($)	266,820,930	260,141,738
LESS Liabilities ($)	15,535,894	23,464,936
EQUALS Net Assets ($)	251,285,036	236,676,802
DIVIDED BY Number of Shares Outstanding	50,000,000	52,863,200
EQUALS Net assets per share ($)	5.03	4.48

Total return of net assets per share

The total return of net assets per share over a given period refers to the increase or decrease of Urbana's net assets per share over a specified time period, expressed as a percentage of Urbana's net assets per share at the beginning of the time period**,** assuming that each dividend paid during the period was reinvested at a price equal to the net assets per share at the relevant time.

Compound annual growth rate of net assets per share since inception

Compound annual growth rate ("CAGR") of net assets per share since inception is the compound annual growth rate of Urbana's net assets per share from October 1, 2002, when Caldwell Investment Management Ltd., the investment manager of Urbana, started managing Urbana's investment portfolio, to the end of the period in question.

We calculate CAGR of net assets per share since inception by dividing Urbana's net assets per share at the end of the period in question by its net assets per share at inception (i.e. October 1, 2002), raising the result to the power of the quotient obtained by having one divided by the number of years representing the period length, and subtracting one from the subsequent result.

The Corporation provides the three non-IFRS measures indicated above because it believes each measure can provide information that may assist shareholders to better understand the Corporation's performance and to facilitate a comparison of the results of ongoing operations. No measure that is calculated in accordance with IFRS is directly comparable to or provides investors with this net assets per share information. As a result, no quantitative reconciliation from "net assets per share" to an IFRS measure is provided in this MD&A.

Non-IFRS measures should not be construed as alternatives to net comprehensive income (loss) determined in accordance with IFRS as indicators of the Corporation's performance and readers are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS. CAGR of net assets per share since inception describes the historical rate at which Urbana's net assets per share would have increased at a steady rate. This single historical rate is only an illustration and does not represent the actual annual growth rate of Urbana's net assets per share in any given year. The growth rate of Urbana's net assets per share in any given year since 2002 may have been higher or lower than the CAGR of net assets per share due to market volatility and other factors.

BUSINESS STRATEGY AND RISK FACTORS

The strategy of Urbana is to seek out, and invest in, private investment opportunities for capital appreciation and to invest in publicly traded securities to provide growth, income and liquidity. Urbana has the scope to invest in any sector in any region. There were no material changes to Urbana's investment style in 2017 that affected the overall level of risk associated with investment in the Corporation. Some of the risk factors associated with investing in Urbana are described in Urbana's most recent annual information form which is available on the Corporation's website at www.urbanacorp.com and on SEDAR at www.sedar.com. Risks and uncertainties that may materially affect Urbana's future performance include individual corporate risk, macroeconomic risk, currency risk and product price risk.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The first quarter of 2017 ("Q1") was positive for Urbana. Net assets per share grew from $4.48 to $4.65, after the payment of a dividend of ten cents ($0.10) per share[1] in January 2017, resulting in a 6.2% total return of net assets per share in Q1. We decreased our holdings in some of our core positions (such as Canadian Imperial Bank of Commerce and Suncor Energy), to facilitate investments in other opportunities.

In the second quarter of 2017 ("Q2"), net assets per share continued to grow from $4.65 to $4.70, representing a 1.1% total return of net assets per share (7.3% for the six months ended June 30, 2017). During Q2, the Canadian dollar strengthened, thus muting the performance of our U.S. dollar denominated investments.

In the third quarter of 2017 ("Q3"), public equity markets were essentially flat. We added to our senior resource company positions (such as Suncor Energy and Teck Resources), in order to participate in resurgent energy prices. In Q3 Urbana's net assets per share increased from $4.70 to $4.78, for a 1.7% total return of net assets per share (9.1% for the nine months ended September 30, 2017).

In the fourth quarter of 2017 ("Q4"), Urbana increased its Suncor Energy holdings and took some profits in Morgan Stanley, Bank of America and Intercontinental Exchange Group. In Q4 Urbana's net assets per share increased from $4.78 to $5.03, representing a 5.2% total return of net assets per share. During that same period, the S&P/TSX Total Return Composite Index ("S&P/TSX Index") increased by 4.5% and the Dow Jones Industrial Average Index (converted to Canadian Dollars) ("DJIA Index") increased by 11.8%.

In 2017, Urbana's net assets per share grew from $4.48 to $5.03, after the payment of a dividend of ten cents ($0.10) per share[1] in January 2017, resulting in a 14.8% total return of net assets per share. During the same period, the S&P/TSX Index increased by 9.1% and the DJIA Index increased by 19.8%.

From October 1, 2002, the date when Caldwell Investment Management Ltd., the investment manager of Urbana, started managing Urbana's investment portfolio, to December 31, 2017, the CAGR of Urbana's net assets per share was 16.1%. During the same period, the CAGR of the S&P/TSX Index was 9.4% and the CAGR of the DJIA Index was 9.1%. The CAGRs of the

[1] The common shares and the Class A shares participate equally in dividends.

S&P/TSX Index and the DJIA Index are calculated in the same way as the CAGR of Urbana. See heading "Non-GAAP Measures" above.

Overall, 2017 was a positive year for equity markets. Sales and dispositions of the Corporation's investments resulted in realized gains of $8.1M primarily in respect of sales of financial services companies, including Bank of America and Morgan Stanley. Unrealized gains on the investment portfolio amounted to $28.1M despite the increased relative value of the Canadian dollar to the U.S. dollar during 2017. We are of the opinion that the Canadian dollar remains vulnerable to America's aggressive negotiating tactics in respect of NAFTA. Urbana has approximately 52% of its investments in securities that trade in U.S. dollars and thus a decline in the Canadian dollar represents a net benefit to Urbana.

Urbana's private investments performed well during 2017, led by Bombay Stock Exchange ("BSE") and Radar Capital Fund 1 Limited Partnership ("Radar 1"). BSE completed an initial public offering ("IPO") in February 2017. Urbana sold approximately 27% of its BSE shares into the IPO. The remaining shares Urbana owns in BSE became freely tradeable in February 2018. Urbana received a distribution of $0.9M from Radar 1 in Q2 as a result of Radar 1's sale of its remaining investment in Real Matters Inc. Real Matters also completed an IPO in May 2017 and its shares became freely tradeable in November 2017. In addition, the valuation of Radar 1 increased in Q4 as a result of a treasury offering of one of its investments.

Urbana's publicly traded investment portfolio remains heavily weighted toward the U.S. financial services sector. Although these positions provided excellent returns in 2017, in Q4 we lightened some of these positions to lock-in profits, including Morgan Stanley and Bank of America. In early 2017, Urbana purchased positions in a few junior resource companies, including Osisko Mining, Metanor Resources and Beaufield Resources. In late 2017, Urbana sold these positions at a loss in order increase the proportion of larger, liquid companies it holds going into 2018.

Urbana increased its investment in CNSX Markets Inc. ("CNSX"), the operator of the Canadian Securities Exchange ("CSE"), by $1.4M in the second half of 2017 bringing its ownership of the CNSX to 49%. The CSE recently announced that it is introducing an innovative securities clearing and settlement platform that harnesses the unique features of blockchain technology. This, coupled with an explosion in trading volume on the CSE, primarily due to the cannabis sector, bodes well for the future prospects of the CSE.

During any given quarter, Urbana seeks out opportunistic trades, which generally reflect our strategic thinking. These are short-term positions.

Urbana's management team combines private equity investment with an actively managed portfolio of publicly traded securities. One sector's performance can augment or offset the other's over varying time frames and market cycles. Urbana's investment performance over the years validates this thesis and operating style.

Recent stock market growth has been fueled by historically low interest rates and U.S. tax and regulatory changes. These changes are already factored into current equity prices. Looking to the future, we see a strong U.S. economy putting upward pressure on wage rates, inflation and, consequently, interest rates. This could mute or even reverse equity market gains in 2018.

In the year ended December 31, 2017, dividend income and interest income were $2.5M and $0.1M respectively (2016 - $2.4M and $0.1M). The increase in dividend income stemmed primarily from our U.S. financial institution holdings including Citigroup and Morgan Stanley, which were partially offset by reduced holdings of Canadian financial institutions, including Canadian Imperial Bank of Commerce and Royal Bank of Canada.

Urbana realized a net gain of $8.1M from the sales and dispositions of investments in 2017 (2016 - $9.4M). The realized capital gains reflected the disposition of investments in Bank of America ($3.4M), Morgan Stanley ($2.9M), Suncor Energy ($2.3M), CIBC ($1.8M) and Intercontinental Exchange Group ($1.0M). These gains were partially offset by capital losses realized on the disposition of investments in Caldwell India Holdings ($2.6M) and some junior resource companies ($0.7M).

Urbana recorded $28.1M in unrealized gains in 2017. Cboe Global Markets, Caldwell India Holdings, Citigroup, Bank of America and Radar 1 were Urbana's best performers in 2017 and together these investments added approximately $24.1M in unrealized gains in 2017. The unrealized gains were partially offset by unrealized losses on OneChicago, CIBC, Suncor Energy and Barrick Gold.

During the year ended December 31, 2017, Urbana recorded net income before income taxes of $32.4M (2016 - $61.0M). The decline is almost entirely due to reduced unrealized gains on investments. Investment management fees were $4.3M (2016 - $3.5M) as a result of higher net assets under management in 2017. Interest expenses were $0.3M (2016 - $0.4M) due to lower average borrowings in 2017. Transaction costs amounted to $0.3M (2016 - $0.6M) due to reduced trading activity in 2017. Professional fees were $0.4M (2016 - $0.8M) because 2016 included fees related to advice received in respect of IFRS standards and no such advice was required in 2017. Administrative expenses amounted to $1.2M (2016 - $1.4M) as a result of reduced accounting fees paid to third party service providers. Foreign withholding tax expense was $0.2M (2016 - $0.4M recovery) because 2016 included the recovery of U.S. withholding taxes remitted in prior years.

Urbana has purchased and cancelled a total of 2,863,200 of its non-voting Class A shares ("Class A shares") in 2017 at an average purchase price of $3.15 per Class A share. Since May 2010, Urbana has purchased and cancelled a total of 37,526,320 Class A shares under its normal course issuer bid ("NCIB") programs. The number of Class A shares outstanding is 40,000,000.

Financial Highlights

The following table shows selected key financial information about Urbana and is intended to help you understand Urbana's financial performance in the fiscal year ended December 31, 2017 and for the prior three financial years:

	Supplemental Data[(1)]			
	2017	**2016**	**2015**	**2014**
Total net assets ($)	251,285,036	236,676,802	186,043,679	187,135,092
Shares outstanding	50,000,000	52,863,200	53,388,500	57,548,300
Net assets per share	$5.03	$4.48	$3.48	$3.25
Closing market price (common)	$3.83	$2.95	$2.05	$2.09
Closing market price (Class A)	$3.42	$2.99	$2.05	$1.97

(1) This information is provided as at the end of the stated financial period.

Selected Annual Information
The following table shows selected annual information about Urbana for the three most recently completed fiscal years of the Corporation:

		2017 ($)	2016 ($)	2015 ($)
Total revenue		38,874,438	67,578,531	16,547,326
Profit from continuing operations attributable to owners of the parent:				
	Total	28,806,337	54,375,308	10,318,568
	Per share	0.57	1.02	0.19
	Diluted per share	0.57	1.02	0.19
Profit attributable to owners of the parent:				
	Total	28,806,337	54,375,308	10,318,568
	Per share	0.57	1.02	0.19
	Diluted per share	0.57	1.02	0.19
Total assets		266,820,930	260,141,738	195,791,525
Total non-current financial liabilities		13,728,000	10,334,000	3,320,000
Cash dividends declared per share:				
	Common shares	0.10	0.05	0.05
	Class A shares	0.10	0.05	0.05

Revenue and profit levels in 2017, 2016 and 2015 were determined primarily by the unrealized and realized gains on the Corporation's investment portfolio. Variations among the years relate to the investment decisions made, market price fluctuations of the investment portfolio and changes in foreign exchange rates. There have been no changes in accounting policies during the years 2015 to 2017. There have been no discontinued operations during the years 2015 to 2017. Total assets have increased each year during the three years ended December 31, 2017 as a result of increasing market values of the investment portfolio. Similarly, non-current financial liabilities, namely deferred income tax liability, have also increased as a result of increased unrealized gains. Dividends were constant over the two years ended December 31, 2016 and were increased to $0.10 per share in January 2017 as a result of a one-time special dividend of $0.05 per share due to the excellent 2016 results. A regular dividend of $0.07 per share and a special dividend of $0.03 per share (totaling $0.10 per share) were paid in January, 2018. In all instances, common shares and the Class A shares participated equally in dividends.

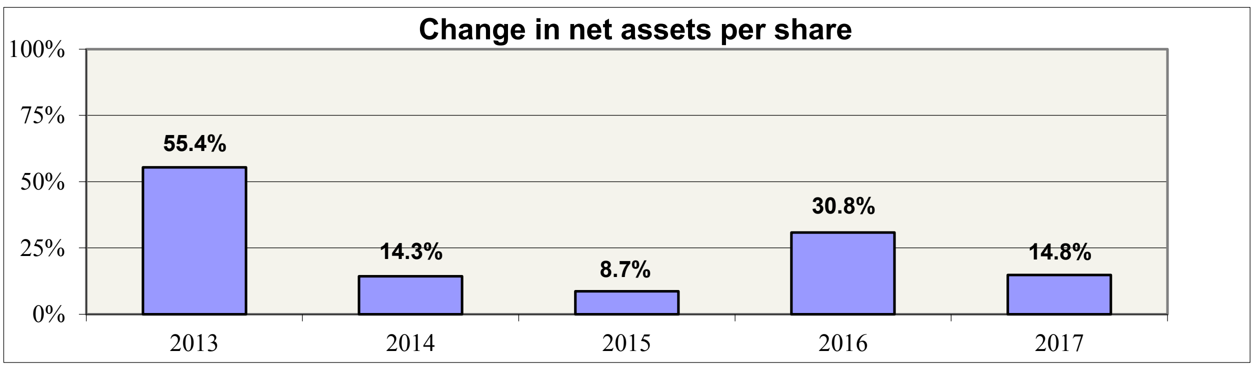
Past Performance

The performance information presented in this section shows how Urbana has performed in the past and does not necessarily indicate how it will perform in the future.

Year-by-Year Performance

The following bar chart shows the net assets per share performance of Urbana's common shares for the financial periods indicated. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period based on the net assets per share of Urbana.

Urbana's Class A shares, which have the same rights as the common shares as to dividends and upon liquidation, are treated the same as the common shares for the purposes of the net assets per share calculation.



Summary of Investment Portfolio
As at December 31, 2017

The following data is extracted from Urbana's financial statements for the year ended December 31, 2017:

Number of Securities	Description	Cost ($)	Fair Value ($)	% of Portfolio Fair Value
	Private equity investments			
757,569	Caldwell India Holdings Inc.(i)	16,501,204	14,140,174	5.30%
395,500	Urbana Mauritius Inc.(ii)	7,312,848	7,338,973	2.75%
13,260,878	CNSX Markets Inc.	7,248,349	11,934,790	4.47%
32	Minneapolis Grain Exchange (seats)	7,279,359	6,816,048	2.56%
800,000	Caldwell Financial Ltd.	1,826,650	2,728,000	1.02%
5,000,040	Radar Capital Fund 1 Limited Partnership(iii)	4,358,561	10,050,080	3.77%
300,000	Radar Capital Fund II Series F Limited Partnership	3,000,000	3,945,000	1.48%
300,000	HIVE Blockchain Technologies Ltd.	840,000	1,016,074	0.38%
50	Radar Capital Inc.	50	50	0.00%
9,909,025	Highview Financial Holdings Inc.	5,406,753	8,346,966	3.13%
3,000,000	Four Lakes Capital Fund Limited Partnership	3,000,000	3,798,900	1.42%
406,066	Caldwell Growth Opportunities Trust (iv)	3,400,000	4,913,156	1.84%
100	Urbana Special Investment Holdings Ltd.(v)	2,894,499	1,403,321	0.53%

	Public equity investments			
150,000	CBOE Global Markets, Inc.	4,959,551	23,415,756	8.79%
125,000	Intercontinental Exchange Group Inc.	5,192,307	11,051,019	4.14%
250,000	Citigroup Inc.	11,699,826	23,308,002	8.74%
800,000	Bank of America Corp.	11,159,742	29,589,667	11.09%
250,000	Suncor Energy	9,480,386	11,537,500	4.32%
250,000	Barrick Gold Corp.	4,425,343	4,542,011	1.70%
400,000	Teck Resources Ltd. Class B	4,552,271	13,148,000	4.93%
400,000	Morgan Stanley	11,093,641	26,296,915	9.86%
600,000	Deutsche Bank AG	12,275,552	14,306,183	5.36%
3,135,711	Real Matters Inc.(vi)	12,179,624	31,607,967	11.85%
	Private debt investments			
500,000	NinePoint Financial Group Inc.(vii)	500,000	500,000	0.19%
500,000	NinePoint Financial Group Inc.(viii)	500,000	500,000	0.19%
1,300,000	Radar Capital Inc. (ix)	1,300,000	63,000	0.02%
	Cash	460,860	460,860	0.17%
	Total	152,847,376	266,758,412	100.00%

(i) Urbana owns 64.57% of the investor shares of Caldwell India Holdings Inc. ("CIHI"), which holds 1,173,319 equity shares of the Bombay Stock Exchange (the "BSE"). These shares became freely tradeable on February 1, 2018. Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the voting ordinary shares. The fair value of these voting ordinary shares is nominal.
(ii) Urbana Mauritius Inc., a wholly-owned subsidiary of Urbana, holds 395,500 equity shares of the BSE. These shares became freely tradeable on February 1, 2018.
(iii) Radar Capital Fund 1 Limited Partnership ("Radar 1") owns 30% of the common shares of Highview Financial Holdings Inc.
(iv) Caldwell Growth Opportunities Trust owns 30% of the investor shares of CIHI and 8% of the units of Radar 1.
(v) Urbana Special Investment Holdings Ltd., a wholly-owned subsidiary of Urbana, holds 51.44262 equity shares of OneChicago LLC.
(vi) The Real Matters Inc. shares owned by Urbana became freely tradeable on November 7, 2017.
(vii) Unsecured promissory note maturing on August 1, 2023 with interest at 12% per annum payable quarterly.
(viii) Unsecured promissory note maturing on August 1, 2023 with interest compounding annually at 12% per annum payable on the maturity date.
(ix) Unsecured promissory note which is non-interest bearing and due on demand.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. Mining expenditures of $396,055 (2016 - $464,129) have been recorded as a loss in computing "Net realized gain on sale and disposal of investments" in the Annual Audited Financial Statements.

The above summary of the investment portfolio may change due to ongoing portfolio transactions. Weekly and quarterly updates are available at Urbana's website at www.urbanacorp.com.

Demand Loan Facility

On February 19, 2008, Urbana entered into a demand loan facility with a major Canadian chartered bank (the "Bank"). On March 2, 2015, the loan facility agreement was amended to allow Urbana to borrow up to $25M. Interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 1.25%, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on Urbana's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at December 31, 2017, the outstanding balance of the loan was $0.5M, representing 2.0% of the net assets of Urbana (2016 - $11.8M and 5.0%). The minimum and maximum amount borrowed during 2017 was $Nil and $14.4M respectively (2016 - $Nil and $16.0M respectively). As at the date of this MD&A, the Corporation has complied with all covenants, conditions or other requirements of the outstanding debt.

Normal Course Issuer Bid

On August 28, 2017, the Toronto Stock Exchange (the "TSX") accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,965,762 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, 2017, and will terminate on the earlier of August 30, 2018, the date Urbana completes its purchases pursuant to the notice of intention to conduct a normal course issuer bid filed with the TSX, or the date of notice by Urbana of termination of the bid. The Class A shares purchased under the NCIB must be cancelled. As at December 31, 2017, Urbana had not purchased any Class A shares pursuant to the NCIB.

Pursuant to a previous notice of intention to conduct a normal course issuer bid accepted by the TSX on August 29, 2016 for the period August 31, 2016 to August 30, 2017, Urbana had purchased 2,967,600 Class A shares on the open market at an average purchase price of $3.12 per share.

Acquisitions and Dispositions of Portfolio Investments

From January 1, 2017 to December 31, 2017, Urbana made the following significant acquisitions and dispositions of portfolio investments:

Acquisitions

Investments	No. of Securities	Cost Base ($)[1]
BetaPro S&P 500 VIX	100,000	1,276,893
Deutsche Bank AG	200,000	3,292,149
Beaufield Resources Inc.	1,598,500	304,908
Metanor Resources Inc.	3,575,000	352,270
Osisko Mining Inc.	615,700	2,992,483
Teck Resources Ltd.	100,000	2,410,578
Highview Financial Holdings Inc. - shares	10,040,067	5,481,448
Highview Investments Limited Partnership	2,406,753	2,406,753
NinePoint Financial Group Inc.	1,000,000	1,000,000
CNSX Markets Inc.	1,576,475	1,418,828
Suncor Energy	150,000	6,073,146
CCL Industries Inc.	15,000	999,750
Hudbay Minerals Inc.	246,500	2,488,375
HIVE Blockchain Technologies Ltd.	300,000	840,000
Pengrowth Energy Corp.	1,000,000	1,462,196
Detour Gold Corp.	100,000	1,389,604
Crescent Point Energy Corp.	50,000	556,493

Dispositions

Investments	No. of Securities	Cost Base ($)[1]	Proceeds ($)[1]
Caldwell India Holdings Inc.	835,425	9,098,523	6,492,927
Canadian Imperial Bank of Commerce	100,000	9,032,380	10,783,219
Suncor Energy	275,000	9,369,911	11,596,424
Bank of America	175,000	2,441,193	5,771,449
Industrial Alliance Insurance and Financial Services	28,500	1,586,025	1,521,667
Intercontinental Exchange Group Inc.	25,000	1,038,462	2,033,015
Teck Resources Ltd.	30,000	214,170	835,552
BetaPro S&P 500 VIX	100,000	1,276,893	996,860
Osisko Mining Inc.	615,700	2,992,483	3,001,956
Highview Financial Holdings Inc. – promissory notes	1,600,000	1,600,000	1,600,000
Highview Financial Holdings Inc. – shares	471,926	282,213	306,753
Highview Investments Limited Partnership	5,406,753	5,406,753	5,406,753
Beaufield Resources Inc.	1,598,500	304,908	307,113

Morgan Stanley	80,000	2,218,728	5,058,839
Barrick Gold	100,000	1,749,654	1,801,991
Metanor Resources Inc.	425,000	352,270	323,634
CCL Industries Inc.	15,000	999,750	875,971
Hudbay Minerals Inc.	246,500	2,488,375	2,219,628
Detour Gold Corp.	100,000	1,389,604	1,299,775
Pengrowth Energy Corp.	1,000,000	1,462,196	990,506
Crescent Point Energy Corp.	50,000	556,493	465,607

[1] Cost base does not include transaction costs and proceeds are net of transaction costs.

Mining Claims

Urbana has owned mineral claims 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 mineral claims if and when it is deemed suitable. Urbana holds 44 claims in the area totaling 1,154.4 hectares or 2,852.7 acres. Geophysical work and drilling have been conducted on previously unexplored portions of our claim group in 2017. Urbana completed a winter drill program in March 2017 targeting several identified geological anomalies. A comprehensive report summarizing both the exploration work completed in the recent past and results to date is underway and will assist in determining next steps.

Urbana has incurred mining expenditures totaling $1.05M, of which $0.4M has been recorded as a loss in computing “Net realized gain on sale and disposal of investments” in the Annual Audited Financial Statements, in accordance with IFRS 6. Management has elected to expense exploration and evaluation costs related to the mineral claims as the property holds no known proven reserves or resources. Although the property has several interesting gold occurrences, there has been no ore body tonnage proven up as yet. The property is therefore still highly speculative. If ore body type tonnage is proven up in the future, and the determination has been made to move into the development phase, then future expenditures on development will be capitalized and tested for impairment. The amount of money laid out on exploration has not been material for Urbana and is expected to continue to be immaterial for the near-term.

Dividend Policy and Dividends Paid

Currently the Corporation has a dividend policy that it intends to pay a cash dividend of seven cents ($0.07) per share to the shareholders as soon as practical after the end of each year. The amount of the dividend to be paid is determined each year by the Board, taking into consideration all factors that the Board deems relevant, including the performance of the Corporation’s investments, the economic and market conditions, and the financial situation of the Corporation.

On February 12, 2016 the Corporation paid a cash dividend of $0.05 per share on the issued and outstanding common and Class A shares as at January 28, 2016. On January 31, 2017 the Corporation paid a regular cash dividend of $0.05 per share, plus a special cash dividend of $0.05 per share, for a total of $0.10 per share on the issued and outstanding common and Class A shares as at January 17, 2017. On January 31, 2018 the Corporation paid a regular cash dividend of $0.07 per share, plus a special cash dividend of $0.03 per share, for a total of $0.10 per share on the issued and outstanding common and Class A shares as at January 17, 2018.

Pursuant to subsection 89(14) of the *Income Tax Act* of Canada (ITA) each dividend paid by Urbana qualifies as and is designated an eligible dividend for Canadian income tax purposes, as defined in subsection 89(1) of the ITA.

Outstanding Share Data

As at March 9, 2018, the Corporation has 10,000,000 common shares and 40,000,000 Class A shares outstanding.

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 – refer to "Management Fees" below.

Urbana has a 50% ownership interest in Radar Capital Inc. ("RCI"), a private capital company. As at December 31, 2017 and 2016, Urbana owned 5,000,040 units of Radar 1 and 300,000 units of Radar Capital Fund II Series F Limited Partnership, which are both managed by RCI. As at December 31, 2017 and 2016, Urbana owned 406,066 units of Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

RCI also managed Highview Investments Limited Partnership ("HILP"). In 2017, Urbana exchanged the common shares and promissory notes of Highview Financial Holdings Inc. ("HFHI") it held for additional units of HILP and subsequently converted all its units of HILP into common shares of HFHI as part of a HFHI capital restructuring.

As at December 31, 2017 and 2016, Urbana owned 9,909,025 and 340,884 common shares, respectively, of HFHI. As at December 31, 2017 and 2016, Radar 1 owned 5,945,415 and 3,270,543 common shares respectively, of HFHI. – refer to "Summary of Investment Portfolio" above.

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, 2017, 2016 and 2015 and 2014 amounted to \$0.3M, \$0.5M, \$0.5M and \$0.1M, respectively.

In 2017, Urbana paid CSL \$0.4M (2016 - \$0.4M) for administrative services, including investor relations services, office and conference room access for Urbana's directors and officers, and accounting services, including the services of an individual to perform the functions of Urbana's chief financial officer. This expense was included in administrative expenses.

All related party transactions are recorded at their exchange amounts, being amounts established and agreed to by related parties. As at December 31, 2017, there were no fees payable to related parties, other than a management fee of \$1.1M payable to CIM (2016 - \$1.0M).

MANAGEMENT FEES

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 2017, CIM earned $4.3M of investment management fees from Urbana (2016 - $3.5M). The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2017 there was an investment management fee of $1.3M payable to CIM.

SUMMARY OF QUARTERLY RESULTS

The tables below show the key operating results of the Corporation for each of the eight most recently completed quarters:

	4th Quarter 2017 ($)	**3rd Quarter 2017 ($)**	**2nd Quarter 2017 ($)**	**1st Quarter 2017 ($)**
Realized gain (loss)	4,377,175	(199,081)	2,211,234	1,722,787
Change in unrealized gain	10,311,201	5,472,569	623,450	11,718,625
Dividend income	745,350	567,262	703,053	510,227
Interest income	25,640	25,782	35,095	24,069
Total expenses	1,706,444	1,449,915	1,696,799	1,650,692
Net income before income taxes	13,752,922	4,416,617	1,876,033	12,325,016
Net assets per share (beginning of period)	4.78	4.70	4.65	4.48
Net assets per share (end of period)	5.03	4.78	4.70	4.65

	4th Quarter 2016 ($)	**3nd Quarter 2016 ($)**	**2nd Quarter 2016 ($)**	**1st Quarter 2016 ($)**
Realized gain (loss)	4,905,156	(2,615,790)	1,407,292	5,739,608
Change in unrealized gain (loss)	35,829,988	14,874,812	19,282,334	(14,324,894)
Dividend income	665,481	638,646	570,277	517,415
Interest income	35,411	17,534	17,590	17,671
Total expenses	1,917,374	1,404,185	1,626,296	1,634,896
Net income (loss) before income taxes	39,518,662	11,511,017	19,651,197	(9,685,096)
Net assets per share (beginning of period)	3.82	3.62	3.29	3.48
Net assets per share (end of period)	4.48	3.82	3.62	3.29

FOURTH QUARTER

Realized gains in Q4 increased significantly over the realized losses in Q3. This quarter over quarter variation does not reflect any type of pattern or seasonality. Rather, variations relate to the timing of investment decisions. Similarly, variations between Q4 2017 and Q4 2016 also relate to the timing of investment decisions, which are influenced by market movements, cash flow requirements and expectations regarding the economy, the political landscape and considerations related to the specific investments held. See also heading *Overall Performance and Discussion of Operations* above for additional Q4 information.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no significant financial or contractual obligations other than a demand loan facility with a major Canadian bank – refer to "Demand Loan Facility" above. The Corporation currently holds approximately 77% of its assets, with a fair value of approximately $210M, in marketable securities. It has the liquidity to readily meet all its operating expense requirements and its obligations under the loan facility.

In 2017, the Corporation did not conduct any additional financing activities. As at the date of this MD&A, the Corporation does not have any capital expenditure commitment which the Corporation plans to fund from sources other than the existing loan facility or by liquidating some of its marketable securities.

Currently, holdings of readily marketable securities generate dividend or interest income and can be disposed of with relative ease. Should in future the composition of its portfolio be weighted significantly more toward private investments, which do not produce income and cannot be readily sold, the Corporation may need to rely on its credit facilities or issue securities to help meet its liquidity needs. There is no immediate need to rely on these liquidity sources.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's financial statements in accordance with IFRS requires management to make estimates and exercise judgments that 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 period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. The following discusses the most significant accounting judgments that Urbana has made in preparing the financial statements:

Fair value measurement of private investments

Urbana holds private investments that are not quoted in active markets and for which there may or may not be recent comparable transactions. In determining the fair value of these investments, Urbana has made significant accounting judgments and estimates. See Notes 1 and 2 of the Annual Audited Financial Statements for more information on the fair value measurement techniques and types of unobservable inputs employed by the Corporation in its valuation of private investments.

CHANGES IN ACCOUNTING POLICIES

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 issued in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. It is effective for annual periods beginning on or after January 1, 2018. The Corporation plans to adopt the new standard the date it becomes effective.

Classification and measurement of financial assets and financial liabilities

Under IFRS 9, classification and measurement of financial assets will be driven by the Corporation's business model for managing them and their contractual cash flows. Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

IFRS 9 largely retains the existing requirements for classification and measurement of financial liabilities. However, unlike IAS 39 where all fair value changes of liabilities designated at fair value through profit or loss are recognized in profit or loss, under IFRS 9, fair value changes related to changes in the issuer's own credit risk will be presented in other comprehensive income.

Based on the Corporation's initial assessment, IFRS 9 is not expected to have a material impact on classification and measurement of financial instruments, since the Corporation makes decisions based on the assets' fair values and manages the assets to realize those fair values. As such the majority of the Corporation's financial assets will continue to be measured at FVTPL. In addition, derivatives will continue to be measured at FVTPL.

Impairment of financial assets
IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at FVOCI. The ECL impairment model will not have a material impact on the Corporation's financial assets given that the majority of the Corporation's financial assets will continue to be measured at FVTPL.

Hedge accounting
The Corporation does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes do not have an impact on the Corporation's financial statements.

Based on the Corporation's initial assessment, IFRS 9 is not expected to have a material impact on the Corporation's financial statements.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P") AND INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Urbana's management ("Management"), under the supervision of its chief executive officer ("CEO") and chief financial officer ("CFO"), is responsible for establishing and maintaining the Corporation's DC&P and ICFR (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*).

Consistent with NI 52-109, the Corporation's CEO and CFO have reviewed the design of the Corporation's DC&P and ICFR and have concluded that as at December 31, 2017 (A) the Corporation's DC&P provides reasonable assurance that (i) material information relating to the Corporation has been made known to them, particularly during the financial year ended December 31, 2017 and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation has been recorded, processed, summarized and reported within the time periods specified in securities legislation; and (B) the Corporation's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's CEO and CFO have evaluated the effectiveness of the Corporation's DC&P as at December 31, 2017 and have concluded that the Corporation's DC&P were effective as of that date.

The Corporation's CEO and CFO have also evaluated the effectiveness of the Corporation's ICFR as at December 31, 2017, using the Internal Control-Integrated Framework 2013 issued by the

Committee of Sponsoring Organizations of the Treadway Commission (COSO), and have concluded that the Corporation's ICFR was effective as at that date.

There have been no changes in the Corporation's ICFR that occurred during the period beginning January 1, 2017 and ending on December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. All control systems contain inherent limitations, no matter how well designed. As a result, Management acknowledges that the Corporation's ICFR will not prevent or detect all misstatements due to error or fraud. In addition, Management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Corporation, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the Corporation's investment approach, objectives and strategy, including its focus on specific sectors; the structuring of its investments and its plans to manage its investments; the Corporation's financial performance; and its expectations regarding the performance of certain sectors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the nature of the Corporation's investments; the available opportunities and competition for its investments; the concentration of its investments in certain industries and sectors; the Corporation's dependence on its management team; risks affecting the Corporation's investments; global political and economic conditions; investments by the Corporation in private issuers which have illiquid securities; management of the growth of the Corporation; exchange rate fluctuations; and other risks and factors referenced in this MD&A including under "Business Strategy and Risk Factors".

Although the Corporation has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.