Condensed Interim Financial Statements of

Urbana Corporation

June 30, 2017 and June 30, 2016

(Unaudited)

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

Urbana Corporation

June 30, 2017 and June 30, 2016
(Unaudited)

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Urbana Corporation

Condensed interim statements of financial position as at June 30, 2017 and December 31, 2016 (Unaudited)

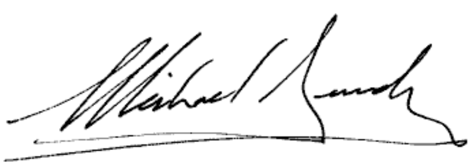
(In Canadian dollars)

	June 30, 2017	December 31, 2016
	$	$
Assets		
Cash	**1,418,144**	386,699
Investments, at fair value (Notes 2 and 3)	**248,145,767**	259,611,829
Accounts and other receivables (Note 4)	**22,146**	143,210
	249,586,057	260,141,738
Liabilities		
Loan payable (Note 6)	**-**	11,800,000
Accounts payable and accrued liabilities (Note 5)	**2,298,800**	1,330,936
Deferred income tax liability (Note 10)	**11,630,000**	10,334,000
	13,928,800	23,464,936
Shareholders' equity		
Share capital (Note 8)	**123,902,011**	131,913,662
Contributed surplus	**66,638,960**	67,335,274
Retained earnings	**45,116,286**	37,427,866
Shareholders' equity representing net assets	**235,657,257**	236,676,802
Total liabilities and shareholders' equity	**249,586,057**	260,141,738
Number of shares outstanding (Note 8)	**50,091,900**	52,863,200

See accompanying notes

Approved by the Board

______________________________ Director



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Urbana Corporation

Condensed interim statements of comprehensive income
for the six month periods ended June 30, 2017 and June 30, 2016
(Unaudited)
(In Canadian dollars)

	Three month period ended June 30		Six month period ended June 30	
	2017	2016	2017	2016
	$	$	$	$
Revenue				
Net realized gain on sale and disposal of investments	**2,211,234**	1,407,292	**3,934,021**	7,146,900
Net change in unrealized gain on investments	**623,450**	19,282,334	**12,342,075**	4,957,440
Dividends	**703,053**	570,277	**1,213,280**	1,087,692
Interest revenue	**35,095**	17,590	**59,164**	35,261
Total operating income	**3,572,832**	21,277,493	**17,548,540**	13,227,293
Expenses				
Investment management fees (Note 9)	**1,063,701**	838,542	**2,104,348**	1,606,631
Interest	**74,390**	77,555	**153,343**	145,651
Administrative (Note 9)	**349,014**	300,257	**671,294**	696,320
Transaction costs (Note 9)	**50,482**	112,738	**155,354**	360,231
Professional fees	**159,212**	297,204	**263,152**	452,359
	1,696,799	1,626,296	**3,347,491**	3,261,192
Net income before income taxes	**1,876,033**	19,651,197	**14,201,049**	9,966,101
Foreign withholding tax expense (Note 10)	**80,476**	31,831	**28,842**	67,109
Provision for current income taxes (Note 10)	**-**	87,515	**-**	87,515
Provision for (recovery of) deferred income taxes (Note 10)	**(170,000)**	2,310,000	**1,296,000**	700,000
Income tax expense (recovery)	**(89,524)**	2,429,346	**1,324,842**	854,624
Total profit and comprehensive income for the period	**1,965,557**	17,221,851	**12,876,207**	9,111,477
Basic and diluted earnings per share	**0.04**	0.32	**0.25**	0.17
Weighted average number of shares outstanding	**50,343,300**	53,077,750	**50,909,714**	53,205,143

See accompanying notes

Urbana Corporation

Condensed interim statements of changes in equity
for the six month periods ended June 30, 2017 and June 30, 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 profit for the period	-	-	9,111,477	9,111,477
Dividends paid	-	-	(2,669,438)	(2,669,438)
Normal course issuer bid repurchases	(1,123,129)	368,168	-	(754,961)
Balance at June 30, 2016	132,309,142	67,257,580	(7,835,965)	191,730,757
Balance at January 1, 2017	**131,913,662**	**67,335,274**	**37,427,866**	**236,676,802**
Total profit for the period	**-**	**-**	**12,876,207**	**12,876,207**
Dividends paid	**-**	**-**	**(5,187,787)**	**(5,187,787)**
Normal course issuer bid repurchases	**(8,011,651)**	**(696,314)**	**-**	**(8,707,965)**
Balance at June 30, 2017	**123,902,011**	**66,638,960**	**45,116,286**	**235,657,257**

See accompanying notes

Urbana Corporation

Condensed interim statements of cash flows
for the six month periods ended June 30, 2017 and June 30, 2016
(Unaudited)
(In Canadian dollars)

	2017	2016
	$	$
Operating activities		
Total profit for the period	**12,876,207**	9,111,477
Items not affecting cash		
Gain on sale and disposal of investments	**(4,328,788)**	(7,146,900)
Net change in unrealized gain on investments	**(12,342,075)**	(4,957,440)
Provision for deferred income taxes	**1,296,000**	700,000
Purchases of investments	**(11,726,607)**	(38,268,668)
Proceeds on sale of investments	**39,863,532**	44,613,403
	25,638,269	4,051,872
Net change in non-cash working capital items		
Accounts and other receivables	**121,064**	(52,014)
Current income taxes	**-**	87,515
Accounts payable and accrued liabilities	**967,864**	13,714
	1,088,928	49,215
Cash provided by operating activities	**26,727,197**	4,101,087
Financing activities		
Issuance of loan payable	**20,300,000**	27,000,000
Repayment of loan payable	**(32,100,000)**	(27,800,000)
Dividends paid	**(5,187,787)**	(2,669,438)
Normal course issuer bid repurchases	**(8,707,965)**	(754,961)
Cash used in financing activities	**(25,695,752)**	(4,224,399)
Net change in cash during the period	**1,031,445**	(123,312)
Cash, beginning of period	**386,699**	345,723
Cash, end of period	**1,418,144**	222,411
Supplemental disclosure		
Income taxes paid	**-**	-
Interest paid	**153,343**	145,651

See accompanying notes

Urbana Corporation

Condensed interim schedule of investment portfolio
as at June 30, 2017
(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	$	$
757,569	Caldwell India Holdings Inc.(i)	16,501,204	16,522,858
395,500	Urbana Mauritius Inc. (ii)	7,312,848	8,618,810
11,684,403	Canadian Securities Exchange	5,829,521	10,515,963
32	Minneapolis Grain Exchange (seats)	7,279,359	6,898,694
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,800,000
5,000,040	Radar Capital Fund 1 Limited Partnership (iii) (Note 9)	4,358,561	6,500,052
300,000	Radar Capital Fund II Series F Limited Partnership (Note 9)	3,000,000	3,000,000
3,135,711	Real Matters Inc. (iv)	12,179,624	32,816,470
50	Radar Capital Inc.(Note 9)	50	50
5,406,753	Highview Investments Limited Partnership	5,406,753	5,406,753
3,000,000	Four Lakes Capital Fund Limited Partnership	3,000,000	3,243,300
406,066	Caldwell Growth Opportunities Trust (v) (Note 9)	3,400,000	5,838,621
100	Urbana Special Investment Holdings Ltd. (vi)	2,894,499	3,322,093
24,683	Bermuda Stock Exchange	533,099	68,920
		73,522,168	105,552,584
	Public equity investments		
150,000	CBOE Holdings Inc.	4,959,550	17,805,177
135,000	Intercontinental Exchange Group Inc.	5,607,692	11,557,391
250,000	Citigroup Inc.	11,699,826	21,714,264
900,000	Bank of America Corp.	12,554,710	28,355,816
100,000	Suncor Energy	3,407,240	3,789,000
350,000	Barrick Gold Corp.	6,174,997	7,222,439
350,000	Teck Resources Ltd. Class B	3,263,961	7,868,000
480,000	Morgan Stanley	13,312,369	27,777,635
600,000	Deutsche Bank AG	12,275,551	13,862,324
1,598,500	Beaufield Resources Inc.	304,908	343,677
425,000	Metanor Resources Inc.	352,270	378,250
168,100	Osisko Mining Inc.	817,015	689,210
		74,730,089	141,363,183
	Private debt investments		
500,000	2568004 Ontario Inc. (vii)	500,000	500,000
500,000	2568004 Ontario Inc. (viii)	500,000	500,000
1,300,000	Radar Capital Inc.(ix)	1,300,000	230,000
		2,300,000	1,230,000
		150,552,257	248,145,767

(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 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.
(iv) Shares consolidated on a 1 for 2 basis from 6,271,422 to 3,135,711 immediately preceding initial public offering in May 2017.
(v) Caldwell Growth Opportunities Trust owns 30% of the equity shares of CIHI and 8% of the units of Radar Capital Fund 1 Limited Partnership.
(vi) Urbana Special Investment Holdings Ltd., a wholly-owned subsidiary of Urbana, holds 51.44262 equity shares of OneChicago LLC.
(vii) Urbana holds an unsecured promissory note maturing on August 1, 2023 with interest at 12% per annum payable quarterly.
(viii) Urbana holds an unsecured promissory note maturing on August 1, 2023 with interest compounding annually at 12% per annum payable on the maturity date.
(ix) Urbana holds an unsecured promissory note which is non-interest bearing and due on demand.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. Mining expenditures of $394,767 (2016 - $265,470) have been recorded as a loss in realized gain on sale and disposal of investments.

Urbana Corporation ("Urbana" or the "Company") is an investment company originally incorporated as a mineral exploration company named Macho River Gold Mines Limited under the Companies Act (Ontario) on August 25, 1947. A change of business application from a mining issuer to an investment issuer was approved by the TSX Venture Exchange in July, 2005. As a result of the change, the Company was considered an investment fund for the purposes of applicable securities laws.

On July 13, 2015, shareholders voted in favour of a resolution which effectively removed the classification of the Company as an investment fund. As a result, Urbana is not considered an investment fund for securities law purposes but continues to be treated as an investment fund for accounting purposes.

The Company's common 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.

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.

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

1. Summary of significant accounting policies (continued)

Comprehensive Income 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. 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 per share

Basic earnings per share is computed by dividing the total profit 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 per share reflects the assumed conversion of all dilutive securities using the "treasury stock" method for purchase warrants and stock options.

Interests in Other Entities

The table below presents the unconsolidated subsidiaries of the Company as at June 30, 2017:

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

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

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
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 June 30, 2017:

				June 30, 2017
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Public equity investments	**141,363,183**	**-**	**-**	**141,363,183**
Private equity investments	**-**	**64,856,832**	**40,695,752**	**105,552,584**
Private debt investments	**-**	**-**	**1,230,000**	**1,230,000**
	141,363,183	**64,856,832**	**41,925,752**	**248,145,767**

2. Fair value measurement (continued)

Level 2 and 3 valuation methods – June 30, 2017

Description	Fair value (1)	Primary Valuation technique used	Significant unobservable inputs	Input/Range (2)
Private equity investments				
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	**16,522,859**	Market transaction	Recent transaction price less discount	4.0% discount
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	**8,618,810**	Market transaction	Recent transaction price less discount	4.0% discount
Bermuda Stock Exchange	**68,920**	Analysis of comparable exchanges	P/E multiple	17.1-25.9
Urbana Special Investment Holdings Ltd.	**3,322,093**	Weighted average of discounted cash flow, and Average P/E multiple	Discount rate Average P/E multiple	12.64% LTM P/E: 6.8-104.0 (3) NTM P/E: 8.5-36.3 (4)
Caldwell Financial Ltd.	**2,800,000**	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Canadian Securities Exchange	**10,515,963**	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	**5,838,621**	Net asset value per unit	Net asset value per unit	N/A
Real Matters Inc.	**32,816,470**	Market transaction	Recent transaction price less discount	2.0% discount
Radar Capital Fund 1 Limited Partnership	**6,500,052**	Net asset value per unit	Net asset value per unit	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)	**6,898,694**	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: 32.74x

(4) Next twelve months P/E: 18.91x

(5) Enterprise value of assets under management

(6) Enterprise value of assets under administration

2. Fair value measurement (continued)

Level 2 and 3 valuation methods – June 30, 2017 (continued)

Description	**Fair value** (1)	**Primary Valuation technique used**	**Significant unobservable inputs**	**Input/Range** (2)
Private equity investments (continued)				
Highview Investments Limited Partnership	**5,406,753**	Net asset value per unit	Net asset value per unit	N/A
Four Lakes Capital Fund Limited Partnership	**3,243,300**	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc.	**50**	N/A	N/A	N/A
Private debt investments				
Radar Capital Inc.	**230,000**	Cash value	N/A	N/A
2568004 Ontario Inc.	**500,000**	Face value	N/A	N/A
2568004 Ontario Inc.	**500,000**	Face value	N/A	N/A
Ending balance	**106,782,584**			

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

2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2016

Description	Fair value (1)	Primary Valuation technique used	Significant unobservable inputs	Input/Range (2)
Private equity investments				
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	**17,371,898**	Analysis of comparable exchanges	P/E multiple	20.6-43.3
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	**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 Average P/E multiple	12.74% LTM P/E: 10.1-254.8 (3) NTM P/E: 11.3-44.0 (4)
Caldwell Financial Ltd.	**2,432,000**	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	**7,080,744**	Market transaction	Recent transaction price	N/A
Canadian Securities Exchange	**10,515,963**	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	**4,374,225**	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	**194,304**	EV as a % of AUM (5) EV as a % of AUA (6)	EV as a % of AUM EV as a % of AUA	1.0%-4.0% 0.5%
Real Matters Inc.	**32,599,513**	Market transaction	Recent transaction price	N/A
Radar Capital Fund 1 Limited Partnership	**7,235,338**	Net asset value per unit	Net asset value per unit	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

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)
Private equity investments (continued)				
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
Private debt investments				
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 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 shares of the Bombay Stock Exchange, which are the primary investment of CIHI and UMI, commenced trading on a stock exchange. Similarly, the shares of Real Matters Inc. commenced trading on a stock exchange in 2017 and as a result, the valuation methodology has been changed from a recent market transaction price in an inactive market to a recent market transaction price in an active market, discounted due to a hold period.

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 six month period ended June 30, 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:

			June 30, 2017
	Private equity investments	**Private debt investments**	**Total**
	$	$	$
Beginning balance	**93,475,297**	**1,791,219**	**95,594,978**
Change in unrealized gain	**12,403,050**	**38,781**	**12,441,831**
Purchases	**2,156,279**	**1,000,000**	**3,156,279**
Sales	**(9,380,736)**	**(1,600,000)**	**(10,980,736)**
Transfer out of level 3	**(57,958,138)**	**-**	**(57,958,138)**
Ending balance	**40,695,752**	**1,230,000**	**41,925,752**

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 June 30, 2017 and December 31, 2016 are as shown below:

Level 2 and 3 valuation methods – June 30, 2017

Description	**Input**	**Sensitivity used** (1)	**Effect on fair value ($)**
Private equity investments	P/E multiple	1X	**3,077**
	1 x net fees plus net assets	10%	**280,000**
	Average P/E multiple	1X	**10,414**
	Discount rate	1%	**881,456**
	Recent transaction price	10%	**1,741,465**
	Recent transaction price less discount	10%	**5,795,814**
	Net asset value per unit	10%	**2,398,878**
Private debt investments	Cash value	10%	**23,000**
	Face value	10%	**100,000**

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 net assets	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. During 2017, the investments in CIHI, UMI and Real Matters Inc. were transferred out of Level 3 to Level 2 because shares of the Bombay Stock Exchange, which are the primary investment of CIHI and UMI, and shares of Real Matters Inc. commenced trading on a stock exchange in 2017.

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 June 30, 2017, the Company holds approximately $1.2 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.

3. Financial instruments and risk management (continued)

Liquidity risk (continued)

	June 30, 2017 financial liabilities due on demand	**< 3 months**	**Total**
	$	**$**	**$**
Loan payable	**-**	**-**	**-**
Accounts payable and accrued liabilities	**-**	**2,298,800**	**2,298,800**
	-	**2,298,800**	**2,298,800**

	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 June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
Currency	**As % of net assets**	As % of net assets
	%	%
United States Dollar	**56.32**	52.32
Indian Rupee	**10.67**	9.89
	66.99	62.21

As at June 30, 2017, the Company's net assets would have decreased or increased by approximately $7,893,509 (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.

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					
June 30, 2017	**230,000**	**-**	-	**1,000,000**	**1,230,000**
December 31, 2016	1,791,219	-	-	-	1,791,219
Loan payable					
June 30, 2017	**-**	-	-	-	**-**
December 31, 2016	11,800,000	-	-	-	11,800,000

As at June 30, 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 $38,638 (2016 - $36,258). 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 June 30, 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 $14,136,318 (December 31, 2016 - $ 15,726,457) (approximately 6.00% (December 31, 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).

4. Accounts and other receivables

Accounts and other receivables consist of the following:

	June 30, 2017	December 31, 2016
	$	$
Dividends	**22,146**	125,610
Interest	**-**	17,600
	22,146	143,210

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	June 30, 2017	December 31, 2016
	$	$
Amounts due to broker for investments purchased	**1,127,879**	-
Investment management fees (Note 9)	**1,063,702**	1,012,695
Professional fees	**96,874**	279,809
Loan interest	**10,345**	38,432
	2,298,800	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 June 30, 2017, the outstanding balance of the loan was $Nil (December 31, 2016 - $11,800,000) which is the fair value of the loan. During the period ended June 30, 2017, the minimum amount borrowed was $Nil (2016 - $Nil) and the maximum amount borrowed was $13,600,000 (2016 - $10,600,000). As at June 30, 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 conducted on previously unexplored portions of our claim group. Urbana has completed a winter drill program targeting several identified geological anomalies. This year's exploration program is expected to cost between $300,000 and $600,000 depending upon results. A follow up geophysical program has recently been completed and management is awaiting its results. A comprehensive report summarizing both the exploration work completed in the recent past and results to date is underway and will assist in determining next steps. In accordance with IFRS 6 "*Exploration for and Evaluation of Mineral Resources",* Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources. Urbana has incurred costs totaling $1,050,118 of which $394,767 relates to 2017 (2016 - $265,470). These costs have been expensed as incurred and are recorded as a loss in realized gain on sale and disposal of investments.

8. Share capital

As at June 30, 2017 and December 31, 2016 share capital consists of the following:

	Number	**Six month period ended June 30, 2017 Amount**	Number	Year ended December 31, 2016 Amount
		$		$
Authorized				
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
Issued - common shares				
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
Issued - non-voting Class A shares				
Balance, beginning of period	**42,863,200**	**123,914,769**	43,388,500	125,433,378
Normal Course Issuer Bid Repurchases	**(2,771,300)**	**(8,011,651)**	(525,300)	(1,518,609)
Balance, end of period	**40,091,900**	**115,903,118**	42,863,200	123,914,769
Total	**50,091,900**	**123,902,011**	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 holders 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 June 30, 2017, Urbana has purchased 2,875,700 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:

8. Share capital (continued)

Normal Course Issuer Bid Period	Total Number of Class A Shares Purchased during the Period	Average Price
August 28, 2008 - August 27, 2009	1,336,582	1.28
August 28, 2009 - August 27, 2010	3,083,920	1.32
August 28, 2010 - August 27, 2011	7,431,300	1.27
August 29, 2011 - August 28, 2012	6,636,033	1.01
August 29, 2012 - August 28, 2013	5,989,067	1.18
August 29, 2013 - August 28, 2014	5,386,000	1.78
August 29, 2014 - August 28, 2015	4,700,000	2.02
August 31, 2015 - August 30, 2016	1,332,400	1.98
August 31, 2016 - August 30, 2017	2,875,700	3.11

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 June 30, 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 June 30, 2017 and December 31, 2016, Urbana owned 406,066 units of Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM. RCI also manages Highview Investments Limited Partnership (“HILP”). Urbana exchanged the common shares and promissory notes of Highview Financial Holdings Inc. (“HFHI”) it held for additional units of HILP during the second quarter of 2017. As at June 30, 2017, Urbana owned 5,406,573 units of HILP. Subsequent to quarter end, Urbana’s units of HILP were converted into common shares of HFHI as part of a capital restructuring.

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 six month period ended June 30, 2017, CIM earned $2,104,348 of investment management fees from Urbana (2016 - $1,606,631). The investment management fees are accrued daily and paid quarterly in arrears. As at June 30, 2017 there was an investment management fee payable included in accounts payable and accrued liabilities of $1,063,702 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 six month period ended June 30, 2017, the total commission fees paid to CSL by Urbana amounted to $155,354 (2016 - $360,231) which was included in transaction costs.

In the six month period ended June 30, 2017, Urbana paid CSL $203,400 (2016 - $203,400) for administrative services, including investor relations services, office and conference room access for Urbana’s directors and officers, and accounting services, including the services of an individual to perform the functions of Urbana’s chief financial officer. This expense was included in administrative expenses.

All related party transactions are recorded at their exchange amounts.

10. Income taxes

The Company's provision for income taxes for the six month periods ended June 30, 2017 and 2016 is summarized as follows:

	2017	2016
	$	$
Net income before income taxes	**14,201,049**	9,966,101
Expected income taxes payable at future rates - 26.5%	**3,763,278**	2,641,114
Income tax effect of the following:		
Non-taxable portion of realized capital gains	**(561,476)**	(946,964)
Non-taxable portion of unrealized capital gains	**(1,635,325)**	(656,861)
Non-taxable dividends	**(77,778)**	(160,797)
Foreign withholding taxes, net of Canadian tax	**21,199**	-
Other	**(185,057)**	(21,868)
Income tax expense	**1,324,842**	854,624
represented by		
Provision for deferred income taxes	**1,296,000**	700,000
Provision for current income taxes	**-**	87,515
Foreign withholding taxes	**28,842**	67,109
Income tax expense	**1,324,842**	854,624

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

	2017	2016
	$	$
Resource deductions available in perpetuity	**(10,960)**	(10,960)
Unrealized capital gains on investments	**12,813,518**	11,252,015
Non-capital loss carryforwards	**(973,035)**	(708,975)
Other	**(199,523)**	(198,080)
Total deferred income tax liability	**11,630,000**	10,334,000

At June 30, 2017, the Company had non-capital losses of $3,671,829 (December 31, 2016 - $3,176,979) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	Amount
	$
December 31, 2028	444,923
December 31, 2029	151,246
December 31, 2031	2,450,121
December 31, 2032	130,689
December 31, 2033	494,850
	3,671,829

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 August 2, 2017.