URBANA CORPORATION

2019

2019 ANNUAL REPORT

Corporate Information

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AUDITOR:

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DIRECTORS AND OFFICERS OF THE COMPANY:

Thomas S. Caldwell, C.M.
Director, President and CEO
Toronto, Ontario

Beth Colle
Director
Toronto, Ontario

George D. Elliott
Director
Toronto, Ontario

Michael B.C. Gundy
Director
Toronto, Ontario

Charles A.V. Pennock
Director
Toronto, Ontario

Sylvia V. Stinson
Chief Financial Officer

Harry K. Liu
General Counsel and Corporate Secretary

Urbana Corporation's Common Shares and Non-Voting Class A Shares are listed for trading on the Toronto Stock Exchange and the Canadian Securities Exchange.
Ticker Symbols:
URB (Common Shares)
URB.A (Non-Voting Class A Shares)

Website: www.urbanacorp.com

URBANA
CORPORATION

REPORT TO SHAREHOLDERS

2019 was a good year for investors generally (Dow Jones Industrial Average Total Return Index, in Canadian dollars, up 19.4% and the S&P/TSX Composite Total Return Index up 22.9%) and for Urbana Corporation ("Urbana") in particular.

Urbana's net assets per share grew 25.4% and the share price of our Class A and common shares improved by 27.4% and 19.8% (dividend adjusted) respectively over the 2019 calendar year.

In addition, Urbana's dividend was raised from $0.07 to $0.08 per share or 14.3%.

One of the self-imposed goals of Urbana's management is to generate short-term performance (one year) exceeding the company's long-term results of 14.5% to December 31, 2019 (compounded return since October 31, 2002).

Urbana also recommenced the company's buy-back program in 2019. Much of 2019's investment performance came from two components: 1) recovery of Real Matters Inc.'s share price and 2) a significant improvement in the value of Urbana's investments in U.S. financial institutions. That component remains our largest holdings group.

Publicly traded securities account for this year's good results, as the performance of our private equity investments remained relatively flat. Typically, the private equity component of Urbana's portfolio experiences periods of flat performance as businesses reach critical mass, and periods of positive performance when businesses become attractive for either an initial public offering ("IPO") or buyout.

The great advantage of Urbana's portfolio structure is the publicly traded or liquid sector often provides short-term results while our longer-term private holdings move toward a liquidation event.

Currently, there is a significant amount of money chasing opportunities in the private equity area while the volatility of publicly traded securities is providing some shorter-term opportunities.

For much of 2019, we let our holdings run and do the work for us. We did take some profits (Cboe Global Markets, Inc., Intercontinental Exchange Inc., Detour Gold Corporation, Gluskin Sheff &

Associates Inc.) and entered a few new positions (KKR & Co. Inc., AGF Management Ltd., Micron Technology, Inc). Throughout 2019, the adage held that “bull markets climb a wall of worry” and there was much to worry about over the year, such as impeachment issues, Iran, trade conflicts and threats, and Brexit, to name just a few. Despite these worries, the weight of cash in the system, low interest rates and improving earnings and economic prospects simply powered through all the negatives.

As we peer into 2020, with pandemic fears, Brexit negotiation and looming U.S. presidential campaign rhetoric, we remain positive.

We will be changing a few things in 2020.

First, we will continue to reduce underperforming holdings and second, align our private equity investments to focus more on direct, strategic investments similar to our investments in Highview Financial Holdings Inc. and CNSX Markets Inc. (the operator of the Canadian Securities Exchange), and not on indirect holdings through intermediary vehicles or pools.

This should provide greater clarity to that portfolio component and a more transparent personality to Urbana.

Going forward, we anticipate seeking out and investing in companies using technology to disrupt existing industries. Our Real Matters Inc. holding is an excellent example of an organization changing a sleepy industry (home appraisals) through the use of modern systems and procedures. There are similar opportunities in other industries which we are currently reviewing.

Our focus has been on the financial services area and services surrounding that sector. That will, in great measure, continue.

Re-aligning Urbana’s private holdings will not take place over night due to the liquidity constraints inherent in the private equity area.

Despite the occasional bad news of 2019, it was a good year for financial markets as market downturns are invariably followed by significant upward price rebounds. This augurs well for 2020 whereby we can use market volatility to advantage. Further, the massive buy backs of companies’ shares is shrinking the supply of quality equities by billions of dollars. For example, approximately $753 billion was taken out of the S&P500 Index through share buybacks in the first quarter of 2019.

This supply/demand model can provide some foundation or underpinning for future share price increases beneath the obvious volatility inherent in today’s market environment.

2020 will present some significant challenges. The first is the Coronavirus and even at the time of this writing there is no clarity as to the long-term damage a potential pandemic can cause.

Also, there are no 'experts' to provide definite insights or answers. Markets do not like uncertainty. The ripple effects of the Coronavirus and containment measures can have a major impact on the world economy and financial markets.

The developing conflict between Saudi Arabia and Russia is now creating havoc in the world energy sector. It will take time to see if any resolution will occur. In the interim there will be challenges for all energy producers.

Throughout it all, fundamental values will eventually prevail.

On behalf of the Board of Directors,

Thomas S. Caldwell, C.M.
Chairman, Chief Executive Officer and President

March 11, 2020

Forward-Looking Statements
Certain information contained in this Report constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of Urbana, 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. For important information regarding forward-looking statements, please refer to Urbana's most recently filed MD&A under the heading "Forward-Looking Statements".

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URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited financial statements of Urbana Corporation ("Urbana" or the "Corporation") and notes thereto for the year ended December 31, 2019 (the "Annual Audited Financial Statements"). Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the Annual Audited Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts shown in this MD&A, unless otherwise specified, are presented in Canadian dollars. This MD&A is current as of March 11, 2020. The Corporation's Audit Committee reviewed this document, and prior to its release, the Corporation's Board of Directors approved it, on the Audit Committee's recommendation.

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

REPORTING REGIME

Urbana is subject to National Instrument 51-102 ("NI 51-102") *Continuous Disclosure Obligations*. For accounting purposes, Urbana is treated as an investment entity under IFRS.

NON-GAAP MEASURES

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

Net assets per share

The three financial measures used to calculate "net assets per share", namely assets, liabilities and number of shares outstanding, are individually recognized under IFRS, but "net assets per share" is not. The calculation of net assets per share as at December 31, 2019 and 2018 is presented in the following table:

	December 31, 2019	December 31, 2018
Assets ($)	290,705,461	216,401,933
LESS Liabilities ($)	37,179,968	8,973,068
EQUALS Net Assets ($)	253,525,493	207,428,865
DIVIDED BY Number of Shares Outstanding	49,563,600	50,000,000
EQUALS Net assets per share ($)	5.12	4.15

Total return of net assets per share

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

Compound annual growth rate of net assets per share since inception

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

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

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

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

BUSINESS OBJECTIVES AND STRATEGIES, AND RISK FACTORS

The business objectives and strategies of Urbana are to seek out, and invest in, private investment opportunities for capital appreciation and to invest in publicly traded securities to provide growth, income and liquidity. Urbana has the scope to invest in any sector in any region. There were no material changes to Urbana's investment style in 2019 that affected the overall level of risk associated with investment in the Corporation. Some of the risk factors associated with investing in Urbana are described in Urbana's most recent annual information form, which is available on the Corporation's website at www.urbanacorp.com and on SEDAR at www.sedar.com. Risks and uncertainties that may materially affect Urbana's future performance include individual corporate risk, macroeconomic risk, currency risk and product price risk.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The first quarter of 2019 ("Q1") reflected extreme equity market volatility as Urbana's net assets per share grew from $4.15 to $4.32, after the payment of a dividend of seven cents ($0.07) per share[1] in January 2019, resulting in a 5.8% total return of net assets per share in Q1. This performance was, in great measure, generated by our public holdings.

In the second quarter of 2019 ("Q2") Urbana's net assets grew by 4.4% as its net assets per share increased from $4.32 to $4.51. Urbana's investment in Real Matters accounted for a large portion of this increase.

The third quarter of 2019 ("Q3") continued to be positive for the Corporation. During this period, Urbana's net assets per share increased from $4.51 to $4.83, resulting in a 7.1% total return of net assets per share. Once again, Real Matters performed very well as did our U.S. financial holdings.

In the fourth quarter of 2019 ("Q4") we took some profits in Power Financial Corp. and in Real Matters, as its price moved up. We lightened our holdings of our Mauritius-based subsidiaries, as a portion of their shares of the Bombay Stock Exchange were sold. In Q4 Urbana's net assets per share increased from $4.83 to $5.12, representing a 6.0% total return of net assets per share. During the same period, the S&P/TSX Composite Total Return Index ("S&P/TSX Index") increased by 3.2% and the Dow Jones Industrial Average Total Return Index (converted to Canadian Dollars) ("DJIA Index") increased by 4.6%.

During 2019, Urbana's net assets per share increased from $4.15 to $5.12, after the payment of a dividend of seven cents ($0.07) per share[1] in January 2019, resulting in a 25.4% total return of net assets per share. During the same period, the S&P/TSX Index increased by 22.9% and the DJIA Index increased by 19.4%.

Urbana's long-term performance, represented by its CAGR of net assets per share since inception to December 31, 2019, was 14.5%. This compares favourably with the CAGR of the S&P/TSX Index of 9.0% and the CAGR of the DJIA Index of 9.4%, for the same period.[2] Our long-term goal is to strive for and maintain long-term performance.

2019 was a good year for investors generally and for Urbana in particular. Publicly traded securities account for this year's good results, as the performance of our private equity investments remained relatively flat. Typically, the private equity component of Urbana's portfolio experiences periods of flat performance as businesses reach critical mass, and periods of positive

[1] The common shares and the Class A shares participate equally in dividends.
[2] The CAGR of the indexes is calculated in the same way as the CAGR of net assets per share since inception.

performance when businesses become attractive for either an initial public offering ("IPO") or buyout.

For much of 2019, we let our holdings run and do the work for us. We did take some profits (Cboe Global Markets, Intercontinental Exchange, Detour Gold, Gluskin Sheff) and entered a few new positions (KKR & Co., AGF Management, Micron Technology) to diversify our holdings somewhat.

Real Matters was by far the star performer in Urbana's investment portfolio, contributing $27.1M in value during 2019. Low interest rates continue to fuel a resurgence in U.S. home purchases and refinancing, and this has underpinned the significant improvement in this investment.

We continue to focus on the financial services area and services surrounding that sector, as we believe there is value there.

Urbana re-commenced its share buyback program (Normal Course Issuer Bid ("NCIB")) in Q3. At present, we are attempting to purchase the maximum allowable under daily trading rules. Management is open to larger purchases when and if larger amounts become available.

In 2019, dividend income was $3.1M, up from $2.5M in 2018. This increase stemmed primarily from our new holdings of Canadian dividend paying stocks, namely, CIBC, Inter Pipeline, Power Financial, AGF Management and Canadian Natural Resources. In 2019, interest income amounted to $148,401, down from $493,117 in 2018. Interest income in 2019 includes interest from two promissory notes issued in favour of Urbana by Highview Financial Holdings and Radar Capital Inc. In 2018, interest income reflects interest from NinePoint Financial Group promissory notes, which were repurchased by the issuer in late 2018 at a premium and the full repurchase amount was recorded as interest.

Urbana realized a net gain of $3.9M from the sale of investments in 2019 (2018 - $17.2M). The 2019 gain stemmed primarily from the disposition of Detour Gold ($2.1M), Real Matters ($985,391) and Intercontinental Exchange Group ($764,067). The 2018 gain resulted from the disposition of a portion of our U.S. holdings and from the capital restructuring of Radar Capital Inc.

Urbana recorded $55.9M in unrealized gains in 2019 (2018 - $58.5M loss). The best performer by far during 2019 was Real Matters, which contributed an increase in unrealized gains of $27.1M. Other strong performers that generated unrealized gains included Bank of America ($5.4M), Citigroup ($5.2M), Detour ($5.2M), Morgan Stanley ($3.3M), Cboe Global Markets ($1.9M), Four Lakes Capital Fund LP ($1.7M), Micron Technology ($1.7M), Highview Financial Holdings ($1.4M), Intercontinental Exchange ($1.4M) and Suncor Energy ($1.0M).

During 2019, Urbana recorded net income before income taxes of $56.8M (2018 - $44.4M net loss) primarily due to $55.9M in unrealized gains on investments. Investment management fees in 2019 were $4.1M, relatively unchanged from 2018. Interest expense in 2019 amounted to $382,435, up from $298,400 in 2018 due to higher average borrowings and increased borrowing rates in 2019. Transaction costs in 2019 were $179,281, down from $260,056 in 2018, due to reduced trading activity in 2019. Professional fees, comprised of audit fees and legal costs, were $329,601 in 2019, slightly up from $300,590 in 2018, due to increased legal fees for special project work and a rate increase for audit work. Administrative expenses in 2019 were $1.2M, virtually unchanged from 2018. Foreign withholding tax expense in 2019 was $278,126, down slightly from $303,895 in 2018, primarily due to reduced foreign dividend income in 2019. A deferred income tax expense of $5.8M has been recorded in 2019 (2018 - $5.8M recovery) primarily due to the unrealized gains recorded during 2019.

Urbana purchased and cancelled 436,400 non-voting Class A shares ("Class A shares") in 2019 at an average price of $2.63 per Class A share. Subsequent to December 31, 2019, Urbana purchased an additional 412,873 Class A shares at an average price of $2.70 per Class A share. Since May 2010, Urbana has purchased and cancelled a total of 38,375,593Class A shares under its normal course issuer bid programs. The number of Class A shares now outstanding is 39,150,727.

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

		2019 ($)	2018 ($)	2017 ($)
Total revenue (loss)		63,036,821	(38,264,809)	38,874,438
Profit (loss) from continuing operations attributable to owners of the parent:				
	Total	50,744,969	(38,856,150)	28,806,337
	Per share	1.02	(0.78)	0.57
	Diluted per share	1.02	(0.78)	0.57
Profit (loss) attributable to owners of the parent:				
	Total	50,744,969	(38,856,150)	28,806,337
	Per share	1.02	(0.78)	0.57
	Diluted per share	1.02	(0.78)	0.57
Total assets		290,705,461	216,401,933	266,820,930
Total non-current financial liabilities		13,660,000	7,883,000	13,728,000
Cash dividends declared per share:				
	Common shares	0.07	0.10	0.10
	Class A shares	0.07	0.10	0.10

Revenue and profit levels in 2019, 2018 and 2017 were determined primarily by the unrealized and realized gains on the Corporation's investment portfolio. Variations among the years relate to the investment decisions made, market price fluctuations of the investment portfolio and changes in foreign exchange rates. There have been no changes in accounting policies during the years 2017 to 2019 that had any impact on the financial performance of the Corporation during these years (see also below under the heading *Changes in Accounting Policies)*. There have been no discontinued operations during the years 2017 to 2019. Total assets decreased during 2018 because of reduced market values of the investment portfolio and increased during 2019 due to increased market values of the investment portfolio. Non-current financial liabilities, namely deferred income tax liability, decreased during 2018 because of unrealized losses and increased during 2019 due to unrealized gains. Dividends amounted to $0.10 per share in January 2017 and included a one-time special dividend of $0.05 per share due to the excellent 2016 results. A regular dividend of $0.07 per share and a special dividend of $0.03 per share (totaling $0.10 per share) were paid in January 2018, again due to the positive 2017 results. A regular dividend of $0.07 per share was paid in January 2019. The 2018 results did not warrant a special dividend in 2019. In all instances, common shares and the Class A shares participated equally in dividends. For each of the years 2017 to 2019, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation currency.

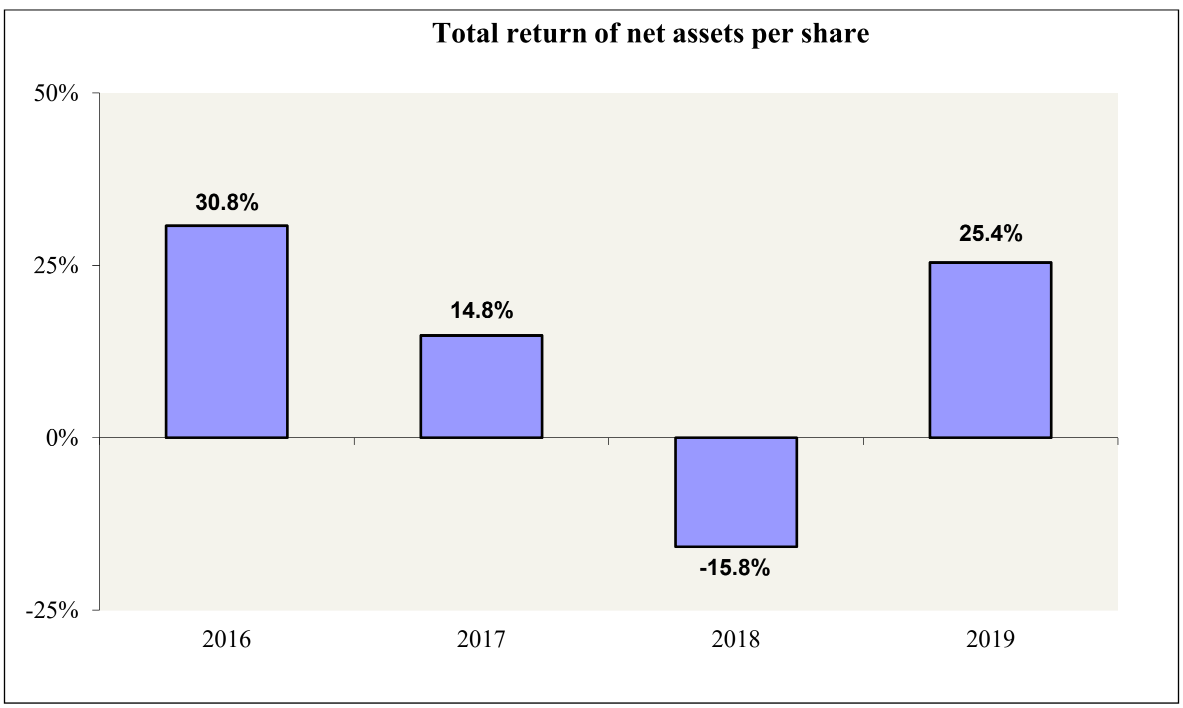
Past Performance

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

Year-by-Year Performance

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

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



Summary of Investment Portfolio as at December 31, 2019

The following data is extracted from Urbana's Financial Statements:

Number of securities	Description	Cost ($)	Fair value ($)	% of Portfolio Fair Value
	Private equity investments			
13,260,878	CNSX Markets Inc.	7,248,349	26,521,756	9.1%
35	Minneapolis Grain Exchange (seats)	8,151,851	9,531,113	3.3%
800,000	Caldwell Financial Ltd.	1,826,650	1,784,000	0.6%
2,350,000	Radar Capital Inc. Class A Common (i)	50	141,000	0.1%
16,755,081	Radar Capital Inc. Class B Common (i)	12,566,311	13,571,616	4.7%
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	3,594,009	1.2%
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,850,000	1,850,000	0.6%
9,909,025	Highview Financial Holdings Inc.	5,406,753	10,008,115	3.5%
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	4,728,168	1.6%
84,012	Caldwell Growth Opportunities Trust (ii)	703,437	836,594	0.3%
465,381	Vive Crop Protection Inc. Class A Preferred	314,132	314,132	0.1%
455,671	Vive Crop Protection Inc. Class B Preferred	45,567	45,567	-%
122,222	Kognitiv Corporation	2,404,596	2,773,599	1.0%
	Public equity investments			
672,832	Caldwell India Holdings Inc. (iii)	14,655,481	7,512,705	2.6%
343,238	Urbana Mauritius Inc. (iv)	6,346,517	3,894,571	1.3%
110,000	Cboe Global Markets, Inc.	3,637,004	17,117,100	5.9%
115,000	Intercontinental Exchange Group Inc.	4,776,923	13,801,634	4.8%
160,000	Citigroup Inc.	7,487,889	16,575,577	5.7%
450,000	Bank of America Corp.	6,277,355	20,552,191	7.1%
300,000	Suncor Energy	12,025,030	12,768,000	4.4%
400,000	Teck Resources Ltd. Class B	4,552,271	9,008,000	3.1%
275,000	Morgan Stanley	7,626,878	18,229,712	6.3%
3,000,000	Real Matters Inc.	11,652,500	36,960,000	12.7%
500,000	Detour Gold Corp.	7,253,195	12,570,000	4.3%
50,000	Canadian Imperial Bank of Commerce	5,602,898	5,403,000	1.9%
150,000	Inter Pipeline Ltd.	3,276,722	3,381,000	1.2%
700,000	AGF Management Ltd. Class B	4,044,556	4,508,000	1.6%
20,000	Canadian Natural Resources Ltd.	841,429	840,000	0.3%
250,000	KKR & Co. Inc. Class A	8,541,467	9,456,549	3.3%
750,000	Whitecap Resources Inc.	3,307,790	4,162,500	1.4%
150,000	Micron Technology Inc.	8,752,361	10,460,882	3.6%
	Private debt investments			
2,500,000	Highview Financial Holdings Inc. (v)	2,500,000	2,500,000	0.9%
4,188,770	Radar Capital Inc. (vi)	4,188,770	4,188,770	1.4%
	Cash	875,089	875,089	0.3%
		176,739,820	290,464,949	100.0%

(i) Urbana owns 65.51% of Radar Capital Inc. ("RCI"), which owns 27.13% of the common shares of Highview Financial Holdings Inc.

(ii) Urbana owns 23.42% of Caldwell Growth Opportunities Trust, which owns 5.50% of the Class B common shares of RCI.

(iii) Caldwell India Holdings Inc. ("CIHI"), a wholly-owned subsidiary of Urbana, holds 672,832 equity shares of the Bombay Stock Exchange (the "BSE"). Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the voting ordinary shares of CIHI. The fair value of these voting ordinary shares is nominal.

(iv) Urbana Mauritius Inc., a wholly-owned subsidiary of Urbana, holds 343,238 equity shares of the BSE.

(v) Unsecured convertible promissory note maturing on June 30, 2023 with interest at 8% per annum payable quarterly. This promissory note represents the first advance under a $3 million revolving line of credit and is convertible (in whole or in part) into common shares on the maturity date at $1.07 per common share.

(vi) Unsecured promissory note maturing on July 31, 2024 with interest compounding annually at the TD Canada Trust prime rate less 1% per annum payable on the maturity date.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. No mining expenditures were incurred in 2019 (2018- $94,714). These prior year expenditures were recorded in the financial statements of the Corporation as a loss in computing net realized gain on sale and disposal of investments in 2018.

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

Demand Loan Facility

On February 15, 2008, Urbana entered into a demand loan facility with a major Canadian chartered bank (the "Bank"). On March 2, 2015, the loan facility agreement was amended to allow Urbana to borrow up to $25M. Interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 1.25%, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on Urbana's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at December 31, 2019, the outstanding balance of the loan was $21.9M. The minimum and maximum amounts borrowed during 2019 were $Nil and $21.9M respectively. As at the date of this MD&A, the Corporation has complied with all covenants, conditions or other requirements of the outstanding debt.

Normal Course Issuer Bid

On August 28, 2018 the Toronto Stock Exchange (the "TSX") accepted a notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,965,572 of its own Class A shares (the "2018 NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the 2018 NCIB were permitted starting on September 4, 2018 and terminated on September 3, 2019. Urbana had purchased and cancelled 45,400 Class A shares pursuant to the 2018 NCIB at an average purchase price of $2.39 per Class A share.

On August 29, 2019 the TSX accepted a notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,963,322 of its own Class A shares (the "2019 NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the 2019 NCIB were permitted starting on September 4, 2019, and will terminate on the earlier of September 3, 2020, 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. As at December 31, 2019, Urbana had purchased and cancelled 391,000 Class A shares pursuant to the 2019 NCIB at an average purchase price of $2.66 per Class A share.

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 (2,852.7 acres). A report, which summarizes both the exploration work and results to date has been completed and will assist in determining next steps.

Urbana has incurred mining expenditures totaling $1.1M, all of which relate to periods prior to 2019. These expenditures were recorded in the financial statements of the Corporation as a loss in computing "net realized gain on sale and disposal of investments", in accordance with IFRS 6 *"Exploration for and Evaluation of Mineral Resources"*. 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 at this time. 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 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 31, 2019, the Corporation paid a cash dividend of $0.07 per share on the issued and outstanding common and Class A shares as at January 17, 2019. On January 31, 2020, the Corporation paid a cash dividend of $0.08 per share on the issued and outstanding common and Class A shares as at January 17, 2020. Pursuant to subsection 89(14) of the *Income Tax Act* of Canada (ITA) each dividend paid by Urbana qualifies as and is designated an eligible dividend for Canadian income tax purposes, as defined in subsection 89(1) of the ITA.

Outstanding Share Data

As at March 11, 2020, the Corporation has 10,000,000 common shares and 39,150,727 Class A shares outstanding.

RELATED PARTY DISCLOSURES

Caldwell Financial Ltd. ("CFL"), a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. ("CIM"), the investment manager of Urbana, and of Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana – refer to "Management Fees" below. As at December 31, 2019 Urbana had a 20% ownership interest in CFL.

CSL, a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. The total amount of commission fees paid to CSL by Urbana during the years ended December 31, 2019 and 2018 were $179,281 and $260,056 respectively. All securities transactions conducted through CSL are reviewed by Urbana's independent directors on a quarterly basis.

On July 19, 2019, the Ontario Securities Commission approved and published a settlement agreement with CIM to resolve a publicly disclosed enforcement proceeding. Before the commencement of the proceeding, CIM upgraded some of its policies and also agreed as part of the settlement to testing and validation of its procedures by an outside consultant. Urbana has reflected the impact of this settlement in its valuation of CFL, the parent company of CIM.

Pursuant to an administrative services agreement between Urbana and CSL dated January 1, 2016, Urbana paid CSL a monthly fee of $33,900 (HST inclusive) from January 2016 to February 2019, inclusive, for administrative services, including investor relations services, office and conference room access for Urbana's directors and officers, and accounting services, including chief financial officer services. On March 1, 2019, this agreement was amended and restated to provide that, effective March 1, 2019, Urbana would pay CSL a monthly fee of $28,702 (HST inclusive) for administrative services, including investor relations, information technology, professional corporate office, and office and conference room access for Urbana's staff, directors and officers. Effective March 1, 2019, Urbana's chief financial officer is an employee of Urbana and CSL no longer provides chief financial officer services to Urbana.

As at December 31, 2019 Urbana owned 50% of the voting class A common shares and 68.49% of the voting class B common shares of Radar Capital Inc. ("RCI"), a private capital company. Effective August 1, 2019, pursuant to RCI's Shareholders' Agreement, the previously held non-voting preferred shares of RCI were redeemed for a $4.2M unsecured promissory note and the non-voting class B common shares became voting class B common shares. As a result, Urbana owns a total of 65.51% of the voting common shares of RCI with each class A and class B common share entitled to one vote.

As at December 31, 2019 Urbana had a 23.42% ownership interest in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM – refer to "Summary of Investment Portfolio" above.

As at December 31, 2019 Urbana owned 49.29% of the common shares of CNSX Markets Inc., the operator of the Canadian Securities Exchange.

As at December 31, 2019 Urbana had a 47.44% direct ownership interest in Highview Financial Holdings Inc. ("HFHI") and held a $2.5M promissory note from HFHI. RCI had a 27.13% ownership interest in HFHI.

As at December 31, 2019, there were no fees payable to related parties, other than a management fee of $1.2M payable to CIM.

In a series of transactions in May and June 2019, Urbana purchased the following portfolio holdings (the "Purchased Securities") from Caldwell ICM Market Strategy Trust, a related party, at fair value, for an aggregate cost of approximately $5.0M:

- Radar Capital Inc. (units)
- Vive Crop Protection Inc. (preferred A shares, preferred B shares and warrants)
- Kognitiv Corporation (common shares)
- Minneapolis Grain Exchange ("MGEX") (seats)

The purchase prices of the Purchased Securities, excluding MGEX, were based on independent third party valuations and the purchase price of the MGEX seats was based on the price of a seat as quoted by the exchange on which the MGEX seats trade. The acquisitions by Urbana of the Purchased Securities were done with regulatory approval and the unanimous approval of the Board.

MANAGEMENT FEES

Investment management fees were charged by CIM for portfolio management services in accordance with a fund management and portfolio management agreement effective as of August 10, 2011 between Urbana and CIM. Pursuant to such agreement, in 2019 CIM was entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. In 2019, CIM earned $4.1M (2018 - $4.1M) of investment management fees from Urbana. The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2019 there was an investment management fee of $1.2M payable to CIM (2018 - $910,068).

On December 6, 2019 Urbana entered into an updated investment management and advisory agreement with CIM, effective as of January 1, 2020. Pursuant to this agreement, CIM is entitled to an investment management fee equal to 2.0% per annum of the market value of Urbana's investment portfolio, and, with the exception of NCIB purchases, CIM will pay a fee to CSL to cover all charges for brokerage, trade execution and other necessary investment-related services rendered directly or indirectly for the benefit of Urbana by CSL. The updated investment management and advisory agreement with CIM was unanimously approved by the Board, on the recommendation of the independent directors of the Corporation, which was based on, among other factors, advice from an independent financial advisory firm.

SUMMARY OF QUARTERLY RESULTS

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

	4th Quarter 2019 ($)	**3rd Quarter 2019 ($)**	**2nd Quarter 2019 ($)**	**1st Quarter 2019 ($)**
Realized gain	45,457	2,572,660	286,079	984,014
Change in unrealized gain (loss)	40,107,536	15,814,135	9,953,631	13,692,840
Dividend income	848,672	822,878	756,625	650,364
Interest income	91,205	49,612	2,064	5,520
Total expenses	2,004,909	1,664,371	1,325,177	1,242,269
Net income (loss) before income taxes	15,441,490	17,594,914	9,673,222	14,090,469
Net assets per share (beginning of period)	4.83	4.51	4.32	4.15
Net assets per share (end of period)	5.12	4.83	4.51	4.32
	4th Quarter 2018 ($)	**3rd Quarter 2018 ($)**	**2nd Quarter 2018 ($)**	**1st Quarter 2018 ($)**
Realized gain (loss)	2,204,679	1,009,623	7,266,506	6,739,053
Change in unrealized gain (loss)	(19,919,651)	(6,441,558)	(9,876,993)	(22,230,664)
Dividend income	689,543	621,651	608,053	571,832
Interest income	402,653	30,286	30,161	30,017
Total expenses	1,329,651	1,495,622	1,747,531	1,559,642
Net income (loss) before income taxes	(17,952,427)	(6,275,620)	(3,719,804)	(16,449,404)
Net assets per share (beginning of period)	4.46	4.57	4.64	5.03
Net assets per share (end of period)	4.15	4.46	4.57	4.64

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality.

FOURTH QUARTER

Realized gains in Q4 decreased significantly from the realized gains in Q3. This quarter over quarter variation does not reflect any type of pattern or seasonality. Rather, variations relate to the timing of investment decisions. Similarly, variations between Q4 in 2019 and Q4 in 2018 also relate to the timing of investment decisions, which are influenced by market movements, cash flow requirements and expectations regarding the economy, the political landscape and considerations related to the specific investments held. See also heading *Overall Performance and Discussion of Operations* above for additional Q4 information.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no significant financial or contractual obligations other than a demand loan facility with a major Canadian bank – refer to “Demand Loan Facility” above. The Corporation currently holds approximately 69% of its assets, with a fair value of approximately $187M, in cash and marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In 2019, 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 commitments, 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 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation’s financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. The following discusses the most significant accounting judgments that Urbana has made in preparing the financial statements:

Fair value measurement of private investments

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

Changes in Accounting Policies
There have been no changes in accounting policies during 2019 that affect the Corporation.

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

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

Consistent with NI 52-109, the Corporation's CEO and CFO have reviewed the design of the Corporation's DC&P and ICFR and have concluded that as at December 31, 2019 (A) the Corporation's DC&P provide reasonable assurance that (i) material information relating to the Corporation has been made known to them, particularly during the financial year ended December 31, 2019 and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation has been recorded, processed, summarized and reported within the time periods specified in securities legislation; and (B) the Corporation's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's CEO and CFO have evaluated the effectiveness of the Corporation's DC&P as at December 31, 2019 and have concluded that the Corporation's DC&P were effective as of that date.

The Corporation's CEO and CFO have also evaluated the effectiveness of the Corporation's ICFR as at December 31, 2019, using the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and have concluded that the Corporation's ICFR was effective as at that date.

There have been no changes in the Corporation's ICFR that occurred during the year beginning January 1, 2019 and ending on December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. All control systems contain inherent limitations, no matter how well designed. As a result, Management acknowledges that the Corporation's ICFR will not prevent or detect all misstatements due to error or fraud. In addition, Management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

FORWARD-LOOKING STATEMENTS

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

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

Audited Financial Statements of

Urbana Corporation

December 31, 2019 and December 31, 2018

Urbana Corporation

December 31, 2019 and December 31, 2018

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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Urbana Corporation

Opinion

We have audited the financial statements of Urbana Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael Darroch.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 11, 2020

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Urbana Corporation

Statements of financial position
as at December 31, 2019 and December 31, 2018

(In Canadian dollars)

	December 31, 2019	December 31, 2018
	$	$
Assets		
Cash	**875,089**	17,164,349
Investments, at fair value (Notes 2 and 3)	**289,589,860**	199,128,109
Accounts and other receivables (Note 4)	**240,512**	109,475
	290,705,461	216,401,933
Liabilities		
Loan payable (Note 6)	**21,900,000**	-
Accounts payable and accrued liabilities (Note 5)	**1,619,968**	1,090,068
Deferred income tax liability (Note 10)	**13,660,000**	7,883,000
	37,179,968	8,973,068
Shareholders' equity		
Share capital (Note 8)	**122,374,730**	123,636,334
Contributed surplus	**66,715,564**	66,602,286
Retained earnings	**64,435,199**	17,190,245
Shareholders' equity representing net assets	**253,525,493**	207,428,865
Total liabilities and shareholders' equity	**290,705,461**	216,401,933
Number of shares outstanding (Note 8)	**49,563,600**	50,000,000

See accompanying notes

Approved by the Board

_______________________________Director

_______________________________Director

Urbana Corporation

Statements of comprehensive income (loss)
for the years ended December 31, 2019 and December 31, 2018

(In Canadian dollars)

	2019	2018
	$	$
Revenue		
Net realized gain on sale and disposal of investments	**3,888,210**	17,219,861
Net change in unrealized gain (loss) on investments	**55,921,671**	(58,468,866)
Dividends	**3,078,539**	2,491,079
Interest revenue	**148,401**	493,117
	63,036,821	(38,264,809)
Expenses		
Investment management fees (Note 9)	**4,105,790**	4,073,763
Interest	**382,435**	298,400
Administrative (Note 9)	**1,239,619**	1,199,637
Transaction costs (Note 9)	**179,281**	260,056
Professional fees	**329,601**	300,590
	6,236,726	6,132,446
Net income (loss) before income taxes	**56,800,095**	(44,397,255)
Foreign withholding tax expense (Note 10)	**278,126**	303,895
Provision for (recovery of) deferred income taxes (Note 10)	**5,777,000**	(5,845,000)
Income tax expense (recovery)	**6,055,126**	(5,541,105)
Total profit (loss) and comprehensive income (loss) for the year	**50,744,969**	(38,856,150)
Basic and diluted earnings (loss) per share	**1.02**	(0.78)
Weighted average number of shares outstanding	**49,900,315**	50,000,000

See accompanying notes

Urbana Corporation

Statements of changes in equity
for the years ended December 31, 2019 and December 31, 2018

(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	$	$	$	$
Balance at January 1, 2018	123,636,334	66,602,286	61,046,416	251,285,036
Total loss and comprehensive loss for the year	-	-	(38,856,150)	(38,856,150)
Dividends paid	-	-	(5,000,021)	(5,000,021)
Balance at December 31, 2018	123,636,334	66,602,286	17,190,245	207,428,865
Balance at January 1, 2019	**123,636,334**	**66,602,286**	**17,190,245**	**207,428,865**
Total profit and comprehensive income for the year	**-**	**-**	**50,744,969**	**50,744,969**
Dividends paid	**-**	**-**	**(3,500,015)**	**(3,500,015)**
Normal course issuer bid repurchases	**(1,261,604)**	**113,278**	**-**	**(1,148,326)**
Balance at December 31, 2019	**122,374,730**	**66,715,564**	**64,435,199**	**253,525,493**

See accompanying notes

Urbana Corporation

Statements of cash flows
for the years ended December 31, 2019 and December 31, 2018

(In Canadian dollars)

	2019	2018
	$	$
Operating activities		
Total profit (loss) and comprehensive income (loss) for the year	**50,744,969**	(38,856,150)
Items not affecting cash		
Net realized gain on sale and disposal of investments	**(3,888,210)**	(17,314,575)
Net change in unrealized (gain) loss on investments	**(55,921,671)**	58,468,866
Provision for (recovery of) deferred income taxes	**5,777,000**	(5,845,000)
Purchases of investments	**(57,408,166)**	(56,210,487)
Proceeds on sale of investments	**26,756,296**	82,225,639
	(33,939,782)	22,468,293
Net change in non-cash working capital items		
Accounts and other receivables	**(131,037)**	(46,957)
Accounts payable and accrued liabilities	**529,900**	(217,826)
	398,863	(264,783)
Cash provided by (used in) operating activities	**(33,540,919)**	22,203,510
Financing activities		
Issuance of loan payable	**27,500,000**	32,400,000
Repayment of loan payable	**(5,600,000)**	(32,900,000)
Dividends paid	**(3,500,015)**	(5,000,021)
Normal course issuer bid repurchases	**(1,148,326)**	-
Cash provided by (used in) financing activities	**17,251,659**	(5,500,021)
Net change in cash during the year	**(16,289,260)**	16,703,489
Cash, beginning of year	**17,164,349**	460,860
Cash, end of year	**875,089**	17,164,349
Supplemental disclosure		
Dividends received	**3,038,539**	2,403,642
Interest received	**57,365**	536,597
Interest paid	**382,435**	298,400

See accompanying notes

Urbana Corporation

Schedule of investment portfolio
as at December 31, 2019
(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	$	$
13,260,878	CNSX Markets Inc. (Note 9)	7,248,349	26,521,756
35	Minneapolis Grain Exchange (seats)	8,151,851	9,531,113
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	1,784,000
2,350,000	Radar Capital Inc. Class A Common (i) (Note 9)	50	141,000
16,755,081	Radar Capital Inc. Class B Common (i) (Note 9)	12,566,311	13,571,616
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	3,594,009
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,850,000	1,850,000
9,909,025	Highview Financial Holdings Inc. (Note 9)	5,406,753	10,008,115
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	4,728,168
84,012	Caldwell Growth Opportunities Trust (ii) (Note 9)	703,437	836,594
465,381	Vive Crop Protection Inc. Class A Preferred	314,132	314,132
455,671	Vive Crop Protection Inc. Class B Preferred	45,567	45,567
122,222	Kognitiv Corporation	2,404,596	2,773,599
		48,517,694	75,699,669
	Public equity investments		
672,832	Caldwell India Holdings Inc. (iii)	14,655,481	7,512,705
343,238	Urbana Mauritius Inc. (iv)	6,346,517	3,894,571
110,000	Cboe Global Markets, Inc.	3,637,004	17,117,100
115,000	Intercontinental Exchange Group Inc.	4,776,923	13,801,634
160,000	Citigroup Inc.	7,487,889	16,575,577
450,000	Bank of America Corp.	6,277,355	20,552,191
300,000	Suncor Energy	12,025,030	12,768,000
400,000	Teck Resources Ltd. Class B	4,552,271	9,008,000
275,000	Morgan Stanley	7,626,878	18,229,712
3,000,000	Real Matters Inc.	11,652,500	36,960,000
500,000	Detour Gold Corp.	7,253,195	12,570,000
50,000	Canadian Imperial Bank of Commerce	5,602,898	5,403,000
150,000	Inter Pipeline Ltd.	3,276,722	3,381,000
700,000	AGF Management Ltd. Class B	4,044,556	4,508,000
20,000	Canadian Natural Resources Ltd.	841,429	840,000
250,000	KKR & Co. Inc. Class A	8,541,467	9,456,549
750,000	Whitecap Resources Inc.	3,307,790	4,162,500
150,000	Micron Technology, Inc.	8,752,361	10,460,882
		120,658,267	207,201,421
	Private debt investments		
2,500,000	Highview Financial Holdings Inc. (v)	2,500,000	2,500,000
4,188,770	Radar Capital Inc. (vi)	4,188,770	4,188,770
		6,688,770	6,688,770
		175,864,731	289,589,860

(i) Urbana owns 65.51% of Radar Capital Inc. (“RCI”), which owns 27.13% of the common shares of Highview Financial Holdings Inc.
(ii) Urbana owns 23.42% of Caldwell Growth Opportunities Trust, which owns 5.50% of the Class B common shares of RCI.
(iii) Caldwell India Holdings Inc. (“CIHI”), a wholly-owned subsidiary of Urbana, holds 672,832 equity shares of the Bombay Stock Exchange (the “BSE”). Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the voting ordinary shares of CIHI. The fair value of these voting ordinary shares is nominal.
(iv) Urbana Mauritius Inc., a wholly-owned subsidiary of Urbana, holds 343,238 equity shares of the BSE.
(v) Unsecured convertible promissory note maturing on June 30, 2023 with interest at 8% per annum payable quarterly. This promissory note represents the first advance under a $3 million revolving line of credit and is convertible (in whole or in part) into common shares on the maturity date at $1.07 per common share.
(vi) Unsecured promissory note maturing on July 31, 2024 with interest compounding annually at the TD Canada Trust prime rate less 1% per annum payable on the maturity date.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. No mining expenditures were incurred in 2019 (2018 - $94,714). These prior year expenditures have been recorded as a loss in computing net realized gain on sale and disposal of investments in 2018.

Urbana Corporation ("Urbana" or the "Company") is an investment company that is not considered an investment fund for securities law purposes but is treated as an investment entity for accounting purposes.

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

The business objectives and strategies of Urbana are to seek out, and invest in, private investment opportunities for capital appreciation and to invest in publicly traded securities to provide growth, income and liquidity.

1. Summary of significant accounting policies

Basis of presentation

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

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

Statement of compliance

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period. Actual results could differ from those estimates. Significant judgments and estimates included in the financial statements relate to the valuation of level 3 investments and realization of the deferred income tax liability.

Classification and measurement of investments

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

Valuation of investments

Investments are measured at fair value in accordance with IFRS 13 "*Fair Value Measurement"*. Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded, provided the close price is within the bid-ask spread.

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

1. Summary of significant accounting policies (continued)

Judgments and estimates (continued)

Valuation of investments (continued)

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

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

Financial instruments

The Company's financial instruments are comprised of cash, investments, accounts and other receivables, loan payable, and accounts payable and accrued liabilities. The Company recognizes financial instruments at fair value upon initial recognition. The Company measures the expected credit loss ("ECL") allowance on accounts and other receivables at an amount equal to the 12 month expected credit losses. Given the short-term nature of accounts and other receivables and the high credit quality, the Company has determined that the ECL allowance is not material.

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

Transaction costs

Transaction costs are expensed as incurred and are included in "Transaction costs" in the Statements of Comprehensive Income (Loss). Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Deferred income taxes

The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

Investment transactions and income recognition

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

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

Earnings (loss) per share

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

1. Summary of significant accounting policies (continued)

Interests in Other Entities

The table below presents the unconsolidated subsidiaries of the Company as at December 31, 2019:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. (1)	Toronto	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%
Highview Financial Holdings Inc.	Oakville	65.21%	65.21%

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

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	Mauritius	64.57%	100%
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. (1)	Toronto	100%	100%

(1) Urbana Special Investment Holdings Ltd., a wholly-owned subsidiary of Urbana, has no assets or liabilities other than an investment in 51.44262 equity shares of OneChicago, LLC, which was written-off as at December 31, 2018.

2. Fair value measurement

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2019:

				December 31, 2019
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Public equity investments	**195,794,145**	**11,407,276**	**-**	**207,201,421**
Private equity investments	**-**	**9,531,113**	**66,168,556**	**75,699,669**
Private debt investments	**-**	**-**	**6,688,770**	**6,688,770**
	195,794,145	**20,938,389**	**72,857,326**	**289,589,860**

2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2019

Description	Fair value ($)[1]	Primary Valuation technique used	Significant unobservable inputs	Input/Range[2]
Public equity investments				
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	**7,512,705**	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	**3,894,571**	Market transaction	Recent transaction price	N/A
Private equity investments				
Caldwell Financial Ltd.	**1,784,000**	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	**9,531,113**	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	**26,521,756**	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	**836,594**	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	**10,008,115**	EV as a % of AUM[3]	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	**4,728,168**	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	**141,000**	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	**13,571,616**	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class A	**3,594,009**	Market transaction	Recent transaction price	N/A
Evolve Funds Group Inc. Class B	**1,850,000**	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class A	**314,132**	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class B	**45,567**	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	**2,773,599**	Market transaction	Recent transaction price	N/A
Private debt investments				
Highview Financial Holdings Inc.	**2,500,000**	Face value	N/A	N/A

2. Fair value measurement (continued)

Radar Capital Inc.	**4,188,770**	Face value	N/A	N/A
Ending balance	**93,795,715**			

[(1)] *See Note 1 – Valuation of investments*

[(2)] *Where it is applicable, an input or range has been provided*

[(3)] *Enterprise value as a percentage of assets under management*

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2018:

				December 31, 2018
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Public equity investments	112,152,324	15,383,647	-	127,535,971
Private equity investments	-	9,178,176	62,413,962	71,592,138
	112,152,324	24,561,823	62,413,962	199,128,109

Level 2 and 3 valuation methods – December 31, 2018

Description	Fair value ($)[(1)]	Primary Valuation technique used	Significant unobservable inputs	Input/Range[(2)]
Public equity investments				
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	10,095,345	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	5,288,302	Market transaction	Recent transaction price	N/A
Private equity investments				
Caldwell Financial Ltd.	2,376,000	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	9,178,176	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	26,521,756	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	3,475,316	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	8,620,852	EV as a % of AUM[(3)]	EV as a % of AUM	1.0%-4.0%

2. Fair value measurement (continued)

Four Lakes Capital Fund Limited Partnership	3,009,907	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	50	N/A	N/A	N/A
Radar Capital Inc. Class B	11,557,561	Market transaction	Recent transaction price	N/A
Radar Capital Inc. Preferred	3,852,520	Market transaction	Recent transaction price	N/A
Evolve Funds Group Inc. Class A	3,000,000	Market transaction	Recent transaction price	N/A
Ending balance	86,975,785			

(1) See Note 1 – Valuation of investments

(2) Where it is applicable, an input or range has been provided

(3) Enterprise value as a percentage of assets under management

Change in valuation methodology

During 2019, the Company changed the primary valuation technique for the Class B common shares of Radar Capital Inc. ("RCI") from a methodology based on a recent market transaction to a methodology based on net asset value. In addition, the Class A common shares are valued based on net asset value as well, whereas previously, they had a nominal value. These changes were made to better reflect the fair value of these holdings since RCI did not complete a going-public transaction by July 31, 2019.

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

During the second and third quarters of 2018, the Company changed the primary valuation technique for CNSX Markets Inc. ("CNSX) from a methodology based on a recent market transaction to a methodology based on average EV/EBITDA multiples because recent earnings of CNSX, the operator of the Canadian Securities Exchange (the "CSE"), had increased substantially as a result of a significant increase in trading volume on the CSE. However, at the 2018 year end, the Company based its valuation on a recent market transaction that occurred during the fourth quarter of 2018, which is a better indicator of fair value.

In addition in 2018, the Company changed the primary valuation technique for Highview Financial Holdings Inc. ("HFHI") from a methodology based on multiples of both AUM and assets under administration to a methodology based on multiples of AUM alone. This change was made to better align with HFHI's strategic shift to focus on the AUM side of its business.

2. Fair value measurement (continued)

During the years ended December 31, 2019 and 2018 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

			December 31, 2019
	Private equity investments	**Private debt investments**	**Total**
	$	**$**	**$**
Beginning balance	**62,413,962**	**-**	**62,413,962**
Change in unrealized gain	**4,680,632**	**-**	**4,680,632**
Purchases	**5,959,295**	**6,688,770**	**12,648,065**
Sales	**(6,885,333)**	**-**	**(6,885,333)**
Ending balance	**66,168,556**	**6,688,770**	**72,857,326**

			December 31, 2018
	Private equity investments	Private debt investments	Total
	$	$	$
Beginning balance	47,120,263	1,063,000	48,183,263
Change in unrealized gain	5,136,680	1,237,000	6,373,680
Purchases	20,410,079	-	20,410,079
Sales	(10,253,060)	(2,300,000)	(12,553,060)
Ending balance	62,413,962	-	62,413,962

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2019 and 2018 are shown below:

Level 3 valuation methods – December 31, 2019

Description	**Input**	**Sensitivity used**[(1)]	**Effect on fair value ($)**
Private equity investments	1 x net fees plus net assets	10%	**178,400**
	Recent transaction price	10%	**3,509,906**
	Net asset value	10%	**1,927,738**
	EV as a % of assets under management	1%	**4,062,700**
	Face value	10%	**668,877**
Total			**10,347,621**

2. Fair value measurement (continued)

Level 3 valuation methods - December 31, 2018

Description	Input	Sensitivity used[1]	Effect on fair value ($)
Private equity investments	1 x net fees plus net assets	10%	237,600
	Recent transaction price	10%	4,493,184
	Net asset value	10%	648,527
	EV as a % of assets under management	1%	3,531,039
Total			8,910,350

(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.

During 2019 and 2018, there were no transfers into/out of Level 1, Level 2 or Level 3 investments.

3. Financial instruments and risk management

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

Credit risk

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at December 31, 2019, the Company held approximately $6.7 million (December 31, 2018 - $Nil) 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. The Company measures credit risk and lifetime ECLs related to accounts and other receivables using historical analysis and forward looking information in determining the ECLs.

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)

	December 31, 2019 financial liabilities due on demand	**< 3 months**	**Total**
	$	**$**	**$**
Loan payable	**21,900,000**	**-**	**21,900,000**
Accounts payable and accrued liabilities	**-**	**1,619,968**	**1,619,968**
	21,900,000	**1,619,968**	**23,519,968**

	December 31, 2018 financial liabilities due on demand	< 3 months	Total
	$	$	$
Loan payable	-	-	-
Accounts payable and accrued liabilities	-	1,090,068	1,090,068
	-	1,090,068	1,090,068

Liquidity risk is managed by investing in assets that are traded in an active market and can be readily sold or by borrowing under its credit facility (Note 6). The Common Shares and Class A Shares cannot be redeemed by shareholders. The Company endeavors to maintain sufficient liquidity to meet its expenses.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rise. When the value of the Canadian dollar rises, the value of foreign investments fall.

The table below indicates the currencies to which the Company had significant exposure as at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Currency	**As a % of net assets**	As a % of net assets
	%	%
United States Dollar	**46.77**	38.07
Indian Rupee	**4.50**	7.42
	51.27	45.49

As at December 31, 2019, the Company’s net assets would have decreased or increased by approximately $6,498,730 (2018 - $4,717,521) 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 assets such as cash and promissory notes held and on financial liabilities such as loan payable. The Company is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Company's interest income and expense are positively correlated to interest rates in that rising interest rates increase both the interest income and expense while the reverse is true in a declining interest rate environment.

The table below summarizes the Company's exposure to interest rate risks by remaining term to maturity.

As at December 31, 2019	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Cash	**875,089**	**-**	**-**	**-**	**875,089**
Financial asset – promissory notes	**-**	**-**	**6,688,770**	**-**	**6,688,770**
Loan payable	**(21,900,000)**	**-**	**-**	**-**	**(21,900,000)**
	(21,024,911)	**-**	**6,688,770**	**-**	**(14,336,141)**

As at December 31, 2018	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	$	$	$	$	$
Cash	17,164,349	-	-	-	17,164,349
Financial asset – promissory notes	-	-	-	-	-
Loan payable	-	-	-	-	-
	17,164,349	-	-	-	17,164,349

As at December 31, 2019, 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 $10,139 (2018 - $21,095). 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 December 31, 2019, 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 $20,720,142 (2018 - $ 12,753,597) or approximately 8.17% (2018 – 6.15%) 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:

	December 31, 2019	December 31, 2018
	$	$
Dividends	**149,476**	109,475
Interest	**91,036**	-
	240,512	109,475

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2019	December 31, 2018
	$	$
Investment management fees (Note 9)	**1,184,572**	910,068
Professional fees	**277,679**	141,350
Loan interest	**92,517**	-
Administrative fees	**49,700**	33,650
Other	**15,500**	5,000
	1,619,968	1,090,068

6. Loan payable

On February 15, 2008, the Company entered into a demand loan facility with a major Canadian bank (the "Bank"). On March 2, 2015 the loan facility agreement was amended to allow the Company to borrow up to $25,000,000 from the Bank at any given time. Interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 1.25%, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on the Company's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at December 31, 2019, the outstanding balance of the loan was $21,900,000 (2018 - $Nil) which is the fair value of the loan. During the year ended December 31, 2019, the minimum amount borrowed was $Nil (2018 - $Nil) and the maximum amount borrowed was $21,900,000 (2018 - $16,000,000). As at December 31, 2019 and 2018, 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 (2,852.7 acres). A report which summarizes both the exploration work and results to date has been completed 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 $1,146,119 of which $Nil was incurred in 2019 (2018 - $94,714). These costs have been expensed as incurred and are recorded as a loss in net realized gain on sale and disposal of investments.

8. Share Capital

As at December 31, 2019 and 2018 share capital consists of the following:

		Year ended December 31, 2019		Year ended December 31, 2018
	Number	**Amount**	Number	Amount
		$		$
Authorized				
Preferred shares	**Unlimited**	**N/A**	Unlimited	N/A
Common Shares	**Unlimited**	**N/A**	Unlimited	N/A
Class A Shares	**Unlimited**	**N/A**	Unlimited	N/A
Issued - Common Shares				
Balance, beginning of year	**10,000,000**	**7,998,893**	10,000,000	7,998,893
Issued during the year	**-**	**-**	-	-
Balance, end of year	**10,000,000**	**7,998,893**	10,000,000	7,998,893
Issued - Class A Shares				
Balance, beginning of year	**40,000,000**	**115,637,441**	40,000,000	115,637,441
Normal Course Issuer Bid Repurchases	**(436,400)**	**(1,261,604)**	-	-
Balance, end of year	**39,563,600**	**114,375,837**	40,000,000	115,637,441
Total	**49,563,600**	**122,374,730**	50,000,000	123,636,334

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

On August 29, 2019, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,963,322 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 September 4, 2019, and will terminate on the earlier of September 3, 2020, 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 3,786 Class A Shares, being 25% of the average daily volume for the most recently completed six months prior to the filing of the NCIB with the TSX, which is 15,145 Class A Shares, calculated in accordance with the TSX rules. Notwithstanding this restriction, Urbana may make one purchase of more than 3,786 Class A Shares in any given week in accordance with the TSX's block purchase rules. As at December 31, 2019, Urbana has purchased 391,000 Class A Shares at an average price of $2.66 per share pursuant to the NCIB and purchased 45,400 Class A Shares at an average price of $2.39 per share pursuant to the previous normal course issuer bid.

9. Related party disclosures

Caldwell Financial Ltd. ("CFL"), a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. ("CIM"), the investment manager of Urbana, and of Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana. As at December 31, 2019 and 2018, Urbana had a 20% ownership interest in CFL.

9. Related party disclosures (continued)

CSL, a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. In 2019, the total commission fees paid to CSL by Urbana amounted to $179,281 (2018 - $260,056) which was included in transaction costs.

On July 19, 2019, the Ontario Securities Commission approved and published a settlement agreement with CIM to resolve a publicly disclosed enforcement proceeding. Before the commencement of the proceeding CIM upgraded some of its policies and also agreed as part of the settlement to testing and validation of its procedures by an outside consultant. Urbana has reflected the impact of this settlement in its valuation of CFL, the parent company of CIM.

In 2019, Urbana paid CSL $354,820 (2018 - $406,800) for administrative services, including investor relations, information technology, professional corporate office, and office and conference room access for Urbana's staff, directors and officers. This expense was included in administrative expenses. Prior to March 1, 2019, the fee did not cover information technology and professional corporate office services and did cover accounting services, including chief financial officer services. Effective March 1, 2019, Urbana's chief financial officer became an employee of Urbana and CSL no longer provides chief financial officer services to Urbana.

As at December 31, 2019 Urbana owned 50% of the voting class A common shares and 68.49% of the voting class B common shares of Radar Capital Inc. ("RCI"), a private capital company. Effective August 1, 2019, pursuant to RCI's Shareholders' Agreement, the previously held non-voting preferred shares of RCI were redeemed for a $4,188,770 unsecured promissory note and the non-voting class B common shares became voting class B common shares. As a result, Urbana owns a total of 65.51% of the voting common shares of RCI with each class A and class B common share entitled to one vote. As at December 31, 2018, Urbana owned 50% of the voting class A common shares, 63% of the non-voting class B common shares and 63% of the non-voting preferred shares of RCI. These holdings resulted from a capital restructuring of RCI in January 2018 when Urbana's investments in units of Radar Capital Fund 1 Limited Partnership and units of Radar Capital Fund II Series F Limited Partnership, both of which were managed by RCI, and its debt holdings of RCI were converted into preferred shares and class B common shares of RCI. In addition, the common shares of RCI previously held by Urbana were re-designated as class A common shares and split at the ratio of 1 to 47,000.

As at December 31, 2019 Urbana had a 23.42% ownership interest (2018 – 49.71%) in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

As at December 31, 2019 Urbana owned 49.29% (2018 – 49.36%) of the common shares of CNSX, the operator of the CSE.

As at December 31, 2019 Urbana had a 47.44% (2018 – 46.87%) direct ownership interest in Highview Financial Holdings Inc. ("HFHI") and RCI had a 27.13% (2018 – 28.12%) ownership interest in HFHI. As at December 31, 2019 Urbana held a $2,500,000 (2018 - $Nil) promissory note from HFHI.

Investment management fees were charged by CIM for portfolio management services in accordance with a fund management and portfolio management agreement effective as of August 10, 2011 between Urbana and CIM. Pursuant to such agreement, in 2019 CIM was entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. In 2019, CIM earned $4,105,790 of investment management fees from Urbana (2018 - $4,073,763). The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2019 there was an investment management fee payable included in accounts payable and accrued liabilities of $1,184,572 to CIM (2018 – $910,068).

9. Related party disclosures (continued)

On December 6, 2019 Urbana entered into an updated investment management and advisory agreement with CIM, effective as of January 1, 2020. Pursuant to this agreement, CIM is entitled to an investment management fee equal to 2.0% per annum of the market value of Urbana's investment portfolio, and, with the exception of NCIB purchases, CIM will pay a fee to CSL to cover all charges for brokerage, trade execution and other necessary investment-related services rendered directly or indirectly for the benefit of Urbana by CSL. The updated investment management and advisory agreement with CIM was unanimously approved by the Board of Directors, on the recommendation of the independent directors of the Company, which was based on, among other factors, advice from an independent financial advisory firm.

In a series of transactions in May and June 2019, Urbana purchased the following portfolio holdings (the "Purchased Securities") from Caldwell ICM Market Strategy Trust, a related party, at fair value, for an aggregate cost of $4,975,258:

- Radar Capital Inc. (units)
- Vive Crop Protection Inc. (preferred A shares, preferred B shares and warrants)
- Kognitiv Corporation (common shares)
- Minneapolis Grain Exchange ("MGEX") (seats)

The purchase prices of the Purchased Securities, excluding MGEX, were based on independent third party valuations and the purchase price of the MGEX seats was based on the price of a seat as quoted by the exchange on which the MGEX seats trade. The acquisitions by Urbana of the Purchased Securities were done with regulatory approval and the unanimous approval of the Board of Directors.

In 2019, the remuneration of key management personnel, which included salaries and short-term benefits, was $372,406 (2018 - $233,695).

All related party transactions are recorded at their exchange amounts.

10. Income taxes

The Company's provision for (recovery of) income taxes for the years ended December 31, 2019 and 2018 is summarized as follows:

	2019	2018
	$	$
Net income (loss) before income taxes	**56,800,095**	(44,397,255)
Expected taxes payable (recoverable) at future rates - 26.5%	**15,052,025**	(11,765,273)
Income tax effect of the following:		
Non-taxable portion of realized capital gains	**(654,420)**	(2,283,765)
Non-taxable portion of unrealized capital (gains) losses	**(7,409,621)**	7,747,125
Non-taxable dividends	**(361,514)**	(179,644)
Foreign withholding tax expense, net of Canadian tax	**204,423**	223,363
Adjustment to prior year's tax balance	**(773,267)**	504,630
Other	**(2,500)**	212,459
Income tax expense (recovery)	**6,055,126**	(5,541,105)

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

Provision for (recovery of) deferred income taxes	**5,777,000**	(5,845,000)
Foreign withholding tax expense	**278,126**	303,895
Income tax expense (recovery)	**6,055,126**	(5,541,105)

10. Income taxes (continued)

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

	December 31, 2019	December 31, 2018
	$	$
Resource deductions available in perpetuity	**(76,106)**	(77,260)
Unrealized capital gains on investments	**14,996,568**	8,005,862
Non-capital loss carryforwards	**(1,260,959)**	(45,488)
Other	**497**	(14)
Total deferred income tax liability	**13,660,000**	7,883,000

At December 31, 2019, the Company had non-capital losses of $4,758,337 available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	**Amount**
	$
December 31, 2031	**1,262,698**
December 31, 2032	**130,689**
December 31, 2033	**303,848**
December 31, 2034	**237,799**
December 31, 2035	**71,083**
December 31, 2036	**3,478**
December 31, 2037	**131,602**
December 31, 2038	**984,686**
December 31, 2039	**1,632,454**
	4,758,337

11. Dividends

On January 31, 2019 the Company paid a regular cash dividend of $0.07 per share on the issued and outstanding Common and Class A Shares as at January 17, 2019 amounting to $3,500,015. On January 31, 2018 the Company paid a regular cash dividend of $0.07 per share, plus a special cash dividend of $0.03 per share, for a total of $0.10 per share on the issued and outstanding Common and Class A Shares as at January 17, 2018 amounting to $5,000,021. Subsequent to the 2019 year end, on January 31, 2020 the Company paid a regular cash dividend of $0.08 per share on the issued and outstanding Common and Class A Shares as at January 17, 2020 amounting to $3,958,579.

12. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on March 11, 2020.

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Notes

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CORPORATION

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