

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of CSE Issuer: URBANA CORPORATION (the "Issuer").

Trading Symbol: URB and URB.A

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CSE Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CSE website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the CSE Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

2017 first quarter interim financial statements are attached.

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

## 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10.

Refer to note 9 to Schedule A and to the paragraph under the heading of "RELATED PARTY TRANSACTIONS" in Schedule B.

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
	No security has been issued since the date of the last Listing Statement							

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
	No option has been issued since the date of the last Listing Statement					

**3. Summary of securities as at the end of the reporting period.**

As at March 31, 2017

Number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions	10,000,000 common shares. 40,762,800 non-voting class A shares, dividend - 5 cents per share, non-cumulative, no redemption or conversion provisions.
Number and recorded value for shares issued and outstanding	10,000,000 common shares. 40,762,800 non-voting class A shares. Total recorded value: \$125,841,540
Options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value,	No options, warrants or convertible securities outstanding.
Number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer	No shares are subject to escrow or pooling agreements or any other restriction on transfer.

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

<b>Name</b>	<b>Position Held</b>
Thomas S. Caldwell	Director, C.E.O and President
Michael B.C. Gundy	Director
Beth Colle	Director
George D. Elliott	Director
Charles A.V. Pennock	Director
Sylvia V. Stinson	C.F.O.
Harry K. Liu	General Counsel & Corporate Secretary

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

2017 first quarter interim Management's Discussion and Analysis attached as Schedule "B".

### Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 15, 2017.

Harry K. Liu  
Name of Director or Senior Officer



\_\_\_\_\_  
Signature

Corporate Secretary  
Official Capacity

<b>Issuer Details</b>		
Name of Issuer	For Quarter Ended	Date of Report YY/MM/DD
URBANA CORPORATION	March 31, 2017	2017/05/15
Issuer Address		
Suite 1702, 150 King Street West		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto, ON M5H 1J9	(416) 862-2498	(416) 595-9106
Contact Name	Contact Position	Contact Telephone No.
Harry Liu	Corporate Secretary	(416) 364-0941
Contact Email Address	Web Site Address	
hliu@campbell-liu.com	www.urbanacorp.com	

Schedule "A"

Condensed Interim Financial Statements of

**Urbana Corporation**

March 31, 2017 and March 31, 2016

(Unaudited)

# Urbana Corporation

March 31, 2017 and March 31, 2016  
(Unaudited)

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# Urbana Corporation

Condensed interim statements of financial position  
as at March 31, 2017 and December 31, 2016  
(Unaudited)

(In Canadian dollars)


	March 31, 2017	December 31, 2016
	\$	\$
<b>Assets</b>		
Cash	3,158,221	386,699
Investments, at fair value (Notes 2 and 3)	256,477,830	259,611,829
Accounts and other receivables (Note 4)	105,100	143,210
	<b>259,741,151</b>	<b>260,141,738</b>
<b>Liabilities</b>		
Loan payable (Note 6)	8,000,000	11,800,000
Accounts payable and accrued liabilities (Notes 5 and 9)	3,979,534	1,330,936
Deferred income tax liability (Note 10)	11,800,000	10,334,000
	<b>23,779,534</b>	<b>23,464,936</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	125,841,540	131,913,662
Contributed surplus	66,969,348	67,335,274
Retained earnings	43,150,729	37,427,866
Shareholders' equity representing net assets	<b>235,961,617</b>	<b>236,676,802</b>
Total liabilities and shareholders' equity	<b>259,741,151</b>	<b>260,141,738</b>
<b>Number of shares outstanding (Note 8)</b>	<b>50,762,800</b>	<b>52,863,200</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, 2017 and March 31, 2016  
(Unaudited)

(In Canadian dollars)

	2017	2016
	\$	\$
Revenue		
Net realized gain on sale and disposal of investments	1,722,787	5,739,608
Net change in unrealized gain (loss) on investments	11,718,625	(14,324,894)
Dividends	510,227	517,415
Interest revenue	24,069	17,671
Total operating income (loss)	13,975,708	(8,050,200)
Expenses		
Investment management fees (Note 9)	1,040,647	768,089
Interest	78,953	68,096
Administrative (Note 9)	322,280	396,063
Transaction costs (Note 9)	104,872	247,493
Professional fees	103,940	155,155
	1,650,692	1,634,896
Net income (loss) before income taxes	12,325,016	(9,685,096)
Foreign withholding tax (recovery) expense (Note 10)	(51,634)	35,278
Provision for (recovery of) deferred income taxes (Note 10)	1,466,000	(1,610,000)
Income tax expense (recovery)	1,414,366	(1,574,722)
Total profit (loss) and comprehensive income (loss) for the period	10,910,650	(8,110,374)
Basic and diluted earnings (loss) for the period	0.21	(0.15)
Weighted average number of shares outstanding	51,439,400	53,333,100

See accompanying notes

# Urbana Corporation

Condensed interim statements of changes in equity

for the three month periods ended March 31, 2017 and March 31, 2016

(Unaudited)

(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings/ (deficit)	Total
	\$	\$	\$	\$
Balance at January 1, 2016	133,432,271	66,889,412	(14,278,004)	186,043,679
Total loss for the period	-	-	(8,110,374)	(8,110,374)
Dividends paid	-	-	(2,669,438)	(2,669,438)
Normal course issuer bid repurchases	(523,549)	184,859	-	(338,690)
Balance at March 31, 2016	132,908,722	67,074,271	(25,057,816)	174,925,177
<b>Balance at January 1, 2017</b>	<b>131,913,662</b>	<b>67,335,274</b>	<b>37,427,866</b>	<b>236,676,802</b>
<b>Total profit for the period</b>	<b>-</b>	<b>-</b>	<b>10,910,650</b>	<b>10,910,650</b>
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(5,187,787)</b>	<b>(5,187,787)</b>
<b>Normal course issuer bid repurchases</b>	<b>(6,072,122)</b>	<b>(365,926)</b>	<b>-</b>	<b>(6,438,048)</b>
<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>

See accompanying notes

# Urbana Corporation

## Condensed interim statements of cash flows

for the three month periods ended March 31, 2017 and March 31, 2016

(Unaudited)

(In Canadian dollars)

	2017	2016
	\$	\$
<b>Operating activities</b>		
Total profit (loss) for the period		
Items not affecting cash	10,910,650	(8,110,374)
Gain on sale and disposal of investments	(1,743,698)	(5,739,608)
Net change in unrealized (gain) loss on investments	(11,718,625)	14,324,894
Provision for (recovery of) deferred income taxes	1,466,000	(1,610,000)
Purchases of investments	(6,997,766)	(23,259,513)
Proceeds on sale of investments	23,594,088	26,049,399
	15,510,649	1,654,798
Net change in non-cash working capital items		
Accounts and other receivables	38,110	(6,755,796)
Accounts payable and accrued liabilities	2,648,598	4,979,012
	2,686,708	(1,776,784)
Cash provided by (used in) operating activities	18,197,357	(121,986)
<b>Financing activities</b>		
Issuance of loan payable	14,900,000	17,600,000
Repayment of loan payable	(18,700,000)	(12,500,000)
Dividends paid	(5,187,787)	(2,669,438)
Normal course issuer bid repurchases	(6,438,048)	(338,690)
Cash provided by (used in) financing activities	(15,425,835)	2,091,872
Net change in cash during the period	2,771,522	1,969,886
Cash, beginning of period	386,699	345,723
<b>Cash, end of period</b>	<b>3,158,221</b>	<b>2,315,609</b>
<b>Supplemental disclosure</b>		
Income taxes paid	-	-
Interest paid	78,953	68,096

See accompanying notes

# Urbana Corporation

## Condensed interim schedule of investment portfolio

as at March 31, 2017

(In Canadian dollars)

No. of securities	Description	Cost	Fair value
	<b>Private equity investments</b>	\$	\$
757,569	Caldwell India Holdings Inc.(i)	16,501,204	14,723,567
395,500	Urbana Mauritius Inc. (ii)	7,312,848	7,964,624
11,684,403	Canadian Securities Exchange (formerly CNSX)	5,829,521	10,515,963
32	Minneapolis Grain Exchange (seats)	7,279,359	7,255,056
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,648,000
5,000,040	Radar Capital Fund 1 Limited Partnership (iii) (Note 9)	4,683,729	7,350,059
300,000	Radar Capital Fund II Series F Limited Partnership (Note 9)	3,000,000	3,000,000
6,271,422	Real Matters Inc.	12,179,624	32,924,966
50	Radar Capital Inc. (Note 9)	50	50
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000
3,000,000	Four Lakes Capital Fund Limited Partnership	3,000,000	3,402,600
406,066	Caldwell Growth Opportunities Trust (iv) (Note 9)	3,400,000	5,566,475
100	Urbana Special Investment Holdings Ltd. (v)	2,894,499	3,319,889
340,884	Highview Financial Holdings Inc.	207,518	194,304
24,683	Bermuda Stock Exchange	533,099	69,458
		71,648,101	101,935,011
	<b>Public equity investments</b>		
150,000	CBOE Holdings Inc.	4,959,550	16,217,851
135,000	Intercontinental Exchange Group Inc.	5,607,692	10,779,159
250,000	Citigroup Inc.	11,699,826	19,944,736
900,000	Bank of America Corp.	12,554,710	28,314,723
250,000	Suncor Energy	8,518,101	10,207,500
350,000	Barrick Gold Corp.	6,174,997	8,844,961
300,000	Teck Resources Ltd. Class B	2,141,693	8,724,000
50,000	Canadian Imperial Bank of Commerce	4,516,190	5,733,500
480,000	Morgan Stanley	13,312,369	27,424,112
600,000	Deutsche Bank AG	12,641,361	13,731,260
1,106,500	Beaufield Resources Inc.	186,310	232,365
2,000,000	Metanor Resources Inc.	151,909	170,000
513,800	Osisko Mining Inc.	2,495,338	2,491,930
		84,960,046	152,816,097
	<b>Private debt investments</b>		
1,500,000	Highview Financial Holdings Inc. (vi)	1,500,000	1,500,000
100,000	Highview Financial Holdings Inc. (vii)	100,000	100,000
1,300,000	Radar Capital Inc. (viii)	1,300,000	126,722
		2,900,000	1,726,722
		159,508,147	256,477,830

(i) Urbana owns 64.57% of the outstanding investor shares of Caldwell India Holdings Inc. ("CIHI"), which holds 1,173,319 equity shares of the Bombay Stock Exchange. 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 Bombay Stock Exchange.

(iii) Radar Capital Fund 1 Limited Partnership owns 24% of the debt and equity of Highview Financial Holdings Inc. ("HFHI").

(iv) Caldwell Growth Opportunities Trust owns 30% of the equity shares of CIHI and 8% of the units of Radar Capital Fund 1 Limited Partnership.

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

(vi) Unsecured promissory note repayable on April 22, 2017 with a semi-annual interest payment of 83,853 common shares.

(vii) Unsecured promissory note repayable on April 22, 2017 with a semi-annual interest payment of 12,000 common shares.

(viii) 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. In the first three months of 2017, mining expenditures of \$20,911 (2016 - \$81,049) have been recorded as a loss in computing "Net realized gain on sale and disposal of investments" in these financial statements.

# Urbana Corporation

## Notes to the condensed interim financial statements for the three month periods ended March 31, 2017 and March 31, 2016 (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 reclassified the Company from an investment fund to a non-investment fund (the "Reclassification"). As a result of the Reclassification, Urbana is no longer an investment fund for securities law purposes.

The Company's common and Class A shares are listed for trading on the Toronto Stock Exchange ("TSX") and the Canadian Securities Exchange ("CSE"). Its registered head office is Box 47, 150 King Street West, Suite 1702, Toronto, Ontario, M5H 1J9.

The long-term strategy of Urbana is to continue to seek and acquire investments for income and capital appreciation.

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

#### *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, 2017 and March 31, 2016 (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, 2017 and March 31, 2016 (Unaudited)

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

Comprehensive Income (Loss) for the period. 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 designated at fair value through profit or loss ("FVTPL") with gains and losses recorded in net income. Cash, accounts and other receivables are recorded as loans and receivables and are carried at amortized cost. Loan payable and accounts payable and accrued liabilities are recorded as other financial liabilities and are carried at amortized cost. The carrying values approximate their fair values due to their short-term maturities.

#### *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, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

#### *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, 2017 and March 31, 2016  
(Unaudited)

## *Interests in Other Entities*

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

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

The table below presents the unconsolidated subsidiaries of the Company as at December 31, 2016:

<b>Subsidiary's Name</b>	<b>Place of Business</b>	<b>% of Equity Interest held by Urbana</b>	<b>% of Voting Rights held by Urbana</b>
Caldwell India Holdings Inc.	Mauritius	58.84%	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, 2017:

	<b>March 31, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Public equity investments	<b>152,816,097</b>	-	-	<b>152,816,097</b>
Private equity investments	-	<b>29,943,247</b>	<b>71,991,764</b>	<b>101,935,011</b>
Private debt investments	-	-	<b>1,726,722</b>	<b>1,726,722</b>
	<b>152,816,097</b>	<b>29,943,247</b>	<b>73,718,486</b>	<b>256,477,830</b>



# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2017 and March 31, 2016  
(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – March 31, 2017

Description	Fair value (1)	Primary Valuation technique used	Significant unobservable inputs	Input/Range (2)
<b>Private equity investments</b>				
Caldwell India Holdings Inc. – holder of Bombay Stock Exchange seats	14,723,567	Market transaction	Recent transaction price less discount	5.5% discount
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats	7,964,624	Market transaction	Recent transaction price less discount	5.5% discount
Bermuda Stock Exchange	69,458	Analysis of comparable exchanges	P/E multiple	16.8-25.7
Urbana Special Investment Holdings Ltd.	3,319,889	Weighted average of discounted cash flow, and Average P/E multiple	Discount rate	12.79%
Caldwell Financial Ltd.	2,648,000	Prescribed formula in shareholder's agreement	Average P/E multiple	LTM P/E: 5.3-300.0 (3) NTM P/E: 8.2-34.8 (4) N/A
Canadian Securities Exchange (formerly CNSX)	10,515,963	Market transaction	1 x net fees plus share capital	N/A
Caldwell Growth Opportunities Trust	5,566,475	Net asset value per unit	Recent transaction price	N/A
Highview Financial Holdings Inc.	194,304	EV as a % of AUM (5) EV as a % of AUA (6)	Net asset value per unit	1.0%-4.0%
Real Matters Inc.	32,924,966	Market transaction	EV as a % of AUA	0.5%
Radar Capital Fund 1 Limited Partnership	7,350,059	Net asset value per unit	Recent transaction price	N/A
Radar Capital Fund II Series F Limited Partnership	3,000,000	Net asset value per unit	Net asset value per unit	N/A
Minneapolis Grain Exchange (seats)	7,255,056	Market transaction	Recent transaction price	N/A

(1) See Note 1 – Valuation of investments

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

(3) Last twelve months P/E: 56.08x

(4) Next twelve months P/E: 11.45x

(5) Enterprise value of assets under management

(6) Enterprise value of assets under administration

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2017 and March 31, 2016  
(Unaudited)

## 2. Fair value measurement (continued)

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

Description	Fair value (1)	Primary Valuation technique used	Significant unobservable inputs	Input/Range (2)
<b>Private equity investments (continued)</b>				
Highview Investments Limited Partnership	3,000,000	Net asset value per unit	Net asset value per unit	N/A
Four Lakes Capital Fund Limited Partnership	3,402,600	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc.	50	N/A	N/A	N/A
<b>Private debt investments</b>				
Radar Capital Inc.	126,722	Cash value	N/A	N/A
Highview Financial Holdings Inc.	1,500,000	Face value	N/A	N/A
Highview Financial Holdings Inc.	100,000	Face value	N/A	N/A
<b>Ending balance</b>	<b>103,661,733</b>			

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2016:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	157,264,569	-	-	157,264,569
Private equity investments	-	7,080,744	93,475,297	100,556,041
Private debt investments	-	-	1,791,219	1,791,219
	157,264,569	7,080,744	95,266,516	259,611,829

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2017 and March 31, 2016  
(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2016 (continued)

Description	Fair value (1)	Primary Valuation technique used	Significant unobservable inputs	Input/Range (2)
<b>Private equity investments</b>				
Caldwell India Holdings Inc. – holder of Bombay Stock Exchange seats	17,371,898	Analysis of comparable exchanges	P/E multiple	20.6-43.3
Urbana Mauritius Inc. – holder of Bombay Stock Exchange seats	6,025,177	Analysis of comparable exchanges	P/E multiple	20.6-43.3
Bermuda Stock Exchange	73,816	Analysis of comparable exchanges	P/E multiple	16.9-30.5
Urbana Special Investment Holdings Ltd.	3,352,413	Weighted average of discounted cash flow, and Average P/E multiple	Discount rate	12.74%
Caldwell Financial Ltd.	2,432,000	Prescribed formula in shareholder's agreement	Average P/E multiple	LTM P/E: 10.1-254.8 (3) NTM P/E: 11.3-44.0 (4)
Minneapolis Grain Exchange (seats)	7,080,744	Market transaction	1 x net fees plus share capital	N/A
Canadian Securities Exchange (formerly CNSX)	10,515,963	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	4,374,225	Net asset value per unit	Recent transaction price	N/A
Highview Financial Holdings Inc.	194,304	EV as a % of AUM (5) EV as a % of AUA (6)	Net asset value per unit	1.0%-4.0%
Real Matters Inc.	32,599,513	Market transaction	EV as a % of AUM EV as a % of AUA	0.5%
Radar Capital Fund 1 Limited Partnership	7,235,338	Net asset value per unit	Recent transaction price	N/A
Radar Capital Fund II Series F Limited Partnership	3,000,000	Net asset value per unit	Net asset value per unit	N/A

(1) See Note 1 – Valuation of investments

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

(3) Last twelve months P/E: 45.99x

(4) Next twelve months P/E: 14.90x

(5) Enterprise value of assets under management

(6) Enterprise value of assets under administration

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2017 and March 31, 2016  
(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2016 (continued)

Description	Fair value (1)	Primary Valuation technique used	Significant unobservable inputs	Input/Range (2)
<b>Private equity investments (continued)</b>				
Highview Investments Limited Partnership	3,000,000	Net asset value per unit	Net asset value per unit	N/A
Four Lakes Capital Fund Limited Partnership	3,300,600	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc.	50	N/A	N/A	N/A
<b>Private debt investments</b>				
Radar Capital Inc.	191,219	Cash value	N/A	N/A
Highview Financial Holdings Inc.	1,500,000	Face value	N/A	N/A
Highview Financial Holdings Inc.	100,000	Face value	N/A	N/A
Ending balance	102,347,260			

### *Change in valuation methodology*

During the three month period ended March 31, 2017, the Company changed the primary valuation technique for Caldwell India Holdings Inc. ("CIHI") and Urbana Mauritius Inc. ("UMI") 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 Bombay Stock Exchange, which is the primary investment of CIHI and UMI, commenced trading on a stock exchange during the three month period ended March 31, 2017.

During the year ended December 31, 2016, the Company changed the primary valuation technique for Urbana Special Investment Holdings Ltd. from a methodology based on a recent market transaction to a weighted average of discounted cash flows and average P/E multiples. Management determined that the transaction that was used in the prior year was no longer reflective of fair value due to the passage of time.

During the three month period ended March 31, 2017 and the year ended December 31, 2016 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

	March 31, 2017		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	93,475,297	1,791,219	95,594,978
Change in unrealized gain (loss)	10,303,181	(64,497)	10,238,684
Purchases	-	-	-
Sales	(9,098,523)	-	(9,098,523)
Transfer out of level 3	(22,688,191)	-	(22,688,191)
Ending balance	71,991,764	1,726,722	73,718,486

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2017 and March 31, 2016  
(Unaudited)

## 2. Fair value measurement (continued)

			December 31, 2016
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	67,459,474	1,135,504	68,594,978
Change in unrealized gain (loss)	20,469,861	(244,285)	20,225,576
Purchases	10,307,204	900,000	11,207,204
Sales	(4,761,242)	-	(4,761,242)
Ending balance	93,475,297	1,791,219	95,266,516

### 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 2 and 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2017 and December 31, 2016 are as shown below:

Level 2 and 3 valuation methods – March 31, 2017

Description	Input	Sensitivity used (1)	Effect on fair value (\$)
Private equity investments	P/E multiple	1X	3,160
	1 x net fees plus share capital	10%	264,800
	Average P/E multiple	1X	17,987
	Discount rate	1%	847,854
	Recent transaction price	10%	5,069,599
	Recent transaction price less discount	10%	2,268,819
	Net asset value per unit	10%	2,231,918
	EV as a % of assets under management	1%	165,754
	EV as a % of assets under administration	1%	210,205
Private debt investments	Cash value	10%	12,672
	Face value	10%	160,000

# Urbana Corporation

Notes to the condensed interim financial statements  
for the three month periods ended March 31, 2017 and March 31, 2016  
(Unaudited)

## 2. Fair value measurement (continued)

Level 2 and 3 valuation methods - December 31, 2016

Description	Input	Sensitivity used (1)	Effect on fair value (\$)
Private equity investments	P/E multiple	1X	1,041,748
	1 x net fees plus share capital	10%	243,200
	Average P/E multiple	1X	10,661
	Discount rate	1%	846,889
	Recent transaction price	10%	5,019,622
	Net asset value per unit	10%	2,091,021
	EV as a % of assets under management	1%	143,960
	EV as a % of assets under administration	1%	198,581
Private debt investments	Cash value	10%	19,122
	Face value	10%	160,000

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

For the year ended December 31, 2016, there were no transfers into/out of Level 1, Level 2 or Level 3 investments. For the three months ended March 31, 2017, the investments in CIHI and UMI were transferred out of Level 3 to Level 2, since the Bombay Stock Exchange, which is the primary investment of CIHI and UMI, commenced trading on a stock exchange.

## 3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks. Management seeks to minimize potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio advisors, and through daily monitoring of the Company's position and market events.

### *Credit risk*

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash and cash equivalents at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at March 31, 2017, the Company holds approximately \$1.7 million (December 31, 2016 - \$1.8 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, 2017 and March 31, 2016  
(Unaudited)

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

### *Liquidity risk (continued)*

	March 31, 2017 financial liabilities due on demand	< 3 months	Total
	\$	\$	\$
Loan payable	8,000,000	-	8,000,000
Accounts payable and accrued liabilities	-	3,979,534	3,979,534
	8,000,000	3,979,534	11,979,534

	December 31, 2016 financial liabilities due on demand	< 3 months	Total
	\$	\$	\$
Loan payable	11,800,000	-	11,800,000
Accounts payable and accrued liabilities	-	1,330,936	1,330,936
	11,800,000	1,330,936	13,130,936

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 Company's common shares and Class A shares cannot be redeemed by shareholders. The Company endeavors to maintain sufficient liquidity to meet its expenses.

### *Currency risk*

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign 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, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Currency	As % of net assets	As % of net assets
	%	%
United States Dollar	54.60	52.32
Indian Rupee	9.63	9.89
	64.23	62.21

As at March 31, 2017, the Company's net assets would have decreased or increased by approximately \$7,568,556 (December 31, 2016 - \$7,361,175) 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, 2017 and March 31, 2016 (Unaudited)

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### 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, 2017	<b>1,726,722</b>	-	-	-	<b>1,726,722</b>
December 31, 2016	1,791,219	-	-	-	1,791,219
Loan payable					
March 31, 2017	<b>8,000,000</b>	-	-	-	<b>8,000,000</b>
December 31, 2016	11,800,000	-	-	-	11,800,000

As at March 31, 2017, 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 \$19,679 (2016 - \$14,989). 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, 2017, 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 \$15,281,610 (December 31, 2016 - \$ 15,726,457) (approximately 6.48% (2016 - 6.64%) 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, 2017 and March 31, 2016 (Unaudited)

### 4. Accounts and other receivables

Accounts and other receivables consist of the following:

	March 31, 2017	December 31, 2016
	\$	\$
Dividends	63,500	125,610
Interest	41,600	17,600
	105,100	143,210

### 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2017	December 31, 2016
	\$	\$
Amounts due to broker for investments purchased	2,771,938	-
Investment management fees (Note 9)	1,040,572	1,012,695
Professional fees	120,385	279,809
Loan interest	26,839	38,432
Directors fees	19,800	-
	3,979,534	1,330,936

### 6. Loan payable

On February 19, 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, 2017, the outstanding balance of the loan was \$8,000,000 (December 31, 2016 - \$11,800,000) which is the fair value of the loan. During the period ended March 31, 2017, the minimum amount borrowed was \$Nil (2016 - \$Nil) and the maximum amount borrowed was \$13,600,000 (2016 - \$10,600,000). As at March 31, 2017 and December 31, 2016, 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 has been completed on previously unexplored portions of our claim group. Urbana is in the process of drilling several identified geological anomalies at the present time. Cold weather is critical for drilling on the southern portion of our claim group as the ground must be frozen to support the drills. This year's winter program is expected to cost between \$300,000 and \$600,000 depending upon results. 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 \$676,261 of which \$20,911 relates to 2017 (2016 - \$81,049). These costs have been expensed as incurred and are recorded as a loss in 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, 2017 and March 31, 2016  
(Unaudited)

## 8. Share capital

As at March 31, 2017 and December 31, 2016 share capital consists of the following:

	Three month period ended March 31, 2017		Year ended December 31, 2016	
	Number	Amount \$	Number	Amount \$
<i>Authorized</i>				
Preferred shares	Unlimited	N/A	Unlimited	N/A
Common shares	Unlimited	N/A	Unlimited	N/A
Non-voting fully participating 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 - non-voting Class A shares</i>				
Balance, beginning of period	42,863,200	123,914,769	43,388,500	125,433,378
Normal Course Issuer Bid Repurchases	(2,100,400)	(6,072,122)	(525,300)	(1,518,609)
Balance, end of period	40,762,800	117,842,647	42,863,200	123,914,769
Total	50,762,800	125,841,540	52,863,200	131,913,662

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

On August 29, 2016, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 4,244,598 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, 2016, and will terminate on the earlier of August 30, 2017, 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 6,523 Class A Shares, being 25% of the average daily volume for the most recently completed six months, which is 26,092 Class A shares calculated in accordance with the TSX rules. Notwithstanding this restriction, Urbana may make one purchase of more than 6,523 Class A Shares in any given week in accordance with the TSX's block purchase rules. As at March 31, 2017, Urbana has purchased 2,204,800 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, 2017 and March 31, 2016  
(Unaudited)

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## 8. Share capital (continued)

<b>Normal Course Issuer Bid Period</b>	<b>Total Number of Class A Shares Purchased during the Period</b>	<b>Average Price</b>
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	2,204,800	3.03

## 9. Related party transactions

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

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

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, 2017, CIM earned \$1,040,647 of investment management fees from Urbana (2016 - \$768,089). The investment management fees are accrued daily and paid quarterly in arrears. As at March 31, 2017 there was an investment management fee payable included in accounts payable and accrued liabilities of \$1,040,572 to CIM (December 31, 2016 - \$1,012,695).

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, 2017, the total commission fees paid to CSL by Urbana amounted to \$104,872 (2016 - \$247,493) which was included in transaction costs.

In the three month period ended March 31, 2017, Urbana paid CSL \$101,700 (2016 - \$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.

# Urbana Corporation

## Notes to the condensed interim financial statements for the three month periods ended March 31, 2017 and March 31, 2016 (Unaudited)

### 10. Income taxes

The Company's provision for income taxes for the three month periods ended March 31, 2017 and 2016 is summarized as follows:

	2017	2016
	\$	\$
Net income (loss) before income taxes	12,325,016	(9,685,096)
Expected income taxes payable (recoverable) at future rates - 26.5%	3,266,129	(2,566,550)
Income tax effect of the following:		
Non-taxable portion of realized capital gains	(223,090)	(760,498)
Non-taxable/non-deductible portion of unrealized capital (gains) losses	(1,552,718)	1,898,048
Non-taxable dividends	(38,028)	(70,034)
Foreign withholding tax recovery, net of Canadian tax	(37,951)	-
Other	24	(75,688)
<b>Income tax expense (recovery)</b>	<b>1,414,366</b>	<b>(1,574,722)</b>

represented by

Provision for deferred income taxes	1,466,000	(1,610,000)
Foreign withholding tax (recovery) expense	(51,634)	35,278
<b>Income tax expense (recovery)</b>	<b>1,414,366</b>	<b>(1,574,722)</b>

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

	March 31, 2017	December 31, 2016
	\$	\$
Resource deductions available in perpetuity	(10,960)	(10,960)
Unrealized capital gains on investments	12,772,304	11,252,015
Non-capital loss carryforwards	(764,573)	(708,975)
Other	(196,771)	(198,080)
<b>Total deferred income tax liability</b>	<b>11,800,000</b>	<b>10,334,000</b>

At March 31, 2017, the Company had non-capital losses of \$2,885,182 (December 31, 2016 - \$2,675,378) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	Amount
	\$
December 31, 2029	94,568
December 31, 2031	2,450,121
December 31, 2032	130,689
December 31, 2033	209,804
	<b>2,885,182</b>

# Urbana Corporation

## Notes to the condensed interim financial statements

for the three month periods ended March 31, 2017 and March 31, 2016

(Unaudited)

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### 11. Dividends

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. On February 12, 2016 the Company paid a cash dividend of \$0.05 per share on the issued and outstanding common and Class A shares as at January 28, 2016 amounting to \$2,669,438.

### 12. Future accounting developments

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

### 13. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on May 4, 2017.

# URBANA CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended March 31, 2017

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed interim financial statements of Urbana Corporation ("Urbana" or the "Corporation") and notes thereto for the first quarter of 2017 (the "Q1 Financial Statements") and the audited financial statements of Urbana and notes thereto for the year ended December 31, 2016 (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 Q1 Financial Statements and 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 May 4, 2017. 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](http://www.urbanacorp.com) or the SEDAR website at [www.sedar.com](http://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 "net assets per share", a financial measure which is not recognized under IFRS and that does not have a standard meaning prescribed by IFRS. 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 March 31, 2017 and December 31, 2016 is presented in the following table:

	March 31, 2017	December 31, 2016
Assets (\$)	259,741,151	260,141,738
LESS Liabilities (\$)	23,779,534	23,464,936
EQUALS Net Assets (\$)	235,961,617	236,676,802
DIVIDED BY Number of Shares Outstanding	50,762,800	52,863,200
EQUALS Net assets per share (\$)	4.65	4.48

The Corporation provides this non-IFRS measure because it believes this 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.

## **BUSINESS STRATEGY AND RISK FACTORS**

The long-term strategy of Urbana is to seek and acquire investments for income and capital appreciation through a combination of public and private investments. Urbana has the scope to invest in any sector in any region. There were no material changes to Urbana's investment style during the first financial quarter of 2017 ("2017 Q1") 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 [www.urbanacorp.com](http://www.urbanacorp.com) and on SEDAR [www.sedar.com](http://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**

2017 Q1 was positive for Urbana. In that period, Urbana's net assets per share grew from \$4.48 to \$4.65 per share, after the payment of a dividend of ten cents (\$0.10) per share<sup>1</sup> in January 2017, resulting in a 6.15% total return on net assets per share<sup>2</sup> in 2017 Q1. During the same period, the S&P/TSX Total Return Composite Index grew by 2.41% and the Dow Jones Industrial Average Index grew by 5.19%.

<sup>1</sup> The common shares and the Class A shares participate equally in dividends.

<sup>2</sup> In calculating the total return on net assets per share, each dividend paid is assumed to have been reinvested at the time when the dividend was paid at a price equal to the net assets per share at that time.

The so called “Trump Trade” (the expectation of reduced U.S. regulation and tax reform) continued into the first quarter of 2017. Investor enthusiasm was tempered by the failure to enact U.S. healthcare reform legislation. Generally speaking, continued economic growth around the world allowed equity markets to begin to decouple from the effects of shifting political climates. As interest rates begin to edge up, there could be some challenges for share prices in the public equity markets in the next few quarters. Given some significant stock price improvements over the past several quarters, some degree of caution is warranted.

In the first three months of 2017, we decreased our holdings in some of our core positions to increase cash which could be deployed for investment opportunities. In this regard, we purchased shares of Deutsche Bank which, despite regulatory concerns, appeared significantly undervalued at approximately one third of the valuation of comparable North American-based banks. Further, we purchased positions in a few junior companies such as Osisko Mining Inc., Metanor Resources Inc. and Beaufield Resources Inc. Our small hedging position in the BetaPro S&P 500 VIX was intended to gain from any major market setback. Such a setback did not occur and the position was closed out with a small loss - refer to “Acquisitions and Dispositions of Portfolio Investments” below.

The stand-out in our private equity sector was the initial public offering for the Bombay Stock Exchange (“Bombay”), held through Mauritius-based holding companies Caldwell India Holdings Inc. and Urbana Mauritius Inc. - refer to “Summary of Investment Portfolio” below. The process leading to the Bombay initial public offering was long, challenging and required protracted negotiations with management, regulators and government. Urbana was extremely active in producing this satisfactory outcome. We tendered approximately 27% of our Bombay shares at a gross price of 806 Indian Rupees (“INR”) or \$15.63 per share. The remainder of our shares must now be held until February 1, 2018. Urbana currently beneficially holds 1,153,069 shares of Bombay which now trade on the National Stock Exchange in India. Urbana now values its remaining Bombay holdings at the closing market price less a liquidity discount until the lock up period for our Bombay shares expires on February 1, 2018. The Bombay shares were valued at 917 INR or \$18.86 per share on March 31, 2017.

Looking at the coming quarter, Urbana’s management anticipates a second liquidity event with Real Matters Inc. which we believe has the potential to be accretive to Urbana’s net assets per share.

It is the intention of management to maintain a high percentage of Urbana’s assets in U.S. securities as we believe President Trump’s intentions toward Canadian trade are not benign. Canada is an easy target for U.S. trade negotiations and such U.S. trade actions could negatively impact the value of the Canadian dollar vs. the U.S. dollar.

In 2017 Q1, dividend and interest income were \$0.5M and \$24,069 respectively (2016 Q1 - \$0.5M and \$17,671).

Urbana realized a net gain of \$1.7M from the sales and dispositions of investments in Q1 2017 (2016 Q1 - \$5.7M). The realized capital gains reflected the disposition of investments in Bank of America (\$1.2M), Suncor Energy (\$1.1M), Canadian Imperial Bank of Commerce (\$1.0M),



Teck Resources (\$0.6M) and Intercontinental Exchange Group (\$0.5M). These gains were offset by a capital loss realized on the partial redemption of equity shares of Caldwell India Holdings Inc. (\$2.6M).

The key growth drivers behind \$11.7M in unrealized gains in 2017 Q1 were the overall improvements in Urbana's portfolio of private equity investments. Caldwell India Holdings Inc. and Urbana Mauritius Inc. were Urbana's best performers in 2017 Q1 as a result of their holdings of the equity shares of Bombay. The trading price of Bombay equity shares increased significantly when they commenced trading on a stock exchange in February 2017. The Caldwell Growth Opportunities Trust also generated good results. Of the public investments, CBOE Holdings Inc. and Barrick Gold Corp. increased in value. Together these investments added approximately \$12.3M in unrealized gains in 2017 Q1 which were partially offset by unrealized losses on other investments.

During 2017 Q1, Urbana recorded net income before income taxes of \$12.3M (2016 Q1 - \$9.7M loss) as a result of \$11.7M in unrealized gains on investments. Investment management fees were \$1.0M (2016 Q1 - \$0.8M), foreign withholding tax recovery was \$51,634 (2016 Q1 - \$35,278 expense) and transaction costs were \$0.1M (2016 - \$0.2M). Investment management fees increased due to higher net assets under management in 2017 and transaction costs decreased in 2017 as a result of reduced trading activity. In 2017 Q1 Urbana recovered excess withholding taxes that had been paid in 2016.

Urbana also continued its buy-back of its non-voting Class A shares ("Class A shares") with the purchase and cancellation of 2,100,400 shares in 2017 Q1 at an average price of \$3.07 per Class A share.

### Financial Highlights

The following table shows selected key financial information about Urbana and is intended to help you understand Urbana's financial performance in 2017 Q1 and in the prior three financial years:

Supplemental Data <sup>(1)</sup>				
	2017 Q1	2016	2015	2014
Total net assets	\$235,961,617	\$236,676,802	\$186,043,679	\$187,135,092
Shares outstanding	50,762,800	52,863,200	53,388,500	57,548,300
Closing market price (common)	\$3.15	\$2.95	\$2.05	\$2.09
Closing market price (Class A)	\$3.11	\$2.99	\$2.05	\$1.97

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

### Past Performance

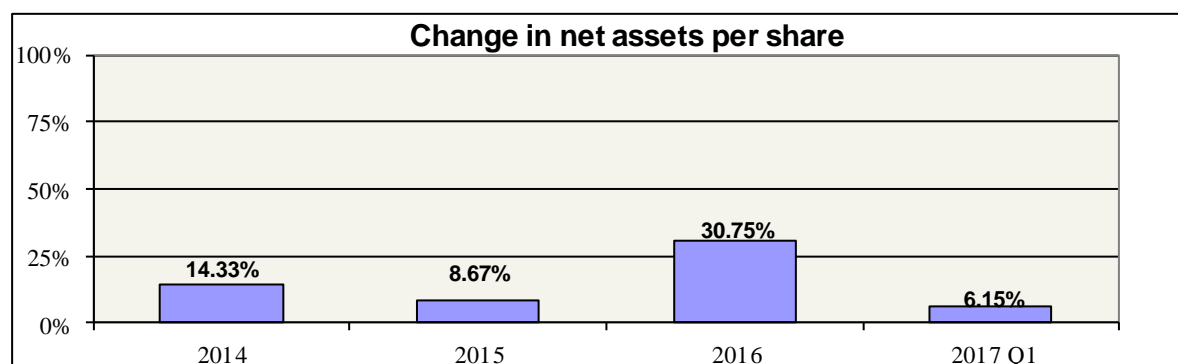
The performance information presented in this section shows how Urbana has performed in the past and does not necessarily indicate how it will perform in the future.

### Year-by-Year Performance

The following bar chart shows the net asset 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 upon liquidation, are treated as if they are common shares for the purposes of the net assets calculation.



### Summary of Investment Portfolio as at March 31, 2017

The following data is extracted from Urbana's financial statements for the three month period ended March 31, 2017:

No. of Securities	Description	Cost (\$)	Fair Value (\$)	% of Portfolio Fair Value
<b>Private equity investments</b>				
757,569	Caldwell India Holdings Inc. <sup>(i)</sup>	16,501,204	14,723,567	5.67%
395,500	Urbana Mauritius Inc. <sup>(ii)</sup>	7,312,848	7,964,624	3.07%
11,684,403	Canadian Securities Exchange (formerly CNSX)	5,829,521	10,515,963	4.05%
32	Minneapolis Grain Exchange (seats)	7,279,359	7,255,056	2.79%
800,000	Caldwell Financial Ltd.	1,826,650	2,648,000	1.02%
5,000,040	Radar Capital Fund I Limited Partnership <sup>(iii)</sup>	4,683,729	7,350,059	2.83%
300,000	Radar Capital Fund II Series F Limited Partnership	3,000,000	3,000,000	1.16%
6,271,422	Real Matters Inc.	12,179,624	32,924,966	12.68%
50	Radar Capital Inc.	50	50	0.00%
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000	1.16%
3,000,000	Four Lakes Capital Fund Limited Partnership	3,000,000	3,402,600	1.31%
406,066	Caldwell Growth Opportunities Trust <sup>(iv)</sup>	3,400,000	5,566,475	2.14%
100	Urbana Special Investment Holdings Ltd. <sup>(v)</sup>	2,894,499	3,319,889	1.28%
340,884	Highview Financial Holdings Inc.	207,518	194,304	0.07%
24,683	Bermuda Stock Exchange	533,099	69,458	0.03%
<b>Public equity investments</b>				
150,000	CBOE Holdings Inc.	4,959,550	16,217,851	6.25%
135,000	Intercontinental Exchange Group Inc.	5,607,692	10,779,159	4.15%
250,000	Citigroup Inc.	11,699,826	19,944,736	7.68%
900,000	Bank of America Corp.	12,554,710	28,314,723	10.91%
250,000	Suncor Energy	8,518,101	10,207,500	3.93%
350,000	Barrick Gold Corp.	6,174,997	8,844,961	3.41%
300,000	Teck Resources Ltd. Class B	2,141,693	8,724,000	3.36%
50,000	Canadian Imperial Bank of Commerce	4,516,190	5,733,500	2.21%
480,000	Morgan Stanley	13,312,369	27,424,112	10.56%
600,000	Deutsche Bank AG	12,641,361	13,731,260	5.29%
1,106,500	Beafield Resources Inc.	186,310	232,365	0.09%
2,000,000	Metanor Resources Inc.	151,909	170,000	0.07%
513,800	Osisko Mining Inc.	2,495,338	2,491,930	0.96%

<b>Private debt investments</b>				
1,500,000	Highview Financial Holdings Inc. <sup>(vi)</sup>	1,500,000	1,500,000	0.58%
100,000	Highview Financial Holdings Inc. <sup>(vii)</sup>	100,000	100,000	0.04%
1,300,000	Radar Capital Inc. <sup>(viii)</sup>	1,300,000	126,722	0.05%
<b>Cash</b>		3,158,221	3,158,221	1.22%
<b>TOTAL</b>		162,666,368	259,636,051	100.00%

(i) Urbana owns 64.57% of the outstanding investor shares of Caldwell India Holdings Inc. ("CIHI"), which holds 1,173,319 equity shares of the Bombay Stock Exchange. 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 Bombay Stock Exchange.

(iii) Radar Capital Fund 1 Limited Partnership owns 24% of the debt and equity of Highview Financial Holdings Inc. ("HFHI").

(iv) Caldwell Growth Opportunities Trust owns 30% of the equity shares of CIHI and 8% of the units of Radar Capital Fund 1 Limited Partnership.

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

(vi) Unsecured promissory note repayable on April 22, 2017 with a semi-annual interest payment of 83,853 common shares.

(vii) Unsecured promissory note repayable on April 22, 2017 with a semi-annual interest payment of 12,000 common shares.

(viii) 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. In 2017 Q1, mining expenditures of \$20,911 (2016 Q1 - \$81,049) have been recorded as a loss in computing "Net realized gain on sale and disposal of investments" in the Q1 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](http://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 March 31, 2017, the outstanding balance of the loan was \$8M, representing 3.39% of the net assets of Urbana. The minimum and maximum amounts borrowed during 2017 Q1 were \$Nil and \$13M 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 29, 2016, the Toronto Stock Exchange (the "TSX") accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 4,244,598 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, 2016, and will terminate on the earlier of August 30, 2017, 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 March 31, 2017, Urbana had purchased 2,204,800 Class A shares pursuant to the NCIB at an average purchase price of \$3.03 per share.

## Acquisitions and Dispositions of Portfolio Investments

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

### Acquisitions

<b>Investments</b>	<b>No. of Securities</b>	<b>Cost Base (\$)¹</b>
BetaPro S&P 500 VIX	50,000	506,250
Deutsche Bank AG	200,000	3,657,958
Beaufield Resources Inc.	1,106,500	186,310
Metanor Resources Inc.	2,000,000	151,909
Osisko Mining Inc.	513,800	2,495,338

### Dispositions

<b>Investments</b>	<b>No. of Securities</b>	<b>Cost Base (\$)¹</b>	<b>Proceeds ( \$)¹</b>
Caldwell India Holdings Inc.	835,425	9,098,523	6,492,927
Canadian Imperial Bank of Commerce	50,000	4,516,190	5,511,978
Suncor Energy	125,000	4,259,050	5,368,063
Bank of America	75,000	1,046,225	2,264,128
Industrial Alliance Insurance and Financial Services	28,500	1,586,025	1,521,667
Intercontinental Exchange Group Inc.	15,000	623,077	1,126,725
Teck Resources Ltd.	30,000	214,170	835,552
BetaPro S&P 500 VIX	50,000	506,250	446,606

¹Cost 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 has been completed on previously unexplored portions of our claim group. Urbana is in the process of drilling several identified geological anomalies. Cold weather is critical for drilling on the southern portion of our claim group as the ground must be frozen to support the drills. This year's winter program is expected to cost between \$0.3M and \$0.6M depending upon results.

Urbana has incurred mining expenditures totaling \$0.7M, of which \$20,911 has been recorded as a loss in computing "Net realized gain on sale and disposal of investments" in the Q1 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 Dividend Declared

Currently the Corporation has a dividend policy that it intends to pay a cash dividend of five cents (\$0.05) 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 January 4, 2017, Urbana's board of directors declared a regular cash dividend of five cents (\$0.05) per share, plus a special cash dividend of five cents (\$0.05) per share, for a total of ten cents (\$0.10) per share, on the issued and outstanding common and Class A shares of Urbana, payable on January 31, 2017 to the shareholders of record at the close of business on January 17, 2017. 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 May 4, 2017, the Corporation has 10,000,000 common shares and 40,426,600 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 March 31, 2017, Urbana owned 5,000,040 units of Radar Capital Fund I Limited Partnership and 300,000 units of Radar Capital Fund II Series F Limited Partnership, both of which are managed by RCI.

As at March 31, 2017, Urbana owned 406,066 units of Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM – refer to "Summary of Investment Portfolio" above.

Caldwell Securities Ltd., 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 Caldwell Securities Ltd. by Urbana in 2017 Q1, 2016 Q1 and during the years ended December 31, 2016, December 31, 2015 and December 31, 2014 were \$0.1M, \$0.2M, \$0.5M, \$0.5M and \$0.1M respectively.

In 2017 Q1, Urbana paid Caldwell Securities Ltd. \$30,000 per month (plus applicable sales taxes) 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 function of Urbana's chief financial officer.

As at March 31, 2017, there were no fees payable to related parties, other than a management fee of \$1.0M payable to CIM (2016 Q1 - \$0.8M).

## 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 Q1, CIM earned \$1.0M of investment management fees from Urbana (2016 Q1 - \$0.8M). The investment management fees are accrued daily and paid quarterly in arrears. As at March 31, 2017 there was an investment management fee of \$1.0M payable to CIM.

## SUMMARY OF QUARTERLY RESULTS

The table below shows the key operating results of the Corporation for the seven completed quarters since the Corporation's Reclassification.

	1 <sup>st</sup> Quarter 2017 (\$)	4 <sup>th</sup> Quarter 2016 (\$)	3 <sup>rd</sup> Quarter 2016 (\$)
Realized gain (loss)	1,722,787	4,905,156	(2,615,790)
Change in unrealized gain	11,718,625	35,829,988	14,874,812
Dividend income	510,227	665,481	638,646
Interest income	24,069	35,411	17,534
Total expenses	1,650,692	1,917,374	1,404,185
Net income before income taxes	12,325,016	39,518,662	11,511,017
Net assets per share (beginning of period)	4.48	3.82	3.62
Net assets per share (end of period)	4.65	4.48	3.82

	2 <sup>nd</sup> Quarter 2016 (\$)	1 <sup>st</sup> Quarter 2016 (\$)	4 <sup>th</sup> Quarter 2015 (\$)	3 <sup>rd</sup> Quarter 2015 (\$)
Realized gain (loss)	1,407,292	5,739,608	(3,182,833)	(4,897,552)
Change in unrealized gain (loss)	19,282,334	(14,324,894)	10,555,542	(471,858)
Dividend income	570,277	517,415	594,253	619,344
Interest income (reversal of interest income)	17,590	17,671	33,028	(15,446)
Total expenses	1,626,296	1,634,896	1,257,740	1,177,240
Net income (loss) before income taxes	19,651,197	(9,685,096)	6,742,250	(5,942,752)
Net assets per share (beginning of period)	3.29	3.48	3.35	3.41
Net assets per share (end of period)	3.62	3.29	3.48	3.35

## 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 59% of its assets, with a fair value of approximately \$156M, in marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In 2017 Q1, 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 loan facility 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.

### **CHANGES IN ACCOUNTING POLICIES**

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

### **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 Q1 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.

### **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 March 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 quarter ended March 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.

There have been no changes in the Corporation's ICFR that occurred during the period beginning January 1, 2017 and ending on March 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 Company 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.*