

Condensed Interim Financial Statements of

# **Urbana Corporation**

March 31, 2018 and March 31, 2017

(Unaudited)

**NOTICE:** This interim financial report has not  
been reviewed by an auditor

# Urbana Corporation

March 31, 2018 and March 31, 2017  
(Unaudited)

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# Urbana Corporation

Condensed interim statements of financial position  
as at March 31, 2018 and December 31, 2017

(Unaudited)

(In Canadian dollars)

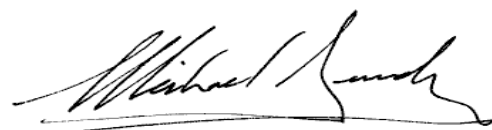
	March 31, 2018	December 31, 2017
	\$	\$
<b>Assets</b>		
Cash	227,697	460,860
Investments, at fair value (Notes 2 and 3)	259,379,107	266,297,552
Accounts and other receivables (Note 4)	198,320	62,518
	<b>259,805,124</b>	<b>266,820,930</b>
<b>Liabilities</b>		
Loan payable (Note 6)	15,000,000	500,000
Accounts payable and accrued liabilities (Note 5)	1,362,104	1,307,894
Deferred income tax liability (Note 10)	11,630,000	13,728,000
	<b>27,992,104</b>	<b>15,535,894</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	123,636,334	123,636,334
Contributed surplus	66,602,286	66,602,286
Retained earnings	41,574,400	61,046,416
Shareholders' equity representing net assets	<b>231,813,020</b>	<b>251,285,036</b>
Total liabilities and shareholders' equity	<b>259,805,124</b>	<b>266,820,930</b>
<b>Number of shares outstanding (Note 8)</b>	<b>50,000,000</b>	<b>50,000,000</b>

See accompanying notes

Approved by the Board



Director



Director

# Urbana Corporation

Condensed interim statements of comprehensive income (loss)  
for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

(In Canadian dollars)

	2018	2017
	\$	\$
<b>Revenue</b>		
Net realized gain on sale and disposal of investments	6,739,053	1,722,787
Net change in unrealized gain (loss) on investments	(22,230,664)	11,718,625
Dividends	571,832	510,227
Interest revenue	30,017	24,069
	<b>(14,889,762)</b>	13,975,708
<b>Expenses</b>		
Investment management fees (Note 9)	1,098,875	1,040,647
Interest	124,569	78,953
Administrative (Note 9)	287,184	322,280
Transaction costs (Note 9)	10,983	104,872
Professional fees	38,031	103,940
	<b>1,559,642</b>	1,650,692
Net income (loss) before income taxes	<b>(16,449,404)</b>	12,325,016
Foreign withholding tax expense (recovery) (Note 10)	120,591	(51,634)
Provision for (recovery of) deferred income taxes (Note 10)	<b>(2,098,000)</b>	1,466,000
Income tax expense (recovery)	<b>(1,977,409)</b>	1,414,366
<b>Total profit (loss) and comprehensive income (loss) for the period</b>	<b>(14,471,995)</b>	10,910,650
<b>Basic and diluted earnings (loss) per share</b>	<b>(0.29)</b>	0.21
<b>Weighted average number of shares outstanding</b>	<b>50,000,000</b>	51,439,400

See accompanying notes

# Urbana Corporation

Condensed interim statements of changes in equity  
for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2017	131,913,662	67,335,274	37,427,866	236,676,802
Total profit and comprehensive income for the period	-	-	10,910,650	10,910,650
Dividends paid	-	-	(5,187,787)	(5,187,787)
Normal course issuer bid repurchases	(6,072,122)	(365,926)	-	(6,438,048)
<b>Balance at March 31, 2017</b>	<b>125,841,540</b>	<b>66,969,348</b>	<b>43,150,729</b>	<b>235,961,617</b>
<b>Balance at January 1, 2018</b>	<b>123,636,334</b>	<b>66,602,286</b>	<b>61,046,416</b>	<b>251,285,036</b>
<b>Total loss and comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(14,471,995)</b>	<b>(14,471,995)</b>
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(5,000,021)</b>	<b>(5,000,021)</b>
<b>Normal course issuer bid repurchases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at March 31, 2018</b>	<b>123,636,334</b>	<b>66,602,286</b>	<b>41,574,400</b>	<b>231,813,020</b>

See accompanying notes

# Urbana Corporation

Condensed interim statements of cash flows  
for the three month periods ended March 31, 2018 and March 31, 2017  
(Unaudited)

(In Canadian dollars)

	2018	2017
	\$	\$
<b>Operating activities</b>		
Total profit (loss) and comprehensive income (loss) for the period	<b>(14,471,995)</b>	10,910,650
Items not affecting cash		
Net realized gain on sale and disposal of investments	<b>(6,756,299)</b>	(1,743,698)
Net change in unrealized (gain) loss on investments	<b>22,230,664</b>	(11,718,625)
Provision for (recovery of) deferred income taxes	<b>(2,098,000)</b>	1,466,000
Purchases of investments	<b>(23,971,465)</b>	(6,997,766)
Proceeds on sale of investments	<b>15,415,545</b>	23,594,088
	<b>(9,651,550)</b>	15,510,649
Net change in non-cash working capital items		
Accounts and other receivables	<b>(135,802)</b>	38,110
Accounts payable and accrued liabilities	<b>54,210</b>	2,648,598
	<b>(81,592)</b>	2,686,708
Cash provided by (used in) operating activities	<b>(9,733,142)</b>	18,197,357
<b>Financing activities</b>		
Issuance of loan payable	<b>14,500,000</b>	14,900,000
Repayment of loan payable	-	(18,700,000)
Dividends paid	<b>(5,000,021)</b>	(5,187,787)
Normal course issuer bid repurchases	-	(6,438,048)
Cash provided by (used in) financing activities	<b>9,499,979</b>	(15,425,835)
Net change in cash during the period	<b>(233,163)</b>	2,771,522
Cash, beginning of period	<b>460,860</b>	386,699
<b>Cash, end of period</b>	<b>227,697</b>	3,158,221
<b>Supplemental disclosure</b>		
Interest paid	<b>124,569</b>	78,953

See accompanying notes

# Urbana Corporation

## Condensed interim schedule of investment portfolio

as at March 31, 2018

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	<b>Private equity investments</b>	\$	\$
13,260,878	CNSX Markets Inc.	7,248,349	11,934,790
32	Minneapolis Grain Exchange (seats)	7,279,359	7,013,520
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,816,000
2,350,000	Radar Capital Inc. Class A common (i) (Note 9)	50	50
15,410,081	Radar Capital Inc. Class B common (i) (Note 9)	11,557,561	11,557,561
15,410,081	Radar Capital Inc. Preferred (i) (Note 9)	3,852,520	3,852,520
3,000,000	Evolve Funds Group Inc. Class A preferred	3,000,000	3,000,000
9,909,025	Highview Financial Holdings Inc. (Note 9)	5,406,753	8,521,762
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	5,364,460
406,066	Caldwell Growth Opportunities Trust (ii) (Note 9)	3,400,000	4,383,808
100	Urbana Special Investment Holdings Ltd. (iii)	2,894,499	1,060,762
		51,465,739	59,505,233
	<b>Public equity investments</b>		
757,569	Caldwell India Holdings Inc. (iv)	16,501,204	12,222,371
395,500	Urbana Mauritius Inc. (v)	7,312,848	6,475,709
150,000	Cboe Global Markets, Inc.	4,959,551	22,065,514
125,000	Intercontinental Exchange Group Inc.	5,192,307	11,687,051
250,000	Citigroup Inc.	11,699,826	21,756,094
800,000	Bank of America Corp.	11,159,742	30,931,686
300,000	Suncor Energy	11,845,146	13,347,000
250,000	Barrick Gold Corp.	4,425,343	4,012,570
400,000	Teck Resources Ltd. Class B	4,552,271	13,272,000
400,000	Morgan Stanley	11,093,641	27,827,172
600,000	Deutsche Bank AG	12,275,552	10,814,229
300,000	HIVE Blockchain Technologies Ltd.	840,000	378,000
300,000	HIVE Blockchain Technologies Ltd. Warrants	-	42,000
3,135,711	Real Matters Inc.	12,179,624	22,859,333
5,000	Alibaba Group Holding Ltd.	1,196,626	1,183,145
		115,233,681	198,873,874
	<b>Private debt investments</b>		
500,000	NinePoint Financial Group Inc. (vi)	500,000	500,000
500,000	NinePoint Financial Group Inc. (vii)	500,000	500,000
		1,000,000	1,000,000
		167,699,420	259,379,107

(i) Radar Capital Inc. ("RCI") owns 30% of the common shares of Highview Financial Holdings Inc.

(ii) Caldwell Growth Opportunities Trust owns 30% of the investor shares of Caldwell India Holdings Inc. ("CIHI") and 5.71% of the Class B common shares of RCI.

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

(iv) Urbana owns 64.57% of the investor shares of 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.

(v) 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.

(vi) Unsecured promissory note maturing on August 1, 2023 with interest at 12% per annum payable quarterly.

(vii) Unsecured promissory note maturing on August 1, 2023 with interest compounding annually at 12% per annum payable on the maturity date.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. In the first three months of 2018, mining expenditures of \$17,246 (2017 - \$20,911) have been recorded as a loss in computing net realized gain on sale and disposal of investments.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

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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 effectively removed the classification of the Company as an investment fund. As a result, Urbana is not considered an investment fund for securities law purposes but continues to be treated as an investment fund for accounting purposes.

The Company’s common shares (“Common Shares”) and non-voting class A shares (“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 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.

### 1. Summary of significant accounting policies

#### *Basis of presentation*

These condensed interim 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. They are presented in compliance with International Accounting Standard 34 “*Interim Financial Reporting*”.

The Company qualifies as an investment entity under IFRS 10 “*Consolidated Financial Statements*”.

#### *Statement of compliance*

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 period. Actual results could differ from those estimates. Significant judgments and estimates included in the financial statements relate to the valuation of level 3 investments and realization of the deferred income tax liability.

#### Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, Urbana is required to make significant judgments about the Company’s business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at fair value through profit or loss (“FVTPL”).

#### 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, provided the close price is within the bid-ask spread.

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



# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

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### 1. Summary of significant accounting policies (continued)

#### *Judgments and estimates (continued)*

##### Valuation of investments (continued)

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

Investments for which reliable quotations are not readily available, or for which there is no closing bid price, including securities of private issuers, are valued at fair value using management's best estimates. A number of valuation methodologies are considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cash flows, industry valuation benchmarks and available market prices. During the initial period after an investment has been made, cost translated using the period 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 (Loss).

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.

##### Mining Claims

In accordance with IFRS 6 "*Exploration for and Evaluation of Mineral Resources*", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources.

#### *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.

#### *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.

#### *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

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

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### 1. Summary of significant accounting policies (continued)

Comprehensive Income (Loss). Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

#### *Financial instruments*

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

Investments have been classified at FVTPL with gains and losses recorded in net income. Cash, accounts and other receivables are measured at amortized cost. Loan payable and accounts payable and accrued liabilities are measured at amortized cost. The carrying values approximate their fair values due to their short-term maturities.

#### *Transaction costs*

Transaction costs are expensed as incurred and are included in "Transaction costs" in the Statements of Comprehensive Income (Loss). Transaction costs are incremental costs that are directly attributable to the acquisition 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.

#### *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 period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

#### *Investment transactions and income recognition*

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

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

#### *Earnings (loss) per share*

Basic earnings (loss) per share is computed by dividing the total profit (loss) for the period by the weighted average number of Common Shares outstanding during the period, including contingently issuable shares, which are included when the conditions necessary for issuance have been met. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the "treasury stock" method for purchase warrants and stock options.

# Urbana Corporation

Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

## 1. Summary of significant accounting policies (continued)

### *Interests in Other Entities*

The table below presents the unconsolidated subsidiaries of the Company as at March 31, 2018 and December 31, 2017:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc.	Mauritius	64.57%	100%
Urbana Mauritius Inc.	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd.	Toronto	100%	100%

## 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 March 31, 2018:

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	180,175,794	18,698,080	-	198,873,874
Private equity investments	-	7,013,520	52,491,713	59,505,233
Private debt investments	-	-	1,000,000	1,000,000
	180,175,794	25,711,600	53,491,713	259,379,107

# Urbana Corporation

Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – March 31, 2018

Description	Fair value <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Private equity investments</b>	<b>\$</b>			
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	<b>12,222,371</b>	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	<b>6,475,709</b>	Market transaction	Recent transaction price	N/A
Highview Financial Holdings Inc.	<b>8,521,762</b>	EV as a % of AUM <sup>(3)</sup> EV as a % of AUA <sup>(4)</sup>	EV as a % of AUM EV as a % of AUA	1.0%-4.0% 0.5%
Urbana Special Investment Holdings Ltd.	<b>1,060,762</b>	Average P/E multiple	Average P/E multiple	LTM P/E: 8.2-182.3 <sup>(5)</sup> NTM P/E: 7.0-34.9 <sup>(6)</sup>
Caldwell Financial Ltd.	<b>2,816,000</b>	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
CNSX Markets Inc.	<b>11,934,790</b>	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	<b>4,383,808</b>	Net asset value per unit	Net asset value per unit	N/A
Evolve Funds Group Inc. Class A	<b>3,000,000</b>	Market transaction	Recent transaction price	N/A
Radar Capital Inc. Class B	<b>11,557,561</b>	Market transaction	Recent transaction price	N/A
Radar Capital Inc. Preferred	<b>3,852,520</b>	Market transaction	Recent transaction price	N/A
Minneapolis Grain Exchange (seats)	<b>7,013,520</b>	Market transaction	Recent transaction price	N/A
Four Lakes Capital Fund Limited Partnership	<b>5,364,460</b>	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	<b>50</b>	N/A	N/A	N/A

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2018 and March 31, 2017  
(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – March 31, 2018 (continued)

Description	Fair value <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Private debt investments</b>				
NinePoint Financial Group Inc.	<b>500,000</b>	Face value	N/A	N/A
NinePoint Financial Group Inc.	<b>500,000</b>	Face value	N/A	N/A
<b>Ending balance</b>	<b>79,203,313</b>			

<sup>(1)</sup> See Note 1 – Valuation of investments

<sup>(2)</sup> Where it is not applicable, an input or range has not been provided

<sup>(3)</sup> Enterprise value of assets under management

<sup>(4)</sup> Enterprise value of assets under administration

<sup>(5)</sup> Last twelve months P/E: 29.22x

<sup>(6)</sup> Next twelve months P/E: 17.64x

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2017:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	188,803,020	-	-	188,803,020
Private equity investments	-	29,311,269	47,120,263	76,431,532
Private debt investments	-	-	1,063,000	1,063,000
	188,803,020	29,311,269	48,183,263	266,297,552

# Urbana Corporation

Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2017

Description	Fair value <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Private equity investments</b>	\$			
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	14,140,174	Market transaction	Discount for lack of marketability	1.0% discount
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	7,338,973	Market transaction	Discount for lack of marketability	1.0% discount
HIVE Blockchain Technologies Ltd.	1,016,074	Market transaction	Discount for lack of marketability	1.3% discount
Urbana Special Investment Holdings Ltd.	1,403,321	Average P/E multiple	Average P/E multiple	LTM P/E: 8.6-115.9 <sup>(3)</sup> NTM P/E: 8.5-34.0 <sup>(4)</sup>
Caldwell Financial Ltd.	2,728,000	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	6,816,048	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	11,934,790	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	4,913,156	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	8,346,966	EV as a % of AUM <sup>(5)</sup> EV as a % of AUA <sup>(6)</sup>	EV as a % of AUM EV as a % of AUA	1.0%-4.0% 0.5%
Radar Capital Fund 1 Limited Partnership	10,050,080	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Fund II Series F Limited Partnership	3,945,000	Net asset value per unit	Net asset value per unit	N/A
Four Lakes Capital Fund Limited Partnership	3,798,900	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc.	50	N/A	N/A	N/A

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

### 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2017 (continued)

Description	Fair value <sup>(1)</sup>	Primary Valuation technique used	Significant unobservable inputs	Input/Range <sup>(2)</sup>
<b>Private debt investments</b>				
Radar Capital Inc.	63,000	Cash value	N/A	N/A
NinePoint Financial Group Inc.	500,000	Face value	N/A	N/A
NinePoint Financial Group Inc.	500,000	Face value	N/A	N/A
Ending balance	77,494,532			

<sup>(1)</sup> See Note 1 – Valuation of investments

<sup>(2)</sup> Where it is not applicable, an input or range has not been provided

<sup>(3)</sup> Last twelve months P/E: 30.78x

<sup>(4)</sup> Next twelve months P/E: 17.75x

<sup>(5)</sup> Enterprise value of assets under management

<sup>(6)</sup> Enterprise value of assets under administration

#### Change in valuation methodology

During 2018, the Company changed the primary valuation technique for Caldwell India Holdings Inc. (“CIHI”), Urbana Mauritius Inc. (“UMI”) and HIVE Blockchain Technologies Ltd. (“HIVE”) from a methodology based on a recent market transaction, discounted due to a hold period, to a methodology based on a recent market transaction. This change was made since the shares of Bombay Stock Exchange (“BSE”), which are the primary investment of CIHI and UMI, and the shares of HIVE, became freely tradeable.

During 2017, the primary valuation technique for CIHI and UMI was changed from a methodology based on a P/E multiple to a methodology based on a recent market transaction, discounted due to a hold period. This change was made since the shares of BSE commenced trading on a stock exchange. The Company also changed the primary valuation technique for Urbana Special Investment Holdings Ltd. in 2017 from a methodology based on a weighted average of discounted cash flows and average P/E multiples to a methodology based only on average P/E multiples. This change was made because management determined that the level of uncertainty associated with discounted cash flows was unacceptable. The shares of Real Matters Inc. commenced trading on a stock exchange in 2017 and as a result, the valuation methodology was changed from a recent market transaction price in an inactive market to a recent market transaction price in an active market.

During the three month period ended March 31, 2018 and the year ended December 31, 2017 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

	March 31, 2018		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	47,120,263	1,063,000	48,183,263
Change in unrealized gain (loss)	(7,680,068)	1,237,000	(6,443,068)
Purchases	20,410,079	-	20,410,079
Sales	(7,358,561)	(1,300,000)	(8,658,561)
Ending balance	52,491,713	1,000,000	53,491,713

# Urbana Corporation

Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

## 2. Fair value measurement (continued)

	December 31, 2017		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	93,475,297	1,791,219	95,266,516
Change in unrealized gain (loss)	12,537,709	(128,219)	12,409,490
Purchases	8,981,860	1,000,000	9,981,860
Sales	(14,787,489)	(1,600,000)	(16,387,489)
Transfers out of level 3	(53,087,114)	-	(53,087,114)
Ending balance	47,120,263	1,063,000	48,183,263

### Sensitivity analysis to significant changes in unobservable inputs within the Level 2 and 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 March 31, 2018 is shown below. A similar analysis in respect of Level 2 and 3 as at December 31, 2017 is shown below:

Level 3 valuation methods – March 31, 2018

Description	Input	Sensitivity used <sup>(1)</sup>	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	281,600
	Average P/E multiple	1X	45,748
	Recent transaction price	10%	3,034,487
	Net asset value per unit	10%	974,832
	EV as a % of assets under management	1%	3,468,158
	EV as a % of assets under administration	1%	4,161,790
Private debt investments	Face value	10%	100,000
Total			12,066,615



# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

### 2. Fair value measurement (continued)

Level 2 and 3 valuation methods - December 31, 2017

Description	Input	Sensitivity used <sup>(1)</sup>	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	272,800
	Average P/E multiple	1X	59,600
	Discount for lack of marketability	5%	1,124,761
	Recent transaction price	10%	1,875,084
	Net asset value per unit	10%	2,270,719
	EV as a % of assets under management	1%	3,401,291
	EV as a % of assets under administration	1%	4,085,611
Private debt investments	Cash value	10%	6,300
	Face value	10%	100,000
Total			13,196,166

<sup>(1)</sup> 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.

During 2018, the investment in HIVE was transferred out of Level 2 to Level 1 because the HIVE shares became freely tradeable. During 2017, the investments in CIHI, UMI and Real Matters Inc. were transferred out of Level 3 to Level 2 because shares of the BSE, which are the primary investment of CIHI and UMI, and shares of Real Matters Inc. ("RM") commenced trading on a stock exchange. In addition, during 2017 the investment in RM was transferred out of Level 2 to Level 1 because the RM shares became freely tradeable.

### 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 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 March 31, 2018, the Company holds approximately \$1.0 million (December 31, 2017 - \$1.1 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.

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2018 and March 31, 2017  
(Unaudited)

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

*Liquidity risk (continued)*

	March 31, 2018		Total
	financial liabilities due on demand	< 3 months	
	\$	\$	\$
Loan payable	15,000,000	-	15,000,000
Accounts payable and accrued liabilities	-	1,362,104	1,362,104
	<b>15,000,000</b>	<b>1,362,104</b>	<b>16,362,104</b>

	December 31, 2017		Total
	financial liabilities due on demand	< 3 months	
	\$	\$	\$
Loan payable	500,000	-	500,000
Accounts payable and accrued liabilities	-	1,307,894	1,307,894
	<b>500,000</b>	<b>1,307,894</b>	<b>1,807,894</b>

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 6). The 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 investments rise. When the value of the Canadian dollar rises, the value of foreign investments fall.

The table below indicates the currencies to which the Company had significant exposure as at March 31, 2018 and December 31, 2017:

Currency	March 31, 2018	December 31, 2017
	As a % of net assets	As a % of net assets
	%	%
United States Dollar	58.43	54.69
Indian Rupee	8.07	8.55
	<b>66.50</b>	<b>63.24</b>

As at March 31, 2018, the Company's net assets would have decreased or increased by approximately \$7,707,887 (2016 - \$7,945,558) 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.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

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

#### *Interest rate risk*

Interest rate risk arises on interest-bearing financial instruments such as promissory notes held. 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 – promissory notes					
March 31, 2018	-	-	-	<b>1,000,000</b>	<b>1,000,000</b>
December 31, 2017	63,000	-	-	1,000,000	1,063,000
Loan payable					
March 31, 2018	<b>15,000,000</b>	-	-	-	<b>15,000,000</b>
December 31, 2017	500,000	-	-	-	500,000

As at March 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the net assets would have decreased or increased by approximately \$26,449 (2017 - \$19,679). In practice, the actual results may differ materially.

#### *Other market risk*

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

The most significant exposure for the Company to other price risk arises from its investment in publicly and privately traded securities. As at March 31, 2018, 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 \$19,887,387 (December 31, 2017 - \$ 18,880,302) (approximately 8.58% (December 31, 2017 – 7.51%) 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 6).

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

### 4. Accounts and other receivables

Accounts and other receivables consist of the following:

	March 31, 2018	December 31, 2017
	\$	\$
Dividends	143,046	22,038
Interest	55,274	40,480
	198,320	62,518

### 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2018	December 31, 2017
	\$	\$
Investment management fees (Note 9)	1,098,875	1,119,796
Professional fees	162,396	138,727
Loan interest	59,709	12,338
Administrative fees	2,825	33,475
Directors fees	19,800	-
Dividend tax withholdings	18,499	-
Other	-	3,558
	1,362,104	1,307,894

### 6. Loan payable

On February 15, 2008, the Company entered into a demand loan facility with a major Canadian bank (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 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 the Company's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at March 31, 2018, the outstanding balance of the loan was \$15,000,000 (December 31, 2017 - \$500,000) which is the fair value of the loan. During the three month period ended March 31, 2018, the minimum amount borrowed was \$500,000 (2017 - \$Nil) and the maximum amount borrowed was \$15,000,000 (2017 - \$13,600,000). As at March 31, 2018 and December 31, 2017, the Company has complied with all covenants, conditions or other requirements of the outstanding debt.

### 7. 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. In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources. Urbana has incurred costs totaling \$1,068,652 of which \$17,246 relates to 2018 (2017 - \$20,911). These costs have been expensed as incurred and are recorded as a loss in net realized gain on sale and disposal of investments.

# Urbana Corporation

## Notes to the condensed interim financial statements for the three month periods ended March 31, 2018 and March 31, 2017 (Unaudited)

### 8. Share Capital

As at March 31, 2018 and December 31, 2017 share capital consists of the following:

	Three month period ended March 31, 2018		Year ended December 31, 2017	
	Number	Amount \$	Number	Amount \$
<i>Authorized</i>				
Preferred shares	Unlimited	N/A	Unlimited	N/A
Common Shares	Unlimited	N/A	Unlimited	N/A
Class A Shares	Unlimited	N/A	Unlimited	N/A
<i>Issued - Common Shares</i>				
Balance, beginning of period	10,000,000	7,998,893	10,000,000	7,998,893
Issued during the period	-	-	-	-
Balance, end of period	10,000,000	7,998,893	10,000,000	7,998,893
<i>Issued - Class A Shares</i>				
Balance, beginning of period	40,000,000	115,637,441	42,863,200	123,914,769
Normal Course Issuer Bid Repurchases	-	-	(2,863,200)	(8,277,328)
Balance, end of period	40,000,000	115,637,441	40,000,000	115,637,441
<b>Total</b>	<b>50,000,000</b>	<b>123,636,334</b>	<b>50,000,000</b>	<b>123,636,334</b>

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

On August 28, 2017, 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. 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 Class A Shares purchased under the NCIB are to be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 7,996 Class A Shares, being 25% of the average daily volume for the most recently completed six months prior to the filing of the NCIB with the TSX, which is 31,987 Class A Shares, calculated in accordance with the TSX rules. Notwithstanding this restriction, Urbana may make one purchase of more than 7,996 Class A Shares in any given week in accordance with the TSX's block purchase rules. As at March 31, 2018, Urbana has not purchased any Class A Shares pursuant to the NCIB. 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:

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

### 8. 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
August 31, 2015 - August 30, 2016	1,332,400	1.98
August 31, 2016 - August 30, 2017	2,967,600	3.12
August 31, 2017 - August 30, 2018	-	-

### 9. Related party transactions

Caldwell Financial Ltd. ("CFL"), 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. As at March 31, 2018 and December 31, 2017 Urbana had a 20% ownership interest in CFL.

As at March 31, 2018 Urbana owned 50% of the voting class A common shares, 65.4% of the non-voting class B common shares and 65.4% of the non-voting preferred shares of Radar Capital Inc. ("RCI"), a private capital company. These holdings resulted from a capital restructuring of RCI in January 2018 when Urbana's investments in units of Radar Capital Fund 1 Limited Partnership and units of Radar Capital Fund II Series F Limited Partnership, both of which were managed by RCI, and its debt holdings of RCI were converted into preferred shares and class B common shares of RCI. In addition, the common shares of RCI previously held by Urbana were re-designated as class A common shares and split at the ratio of 1 to 47,000

As at March 31, 2018 Urbana had a 48.1% ownership interest (December 31, 2017 – 45.9%) in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

As at March 31, 2018 and December 31, 2017 Urbana had a 50% ownership interest in Highview Financial Holdings Inc. ("HFHI"). These holdings resulted from a capital restructuring of HFHI in 2017 when the Company exchanged its common shares and promissory notes of HFHI for additional units of Highview Investments Limited Partnership ("HILP") and subsequently converted all of its units of HILP into common shares of HFHI.

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 this 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 the three month period ended March 31, 2018, CIM earned \$1,098,875 of investment management fees from Urbana (2017 - \$1,040,647). The investment management fees are accrued daily and paid quarterly in arrears. As at March 31, 2018 there was an investment management fee payable included in accounts payable and accrued liabilities of \$1,098,875 to CIM (December 31, 2017 – \$1,119,796).

Caldwell Securities Ltd. ("CSL"), a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. In the three month period ended March 31, 2018, the total commission fees paid to CSL by Urbana amounted to \$10,983 (2017 - \$104,872) which was included in transaction costs.

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

### 9. Related party transactions (continued)

In the three month periods ended March 31, 2018 and 2017, Urbana paid CSL \$101,700 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.

### 10. Income taxes

The Company's provision for (recovery of) income taxes for the three month periods ended March 31, 2018 and 2017 is summarized as follows:

	2018	2017
	\$	\$
Net income (loss) before income taxes	<b>(16,449,404)</b>	12,325,016
Expected taxes payable (recoverable) at future rates - 26.5%	<b>(4,359,092)</b>	3,266,129
Income tax effect of the following:		
Non-taxable portion of realized capital gains	<b>(895,210)</b>	(223,090)
Non-taxable portion of unrealized capital (gains) losses	<b>2,945,563</b>	(1,552,718)
Non-taxable dividends	<b>(33,920)</b>	(38,028)
Foreign withholding tax expense (recovery), net of Canadian tax	<b>88,634</b>	(37,951)
Other	<b>276,616</b>	24
<b>Income tax expense (recovery)</b>	<b>(1,977,409)</b>	1,414,366

The income tax expense (recovery) is represented as follows:

Provision for (recovery of) deferred income taxes	<b>(2,098,000)</b>	1,466,000
Foreign withholding tax expense (recovery)	<b>120,591</b>	(51,634)
<b>Income tax expense (recovery)</b>	<b>(1,977,409)</b>	1,414,366

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

	March 31, 2018	December 31, 2017
	\$	\$
Resource deductions available in perpetuity	<b>(58,661)</b>	(10,960)
Unrealized capital gains on investments	<b>12,922,834</b>	14,872,050
Non-capital loss carryforwards	<b>(1,117,656)</b>	(934,177)
Other	<b>(116,517)</b>	(198,913)
<b>Total deferred income tax liability</b>	<b>11,630,000</b>	13,728,000

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

(Unaudited)

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### 10. Income taxes (continued)

At March 31, 2018, the Company had non-capital losses of \$4,217,570 (December 31, 2017 - \$3,525,196) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	Amount
	\$
December 31, 2031	1,951,227
December 31, 2032	130,689
December 31, 2037	968,867
December 31, 2038	1,166,787
	<hr/> 4,217,570

### 11. Dividends

On January 31, 2018 the Company 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 amounting to \$5,000,021. On January 31, 2017 the Company 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 amounting to \$5,187,787.

### 12. Adoption of IFRS 9 "Financial Instruments" ("IFRS 9")

The Company's accounting policies for its financial instruments are disclosed in detail in Note 1. The date of initial application of IFRS 9 (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is January 1, 2018. The application of IFRS 9 has not had a significant impact on the financial position or financial performance of the Company.

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Company's financial statements are described below.

#### a. Classification and measurement of financial assets and financial liabilities

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Management has reviewed and assessed the Company's existing financial instruments as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial instruments regarding their classification and measurement:

- Financial assets that were measured at FVTPL under International Accounting Standard 39 ("IAS 39") "*Financial Instruments: Recognition and Measurement*" continue to be measured at FVTPL under IFRS 9;
- Financial assets classified as loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding; and
- Financial liabilities classified as other financial liabilities under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9.



# Urbana Corporation

Notes to the condensed interim financial statements

for the three month periods ended March 31, 2018 and March 31, 2017

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## 12. **Adoption of IFRS 9 “Financial Instruments” (“IFRS 9”) (continued)**

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification, or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

### b. 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 fair value through other comprehensive income. The ECL impairment model did not have a material impact on the Company’s financial assets given that the majority of the Company’s financial assets continue to be measured at FVTPL.

### c. Hedge accounting

The Company does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes did not have an impact on the Company’s financial statements.

## 13. **Approval of financial statements**

The financial statements were approved by the Board of Directors and authorized for issue on May 10, 2018.