MOSAIC CAPITAL CORPORATION

Annual Information Form
For the Year Ended December 31, 2018

March 20, 2019

"Growth through sustainable cash flow"

TABLE OF CONTENTS

CERTAIN REFERENCES AND GLOSSARY ..... - 1 -
DATE OF INFORMATION ..... - 1 -
FORWARD LOOKING INFORMATION ..... - 1 -
NON-GAAP FINANCIAL MEASURES ..... - 3 -
CORPORATE STRUCTURE ..... - 4 -
OUR BUSINESS ..... - 9 -
General ..... - 9 -
Acquisition Strategy ..... - 9 -
Alignment of Interests ..... - 10 -
Reportable Operating Segments ..... - 10 -
Our Businesses ..... - 12 -
GENERAL DEVELOPMENT OF MOSAIC'S BUSINESS ..... - 19 -
DIVIDENDS AND DISTRIBUTIONS ..... - 21 -
CAPITAL STRUCTURE ..... - 27 -
General ..... - 27 -
Common Shares ..... - 27 -
Senior Preferred Securities ..... - 27 -
Convertible Debentures ..... - 30 -
Secured Debentures ..... - 31 -
Fairfax Warrants ..... - 34 -
MARKET FOR SECURITIES ..... - 35 -
DIRECTORS AND OFFICERS ..... - 38 -
AUDIT COMMITTEE ..... - 42 -
RISK FACTORS ..... - 42 -
LEGAL PROCEEDINGS AND REGULATORY ACTIONS ..... - 55 -
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS ..... - 55 -
TRANSFER AGENT AND REGISTRAR ..... - 55 -
MATERIAL CONTRACTS ..... - 55 -
INTEREST OF EXPERTS ..... - 57 -
ADDITIONAL INFORMATION ..... - 57 -
GLOSSARY OF TERMS G-1

CERTAIN REFERENCES AND GLOSSARY

In this annual information form ("**AIF**"), unless the context otherwise requires, references to "we", "us", "our" or similar terms refer to Mosaic Capital Corporation ("**Mosaic**") either alone or together with its subsidiaries, as applicable in the context. All references to "dollars" or "$" in this AIF are to Canadian dollars, unless otherwise noted. All capitalized terms used but not defined in this AIF shall have the meaning given to such terms in the "Glossary of Terms" at page G-1 of this AIF.

DATE OF INFORMATION

The information in this AIF is presented as of December 31, 2018, unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This AIF contains forward-looking information and statements within the meaning of applicable Canadian securities laws (herein referred to as "**forward-looking statements**") that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All information and statements in this AIF which are not statements of historical fact may be forward-looking statements. Such statements and information may be identified by words such as "may", "believe", "could", "expect", "will", "intend", "should", "plan", "objective", "predict", "potential", "project", "anticipate", "estimate", "continuous" or similar words or the negative thereof or other comparable terminology, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements included in this AIF include, but are not limited to, statements with respect to:

- the intention and ability of Mosaic to make cash distributions on the Senior Preferred Securities as well as pay monthly dividends on the Common Shares;
- the anticipated timing of dividends on the Common Shares;
- the Interest Period for the Senior Preferred Securities; the outlook of Mosaic's and its subsidiaries' businesses;
- the competitive environment in which Mosaic and its business units operate;
- the business and acquisition strategy and objectives of Mosaic;
- Mosaic's method of managing acquisition risk; development plans, as well as acquisition and disposition plans, of Mosaic;
- the products and services to be provided by Mosaic's operating businesses and the supply and demand for such products and services;
- Mosaic's ability to meet its current and future obligations;
- Mosaic's ability to execute its growth strategy;
- management's assessment of future plans and operations;
- acquisition opportunities arising from time to time that fit Mosaic's acquisition criteria;
- the anticipated timing the directors of Mosaic will hold office; and
- Mosaic's intention to include the disclosure required under NI 52-110 in the information circular for the upcoming annual and special meeting of holders of Common Shares.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions and known and unknown risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including those assumptions listed below and those discussed elsewhere in this AIF.

Some of the assumptions made by Mosaic, upon which such forward-looking statements are based, include:

- the business operations of the operating businesses of Mosaic continuing on a basis consistent with prior years;
- the ability of Mosaic and its subsidiaries to access financing from time to time on favorable terms;
- the ability of Mosaic to realize anticipated benefits of acquisitions;
- the competitive environment in which Mosaic's subsidiaries operate and their relative position in such competitive environment;
- the continuation of executive and operating management or the non-disruptive replacement of them on competitive terms;
- the ongoing succession of aging business owners looking for liquidity will provide many potential acquisition opportunities for Mosaic;
- the ability of Mosaic to maintain reasonably stable operating and general administrative expenses;
- the current economic environment in western Canada (including commodity prices, such as oil prices) and its impact on direct and indirect industries;
- the economic environment in Canada not deteriorating due to the influence of international economic developments in the United States, Europe, Asia and elsewhere; and
- currency, exchange and interest rates and commodity prices being reasonably stable at current rates.

Forward-looking statements reflect current expectations of management regarding future events and operating performance as of the date of this AIF. Such information: involves significant risks and uncertainties; should not be read as guarantees of future performance or results; and will not necessarily be accurate indications of whether or not such results will be achieved.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risks related to:

- general economic and political conditions;
- fluctuations in commodity prices;
- lack of diversification;
- competition for acquisition candidates;
- the failure to identify, acquire and develop suitable acquisition targets;
- Mosaic's dependence on the operations of its subsidiaries;
- the inability to generate sufficient cash flow from operations to meet current and future obligations;
- the inability to obtain required debt and/or equity capital on acceptable terms or at all;
- acquisition risk;
- unknown liabilities within acquired businesses;
- failure to realize benefits of acquisitions;
- the loss of key personnel;
- changes in tax law or other adverse tax consequences;
- changes in laws or regulations or the interpretation thereof;
- legal proceedings against Mosaic;
- potential conflicts of interest of directors and officers;
- risk of impairment charges on goodwill or other intangible assets;
- risk that Mosaic may be unable to repay the principal amount of the Convertible Debentures or the Secured Debentures;
- subordination of the Senior Preferred Securities and the Convertible Debentures;
- ranking of Secured Debentures;
- prevailing yields on similar securities;
- the lack of redemption rights attached to the Senior Preferred Securities;
- the ability of Mosaic to redeem the Convertible Debentures prior to maturity;

- insufficient funds to make the required repurchase of Convertible Debentures and Secured Debentures in the event of a change of control;
- risk of dilution from the conversion or redemption of the Convertible Debentures;
- no assurance of an active or liquid trading market for the Common Shares, Senior Preferred Securities, Convertible Debentures or Secured Debentures;
- fluctuations in the market price of the Mosaic Listed Securities;
- additional issuances and dilution; risks related to Fairfax's interest in Mosaic;
- diversion of management to manage issues in Mosaic's operating subsidiaries;
- shift of management's focus to integration, administration or unforeseen business or operating issues;
- declining employee morale and employee retention issues;
- integration of subsidiary administrative systems;
- lack of sufficient business and financial controls or other procedures or policies within acquired entities;
- fluctuations in operating performance; project execution risk;
- lack of diversity of customer base; failure to retain significant customers;
- contractual risks, including indemnity obligations;
- competition in industries in which Mosaic's subsidiaries operate;
- adverse weather conditions;
- seasonality and fluctuations in results;
- uninsured and underinsured losses;
- failure to attract qualified employees or interruption of the labour supply;
- illiquidity of investments;
- the speculative nature of Mosaic's investments due to the small size of the acquired businesses;
- damage to brand reputation;
- risks inherent in Mosaic's ownership of real property;
- illiquidity of investments in real property;
- weakness in commercial property market in target markets;
- difficulty in renewing leases as they expire or leasing vacant space;
- inability of tenants to fulfill lease obligations;
- fixed costs of ownership of real property;
- difficulty in enforcing rights upon default by tenants; and
- environmental liabilities.

A description of these and other factors can be found under the heading "*Risk Factors*".

Although the forward-looking statements contained in this AIF are based upon what Mosaic's management believes to be reasonable assumptions, Mosaic cannot assure investors that actual results will be consistent with such information. Forward-looking statements reflect management's current beliefs and are based on information currently available to Mosaic. We caution readers of this AIF not to place undue reliance on our forward-looking statements because a number of factors, such as those referred to in the paragraph above, could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements contained in this AIF. The forward-looking statements are made as of the date of this AIF and Mosaic assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

NON-GAAP FINANCIAL MEASURES

Mosaic has historically used various metrics when evaluating its operational and financial performance. Mosaic continually monitors, evaluates and updates these metrics as required to ensure they provide information considered most useful, in the opinion of Mosaic management, to any decision making based on Mosaic's performance.

This section defines, quantifies and analyzes the key performance indicators used by management of Mosaic which are considered non-Generally Accepted Accounting Principles ("**Non-GAAP**") financial measures that are not recognized under

International Financial Reporting Standards ("**IFRS**") and have no standardized meaning prescribed by IFRS. Certain of these these indicators and measures are therefore unlikely to be comparable to similar measures presented by other issuers.

"**Adjusted EBITDA**" is defined as income from operations before income taxes and before:

(i) gain (loss) on disposal of equipment;

(ii) non-cash income and expenses;

(iii) finance costs;

(iv) equity-based compensation expense; and

(v) any unusual non-operating or one-time items such as acquisition, disposition and reorganization costs.

Adjusted EBITDA is a supplemental Non-GAAP financial measure. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than net income and comprehensive income or cash flows from operating activities as determined in accordance with IFRS or as an indicator of operating performance or liquidity. Management believes that Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results and cash generated by the principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions. The computation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies, and accordingly Adjusted EBITDA may not be comparable to measures used by other companies.

"**Free Cash Flow**" is defined as Adjusted EBITDA less:

(i) non-controlling interests' ("**NCI**") share of Adjusted EBITDA;

(ii) Mosaic's share of net cash interest costs;

(iii) Mosaic's share of current income tax expense; and

(iv) Mosaic's share of sustaining capital expenditures.

Free Cash Flow is a supplemental Non-GAAP financial measure. Free Cash Flow should not be considered as an alternative to, or more meaningful than net income and comprehensive income or cash flows from operating activities before changes in non-cash working capital as determined in accordance with IFRS or as an indicator of operating performance or liquidity. Management believes that Free Cash Flow is a useful supplemental measure to assess funds generated by the principal business activities which are available to:

(i) service the Company's existing equity structure which includes contractual payments of distributions on Senior Preferred Securities and discretionary payment of dividends to holders of Common Shares;

(ii) make contractual repayments of principle (operating loans; credit facilities; notes; debentures; and convertible debentures);

(iii) investment in growth capital expenditures; and

(iv) to be retained by the Company.

The computation of Free Cash Flow may not be comparable to other similarly titled measures of other companies, and accordingly Free Cash Flow may not be comparable to measures used by other companies.

A description of the non-GAAP financial measures used by Mosaic and reconciliations of such non-GAAP financial measures are set forth on pages 40-41 in the management's discussion and analysis of Mosaic for the year ended December 31, 2018, which is available on SEDAR at www.sedar.com, under the heading "*Non-GAAP Measures*".

CORPORATE STRUCTURE

Mosaic Capital Corporation

Mosaic Capital Corporation was incorporated under the ABCA on February 11, 2011 and is the resulting entity from the combination of the businesses of the Fund and FWP pursuant to the Arrangement which was effective May 1, 2011.

In April 2011, at the special meetings of the Fund and FWP, the securityholders of the Fund and FWP adopted special resolutions approving the combination of the Fund and FWP pursuant to a court-approved plan of arrangement. Court approval for the Arrangement was obtained on April 28, 2011 and the Arrangement was completed on May 1, 2011. Upon completion of the Arrangement, the Fund and FWP became wholly-owned subsidiaries of Mosaic. Following the completion of the Arrangement, the former securityholders of the Fund and FWP became the securityholders of Mosaic.

During the last half of 2012 the business being carried on by FWP was reorganized and is now being carried on by First West Properties L.P. ("**FWPLP**") and its subsidiaries. For purposes of this AIF, reference herein to "**First West**" means and refers to FWP, for any period prior to completion of the aforementioned internal reorganization, and means and refers to FWPLP and its subsidiaries for any period subsequent to completion of the internal reorganization.

Mosaic has four types of securities listed on the Exchange: Common Shares, Convertible Debentures, Senior Preferred Securities and Secured Debentures under the symbols "M", "M.DB", "M.PR.B" and "M.DB.A", respectively. See "*Capital Structure*" below.

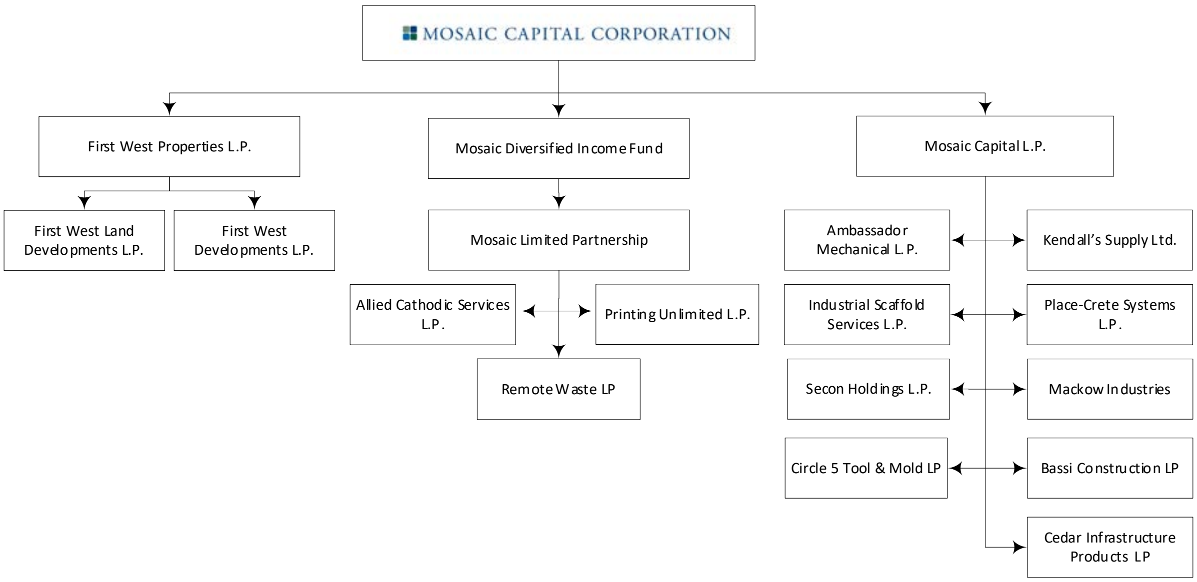
The registered and head office of Mosaic is located at 400, 2424 - 4th Street SW, Calgary, Alberta T2S 2T4.

Intercorporate Relationships

The following table provides the name, the percentage of voting securities owned, directly or indirectly, by Mosaic and the jurisdiction of incorporation, continuance or formation of Mosaic's subsidiaries as of March 20, 2019. For presentation purposes, this table omits certain wholly-owned subsidiaries that are not material.

Name of entity	Percentage of voting securities beneficially owned (directly or indirectly)	Nature of entity	Jurisdiction of Incorporation, Continuance or Formation (as applicable)
Allied Cathodic Services L.P.	80%	Limited Partnership	Saskatchewan
Ambassador Mechanical L.P.	75%	Limited Partnership	Manitoba
Bassi Construction LP	70%	Limited Partnership	Ontario
Cedar Infrastructure Products LP	75%	Limited Partnership	Ontario
Circle 5 Tool & Mold LP	75%	Limited Partnership	Ontario
First West Developments L.P.	50%	Limited Partnership	Alberta
First West Land Developments L.P.	100%	Limited Partnership	Alberta
First West Properties L.P.	100%	Limited Partnership	Alberta
Industrial Scaffold Services L.P.	85%	Limited Partnership	Alberta
Kendall's Supply Ltd.	89%	Corporation	Saskatchewan
Mackow Industries	80%	Limited Partnership	Manitoba
Mosaic Capital L.P.	100%	Limited Partnership	Alberta
Mosaic Diversified Income Fund	100%	Unincorporated open-ended investment trust	Alberta
Mosaic Limited Partnership	100%	Limited Partnership	Alberta
Place-Crete Systems L.P.	75%	Limited Partnership	Alberta
Printing Unlimited L.P.	100%	Limited Partnership	Alberta
Remote Waste LP	95%	Limited Partnership	Alberta
Secon Holdings L.P.	69%	Limited Partnership	Alberta

The following diagram illustrates the organizational structure of Mosaic as of the date of this AIF on a simplified basis:



(1) Prior to completion of the Arrangement in May 2011 all acquisitions were completed underneath the Fund.
(2) After completion of the Arrangement in May 2011 all acquisitions have been completed underneath Mosaic Capital L.P.

Allied Cathodic Services L.P.

Allied Cathodic is a limited partnership formed under the laws of the Province of Saskatchewan pursuant to the terms of a limited partnership agreement dated September 1, 2007, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 80% of the outstanding limited partnership units of Allied Cathodic and controls the general partner thereof. Allied Cathodic is based in Estevan, Saskatchewan.

Ambassador Mechanical L.P.

Ambassador is a limited partnership formed under the laws of the Province of Manitoba pursuant to the terms of a limited partnership agreement dated December 20, 2016, as amended or restated from time to time. Ambassador is the successor entity to Ambassador Mechanical Corp. following an internal reorganization effective January 1, 2017. Mosaic, through one or more subsidiaries, indirectly owns 75% of the outstanding limited partnership units of Ambassador and controls the general partner thereof. Ambassador is based in Winnipeg, Manitoba.

Bassi Construction LP

Bassi is a limited partnership formed under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated November 25, 2016, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 70% of the outstanding limited partnership units of Bassi and controls the general partner thereof. Bassi is based in Ottawa, Ontario.

Cedar Infrastructure Products LP

Cedar is a limited partnership formed under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated March 31, 2017, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 75% of the outstanding limited partnership units of Cedar and controls the general partner thereof. Cedar is based in Vaughan, Ontario.

Circle 5 Tool & Mold LP

Circle 5 is a limited partnership formed under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated October 31, 2017, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 75% of the outstanding limited partnership units of Circle 5 and controls the general partner thereof. Circle 5 is based in Windsor, Ontario.

First West Properties L.P., First West Developments L.P. and First West Land Developments L.P.

FWPLP is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated November 27, 2012, as amended or restated from time to time. The subsidiaries of FWPLP are FWDLP and FWLDLP. Mosaic directly or indirectly owns 100% of the outstanding limited partnership units of FWPLP and FWLDLP and controls the general partner of each. Mosaic indirectly owns 50% of the outstanding limited partnership units and common shares of FWDLP and its general partner, respectively. FWPLP, FWDLP and FWLDLP are each based in Calgary, Alberta.

Industrial Scaffold Services L.P.

Industrial Scaffold is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated July 30, 2013, as amended or restated from time to time.

Effective January 1, 2018, Industrial Scaffold settled a put option with a non-controlling interest. Under terms of the limited partnership agreement, Industrial Scaffold acquired the 25% non-controlling interest for $6.2 million payable over 3 years in equal annual installments in the form of a promissory note bearing interest at 5.0% per annum. Subsequent to the foregoing transaction, Mosaic, through one or more subsidiaries, indirectly owns 85% of the outstanding limited partnership units of Industrial Scaffold and controls the general partner thereof. Industrial Scaffold is based in Nanaimo, British Columbia.

Kendall's Supply Ltd.

Kendall's is a corporation formed under the laws of the Province of Saskatchewan on October 17, 1990. Mosaic, through one or more subsidiaries, indirectly owns 89% of the outstanding common shares of Kendall's. Kendall's is based in Estevan, Saskatchewan.

Mackow Industries

Mackow is a limited partnership formed under the laws of the Province of Manitoba pursuant to the terms of a limited partnership agreement dated January 1, 2006, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 80% of the outstanding limited partnership units of Mackow and controls the general partner thereof. Mackow is based in Winnipeg, Manitoba.

Mackow Industries International Inc.

Mackow Industries International Inc. is a corporation incorporated under the laws of the State of Delaware. Mackow Industries owns 100% of the common shares of Mackow International, which is based in West Fargo, North Dakota.

Mosaic Capital L.P.

MCLP is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated December 13, 2011, as amended or restated from time to time. The subsidiaries of MCLP are Ambassador, Kendall’s, Industrial Scaffold, Place-Crete, Mackow Industries, Mackow International, Secon, SEC, Core, Tundra Mechanical, Bassi, Cedar and Circle 5.

Mosaic Diversified Income Fund

The Fund is an unincorporated open-ended investment trust governed by the Fund Indenture and the laws of the province of Alberta. The Fund indirectly holds all of the units of MLP which in turn holds Mosaic's interest in Allied Cathodic, Printing Unlimited and Remote Waste. The Fund is based in Calgary, Alberta. Mosaic directly owns 100% of the outstanding units of the Fund.

Mosaic Limited Partnership

MLP is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated February 21, 2006, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 100% of the outstanding limited partnership units of MLP and controls the general partner thereof. The primary activity of MLP is the holding of the securities of each of Allied Cathodic, Printing Unlimited and Remote Waste. MLP is based in Calgary, Alberta.

Place-Crete Systems L.P.

Place-Crete is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 21, 2014, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 75% of the outstanding limited partnership units of Place-Crete and controls the general partner thereof. Place-Crete is based in St. Albert, Alberta, and has additional offices in Calgary, Alberta, Regina, Saskatchewan and Abbotsford, British Columbia.

Printing Unlimited L.P.

Printing Unlimited is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated January 10, 2007, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 100% of the outstanding limited partnership units of Printing Unlimited and controls the general partner thereof. Printing Unlimited is based in Fort McMurray, Alberta.

Remote Waste LP

Remote Waste is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 21, 2008, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 95% of the outstanding limited partnership units of Remote Waste and controls the general partner thereof. Remote Waste is based in Sexsmith, Alberta.

Remote Water Solutions Inc.

Remote Solutions is a corporation incorporated under the laws of the State of Delaware. Remote Waste owns 100% of the common shares of Remote Solutions, which is based in Boerne, Texas.

Secon Holdings L.P.

Secon is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated October 27, 2014, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 69% of the outstanding limited partnership units of Secon and controls the general partner thereof. The primary activity of Secon is the holding of the securities of each of South East Construction L.P., Core Industrial Services L.P. and Tundra Mechanical & Millwrighting LP.

SEC is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated October 27, 2014, as amended or restated from time to time. Secon owns all of the outstanding limited partnership units of SEC and the general partner thereof is controlled by Mosaic.

Core is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated February 19, 2015, as amended or restated from time to time. Secon owns 100% of the outstanding limited partnership units of Core and the general partner thereof is controlled by Mosaic.

Tundra Mechanical is a limited partnership formed under the laws of the Province of Saskatchewan pursuant to the terms of a limited partnership agreement dated December 20, 2016, as amended or restated from time to time. Secon owns 70% of the outstanding limited partnership units of Tundra Mechanical and the general partner thereof is controlled by Mosaic.

SEC and Core are based in Esterhazy, Saskatchewan and Tundra Mechanical is based in Warman, Saskatchewan.

OUR BUSINESS

General

Mosaic is a public investment company that owns a portfolio of established small to medium-sized private Canadian businesses ("**SMEs**") that have demonstrated track records of generating operating cash flow. Mosaic's strategic objective is to create long-term value for its investors and business partners through growth in a sustainable cash flow vehicle. Mosaic plans to achieve this through acquiring industry and geographically diverse businesses at attractive prices. Acquisition and post-operational execution risks are mitigated through extensive due diligence, creative transaction structuring, diversification, and active post-acquisition management support to identify and implement operational efficiencies and to take advantage of growth opportunities.

According to Innovation, Science and Economic Development Canada (Small Business Branch), in 2016, three in five business owners of SMEs are over 50 years old. Statistics Canada estimates the number of people over the age of 65 currently represents 16% of the Canadian population (double the proportion in 1971). This percentage is expected to grow to approximately 20% and 25% by 2025 and 2035, respectively. Analysts have roughly estimated the market opportunity available for the SME universe to be in the $3.0 billion range. The forecasted increasing number of aging SME business owners looking for liquidity, often in the form of an exit or a partnership, should provide many acquisition opportunities for Mosaic that meets its investment criteria.

Mosaic's management team has extensive breadth and depth of experience gained through many years of involvement in numerous aspects of business, including venture capital and private equity investing, operations, fund management, public and private mergers and acquisitions transactions, corporate restructurings, financings and corporate turnarounds. This experience allows Mosaic to acquire SMEs with capable management teams whom Mosaic works to improve and grow their operations. Mosaic provides its operating subsidiaries with strategic, business, financial, human resource, accounting and legal expertise while at the same time giving the subsidiaries' management teams the autonomy to continue to operate their respective businesses.

Mosaic acquires a control position, which enables it to exercise the rights of ownership in making strategic decisions, allocating investment capital and managing risk. Mosaic typically does not get involved in the daily operating decisions.

Mosaic works with its subsidiary management teams to identify follow-on acquisitions that would facilitate entry into new markets or increase product or service offerings. Mosaic is actively looking for SMEs in a variety of industries that fit its investment criteria.

As at December 31, 2018, Mosaic, inclusive of all its subsidiaries, had approximately 1,300 employees.

Acquisition Strategy

Mosaic actively looks for businesses in a variety of industries that fit its investment criteria. Currently, averaged over a year, Mosaic looks at approximately one new acquisition opportunity each day. Mosaic's preferred acquisition criteria include the following:

- demonstrated history of growing sustainable cash flow and operating in an industry which has growth potential;
- a capable and experienced management team that is growth oriented;
- a business with significant market share in its business area;
- low sustaining capital requirements; and
- a business with a competitive advantage.

In addition to the above, Mosaic looks for businesses within industries that are defensive in nature, have key managers who desire to remain with the business post-acquisition and have a track record of generating reasonably stable cash flow. Businesses which are owned by Mosaic operate autonomously and maintain their individual business identities and, accordingly, must have capable management teams. Mosaic management provides support to its operating subsidiaries with strategy development, human resources, accounting, planning and analysis, industry contacts, and focus on operational and financial discipline.

Two of Mosaic's current key initiatives are to: (i) continue efforts to complete one to three acquisitions per year, in accordance with the aforementioned acquisition criteria, which are accretive to Mosaic's shareholders; and (ii) work with its businesses post-acquisition to assist them with, among other things, their organic growth and the pursuit of follow-on acquisitions.

A Partnership Approach

The market for acquiring or investing in the types of businesses and assets which fit Mosaic's acquisition criteria is a competitive one. However, Mosaic believes that its "partnership approach" to its investee businesses is attractive to its potential business partners. The attributes of which consist of, among other things: (i) being a strong equity partner with a long-term view to continuing the business legacy created by the investee business; (ii) providing strategic, operational, business, financial, human resource, accounting and legal expertise; (iii) providing the management of the investee business with the autonomy to continue to operate its business; and (iv) providing the investee business with access to a peer group of business managers (from among other Mosaic subsidiaries) to share ideas and challenges. These factors, among others, have resulted in Mosaic acquiring businesses and assets at attractive prices, generally within a price range of three to six times the normalized cash flow from operations.

A Diligent Approach

Mosaic manages its acquisition risk through extensive due diligence, transaction structuring and working closely with its businesses after acquisition. Some of the aspects which Mosaic focuses on in connection with its transaction due diligence include:

- **Accounting**: review of accounting systems, controller assessment, review of historical financial statements, review of audit working papers, earnings normalization audit, working capital check, work in progress review, opening balance sheet preparation, credit lines, bonding and contracts and leasing review.
- **Management**: management assessment and succession, employee interviews, compensation review, background checks, multi-interview process, key man insurance and management contracts review.
- **Industry**: industry activity analysis, industry issues review and assessment, compensation structure analysis, competitive analysis, union issue analysis and economic review.
- **Revenue**: customer concentration review, customer calls, revenue analysis and margin review.
- **Strategic Plan**: review of growth plan, potential acquisitions, forecast, human resource needs and geographic review.

Mosaic negotiates its transactions on a case-by-case basis. In most cases, the vendor retains a minority ownership position in the business being acquired which provides an incentive to the vendor to participate in the successful transition and continued success and growth of the acquired business.

Alignment of Interests

Mosaic's management believes in the alignment of interests among various stakeholders, including its shareholders and subsidiary company partners as well as Mosaic's management team and its employee group. Mosaic's management team and directors own approximately 39.9% of the outstanding Common Shares as at March 20, 2019.

Reportable Operating Segments

Presently, Mosaic has four reportable operating segments: (i) Infrastructure; (ii) Diversified; (iii) Energy; and (ii) Real Estate. On a combined basis within those four operating segments, Mosaic indirectly owns all of, or a material controlling interest in, 13 businesses.

Infrastructure Segment

Mosaic holds a portfolio of businesses within its infrastructure segment.

- **Ambassador** (75% ownership) is based in Winnipeg, Manitoba and provides mechanical equipment provisioning and installation services in areas ranging from plumbing and gas fitting to heating, ventilation and air conditioning.

- **Bassi** (70% ownership) is based in Ottawa, Ontario and has a branch location in Toronto, Ontario. Bassi provides commercial and industrial renovation/tenant refit and construction services in the residential and commercial construction markets, predominantly in Ottawa, Ontario.

- **Cedar** (75% ownership) is based in Vaughan, Ontario and is a distributor of municipal iron castings, concrete pipe, pre-cast products and related specialty items to the road, water and sewer infrastructure and residential construction industries.

- **Place-Crete** (75% ownership) is based in St. Albert, Alberta and has additional branch locations in Calgary, Alberta, Regina, Saskatchewan and Abbotsford, British Columbia. Place-Crete supplies, applies and finishes a variety of cement base toppings in the residential and commercial construction markets and provides waterproofing solutions to the civil infrastructure market, predominantly within western Canada.

- **Secon** (69% ownership), together with its subsidiaries, is based in Esterhazy and Warman, Saskatchewan. Through its subsidiaries, SEC, Core and Tundra Mechanical, Secon provides industrial and commercial construction and maintenance services to the potash mining and milling industry, power generation, coal mining and crushing, fertilizer production and oilseed crushing.

Diversified Segment

Mosaic holds a portfolio of businesses within its diversified segment.

- **Circle 5** (75% ownership) is based in Windsor, Ontario, and also has a branch location in Shenzhen, China. Circle 5 is a supplier of high-precision molds and tools for plastic injection production of highly-visible interior automotive components to Tier 1 automotive parts manufacturers.

- **Industrial Scaffold** (85% ownership) is based in Nanaimo, British Columbia, and has branch locations in Fort St. John, Kitimat, and Victoria, British Columbia. Industrial Scaffold is a provider of worksite surface and access scaffolding solutions and environmental containment systems to industrial and commercial customers in the pulp and paper, mining, marine, energy and utilities sectors in several locations in western Canada, including Crofton, Fort St. John, Prince George, Kamloops, British Columbia, Grande Prairie, Alberta, Esterhazy, Saskatchewan and The Pas, Manitoba.

- **Kendall's** (89% ownership) is based in Estevan, Saskatchewan and is a supplier of parts and supplies to companies in the automotive, oil and gas, mining, power generation, construction and agriculture industries in southeast Saskatchewan.

- **Mackow** (80% ownership) is based in Winnipeg, Manitoba and also has a branch location in Fargo, North Dakota, United States and is a manufacturer of precision fabricated metal components for manufacturers of transit buses and highway motor coaches.

- **Printing Unlimited** (100% ownership) is based in Fort McMurray, Alberta and prints, among other things, marketing and promotional materials, annual reports, operation manuals and handbooks, safety tags, signs, stationary, carbonless forms and photocopies.

Energy Segment

Mosaic holds two businesses within its energy segment.

- **Allied Cathodic** (80% ownership) is based in Estevan, Saskatchewan and installs, maintains and replaces cathodic protection systems for oil and gas production facilities in southeast Saskatchewan and southwest Manitoba.

- **Remote Waste** (95% ownership) is based in Sexsmith, Alberta and has a branch location in Boerne, Texas, United States. Its two businesses include (i) rent of wastewater treatment units used for remote work camps, and (ii) chemical water purification services.

Real Estate Segment

Based in Calgary, Alberta, FWPLP is wholly-owned by Mosaic.

FWLDLP is indirectly wholly-owned by Mosaic and currently holds real estate assets in Estevan, Saskatchewan. FWDLP holds indirectly 50% of the real estate assets (known as the Parker Industrial Park) for development near Regina, Saskatchewan. After concluding a financing arrangement in August, 2014 in respect of the Parker Industrial Park project, Mosaic indirectly owns 50% of the outstanding limited partnership units and common shares of FWDLP and its general partner, respectively.

In fiscal 2017, management reclassified assets within this business segment as assets held for sale. It is expected that the remaining assets held for sale will be divested of in fiscal 2019 with exception of Mosaic's joint-venture which may take a longer period of time to monetize.

Revenue by Reportable Business Segment

With respect to each of the two most recently completed financial years for Mosaic, the following table sets forth, by reportable business segment, the percentage of Mosaic's consolidated revenue which is derived from sales of products or services (with specific identification of the category) to customers outside of the Mosaic group:

Revenue Source	2018 - Revenue %	2017- Revenue %
Infrastructure Segment	70%	66%
Diversified Segment	26%	29%
Energy Segment	3%	4%
Real Estate Segment	<1%	<1%
Total Consolidated Revenue	100%	100%

Our Businesses

A summary description of each of the operating businesses within the infrastructure, diversified, energy and real estate segments is set forth below:

<u>Infrastructure Segment</u>

Ambassador Mechanical L.P.

Effective January 1, 2012, Mosaic indirectly acquired a 75% interest in the business now carried on by Ambassador. Ambassador is based in Winnipeg, Manitoba and provides mechanical equipment provisioning and installation services in areas ranging from plumbing and gas fitting to heating, ventilation and air conditioning. Ambassador has been servicing customers in Manitoba and northwest Ontario since 1991 and, as of December 31, 2018, employed 133 tradespeople and apprentices in its sheet metal, plumbing and hydronic piping divisions as well as office personnel. Ambassador presently focuses almost exclusively on mechanical contracting work for larger commercial and industrial projects in the Manitoba market. Management proactively looks for opportunities to expand its service offering and its geographical markets. Sales in the business are generated through existing relationships as well as from face-to-face sales calls and participation in competing bidding processes.

Contracted work on commercial and industrial projects is generated primarily through existing relationships and Ambassador's established credibility and reputation in the marketplace for quality work. Ambassador's close partnerships with its clients, excellent customer service and understanding of the need to deliver an efficient and innovative service keep it at the forefront of the industry. While the mechanical contracting industry is a competitive one, Mosaic believes that Ambassador has been able to establish itself, within the Manitoba region, as one of the leading commercial and industrial mechanical contractors.

Although work generally slows down somewhat in December and January, and the level of work can be impacted by general economic conditions in the markets that Ambassador services, Ambassador's business is not considered seasonal in nature.

Although specialized skill and knowledge is required in connection with a number of the positions within Ambassador in order to carry out its operations, the assessment of Mosaic is that such skill and knowledge is generally available in the marketplace and, accordingly, the loss of any one of the personnel or management, apart from the President, Claude Cloutier, would not have a material impact on the business. Due to the depth of knowledge of Mr. Cloutier concerning the business carried on by Ambassador and his longevity of business dealings in Ambassador's markets together with the strength of his client relationships, Mosaic believes that the loss of Mr. Cloutier in the near term could have a material impact on the business for a period of time. Mosaic's assessment, however, is that the second level of senior management could continue to effectively operate the business in the absence of Mr. Cloutier and over time minimize the impact of his loss.

In general, for day-to-day operations, the materials and component parts necessary for Ambassador to carry on its business are readily available from multiple sources in multiple locations which also assist in keeping such materials and components competitively priced in the marketplace. As a result of these factors, Mosaic does not assess there to be any material risk to the supply and/or pricing of components or materials which could materially impact or impede the business.

Effective January 1, 2017, Ambassador underwent an internal reorganization to convert from a corporation to a limited partnership.

Bassi Construction LP

Effective December 5, 2016, Mosaic acquired a 70% interest in businesses previously carried on by Bassi Construction Ltd. and Basscon Group Inc. (now operating as Bassi). Under the terms of the Bassi partnership agreement the non-controlling interests are subject to put and call provisions that may result in future cash outlays. Bassi has been in business for over 50 years and presently has offices in Ottawa and Toronto, Ontario. The primary business activities of Bassi consist of commercial and industrial renovation/tenant refit and construction services in the residential and commercial construction markets, primarily in the Ottawa, Ontario region. The business is subject to limited seasonality, particularly as it relates to its outdoor concrete restoration work where activity tends to slow down in the winter months and picks up again as the warm weather returns.

As of December 31, 2018, Bassi employed approximately 136 people. Sales in the business are generated through direct work contracts in commercial and industrial property renovation and tenant refit, masonry/concrete restoration, fire and flood remediation, as well as construction management contracts. Although there are a number of competitors to the services provided by Bassi, the assessment of Mosaic is that Bassi is one of the leaders in its niche market within the Ottawa market.

The specialized skill and knowledge required to carry on the Bassi business are generally available in the market within the construction trades and as such, are not considered significant risks to the business. Mosaic believes that Bassi has developed an adept management team capable of independently carrying on the business operations and business development activities.

In general, for day-to-day operations, the materials necessary for Bassi to carry on its business are readily available from multiple sources which assists in keeping such materials competitively priced in the marketplace. As a result, Mosaic does not assess there to be any foreseeable material risk to the supply and/or pricing of materials which could materially impact or impede the business.

Cedar Infrastructure Products LP

Effective May 1, 2017, Mosaic acquired a 75% interest in the business previously carried on by Cedar Infrastructure Products, Inc. Under the terms of the Cedar partnership agreement the non-controlling interests are subject to put and call provisions that may result in future cash outlays. Cedar is a distributor of municipal iron castings, concrete pipe, pre-cast products and related specialty items to service the road, water and sewer infrastructure and residential construction industries. Headquartered in Vaughan, Ontario, Cedar serves a broad group of contractors and municipalities in the Greater Toronto Area and Southwestern Ontario regions.

As of December 31, 2018, Cedar employed 13 operations and office staff. Sales in the business are generated through existing relationships as well as from face-to-face sales calls. While there are a number of regional competitors providing products the same or similar to those of Cedar, Mosaic believes that Cedar has established a sustainable niche within its market region.

The loss of a senior manager of Cedar could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find suitable replacements. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Cedar is generally available in the marketplace. Cedar experiences seasonality due to the nature of its construction services client base.

Cedar maintains certain long-term supplier relationships for sourcing of its product. Mosaic believes that these supplier relationships are sustainable and does not assess there to be any material risk to the supply and/or pricing of products which could materially impact or impede the business. In the event such a supplier relationship was terminated, Mosaic believes there exist multiple opportunities to establish alternate supply relationships.

Place-Crete Systems L.P.

Effective September 1, 2014, Mosaic acquired a 75% interest in the businesses previously carried on by Place-Crete Systems Inc. and Floor-Tech Systems Inc. (which was an affiliated entity of Place-Crete Systems Inc.). Place-Crete Systems Inc., now operating as Place-Crete, has been in business for nearly 30 years and presently has offices in St. Albert, Alberta, Calgary, Alberta, Regina, Saskatchewan and Abbotsford, British Columbia. The primary business activities of Place-Crete consist of supplying, applying and finishing a variety of cement based toppings in the residential and commercial construction markets as well as providing waterproofing solutions to the civil infrastructure market, predominantly within western Canada. Products include gypsum floor underlayments and toppings which are mainly used in residential and commercial construction markets as well as various types of waterproofing membranes which are applied to bridges, bridge approaches, plaza decks and parkades in both the new and restoration construction markets. In January 2017, Place-Crete acquired the business being carried on by Associated Asbestos Abatement Ltd. AAA is involved in the remediation of asbestos, mold and other related substances. Place-Crete is subject to traditional construction seasonality and accordingly generates the majority of its revenues in the March to November timeframe.

As of December 31, 2018, Place-Crete employed approximately 220 people. Sales in the business are generated through existing relationships, competitive bidding on projects and from face-to-face sales calls. Although there are competitors to the services provided by Place-Crete, the assessment of Mosaic is that Place-Crete is among the leaders in its niche market within western Canada.

The loss of a senior manager at Place-Crete could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Place-Crete is generally available in the marketplace. However, the labour market for such personnel has generally been strong and competitive and therefore replacement of such personnel may not occur as timely as is optimal for the business which could then result in a negative impact on the performance of the business.

In general, for day-to-day operations, the materials necessary for Place-Crete to carry on its business are readily available from multiple sources which assists in keeping such materials competitively priced in the marketplace. As a result, Mosaic does not assess there to be any foreseeable material risk to the supply and/or pricing of materials which could materially impact or impede the business.

Secon Holdings L.P.

Effective November 1, 2014, the business now carried on by Secon was acquired. Mosaic indirectly owns a 69% interest in Secon. Under the terms of the Secon partnership agreement the non-controlling interests are subject to put and call provisions that may result in future cash outlays. The business has been in operation since 1989 and presently has an office in Esterhazy and Warman, Saskatchewan. Secon is a multi-trade industrial and commercial company, primarily servicing the potash mining and milling industry in all phases of underground and surface construction and maintenance. Secon has also worked on construction and infrastructure projects related to power generation, coal mining and crushing, fertilizer production and oilseed crushing. As of December 31, 2018, Secon employed approximately 415 people. Sales in the business are generated through existing relationships, competitive bidding on projects and from face-to-face sales calls. Although there are competitors to the services provided by Secon, the assessment of Mosaic is that Secon is among the leaders in its market within southern Saskatchewan. Secon experiences seasonality due to the outdoor nature of its operations being impacted by adverse weather conditions.

The loss of a senior manager of Secon could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Secon is generally available in the marketplace. However, due to the current strength and competitiveness of the labour market, replacement of qualified personnel may not occur as timely as is optimal for the business. These labour force factors could have an impact on the performance of the business, the effect of which could be material.

In general, for day-to-day operations, the materials and equipment necessary for Secon to carry on its business are readily available from multiple sources which assists in keeping such materials and equipment competitively priced in the marketplace. As a result, Mosaic does not assess there to be any foreseeable material risk to the supply and/or pricing of materials or equipment which could materially impact or impede the business of Secon.

Diversified Segment

Circle 5 Tool & Mold LP

Effective November 1, 2017, Mosaic acquired a 75% interest in the business previously carried on by Circle 5 Tool & Mold Inc. Circle 5 is a supplier to Tier 1 automotive manufacturers, offering custom, high precision molds and tools for plastic injection production of highly-visible interior automotive components. Circle 5 operates out of a 50,000-sq. ft. manufacturing facility in Windsor, Ontario and also has a branch location in Shenzhen, China.

As of December 31, 2018, Circle 5 employed approximately 63 people. Circle 5's broad international customer base produces interior components for today's leading automotive brands including BMW, Ford, Volkswagon, General Motors, Toyota, Daimler and Tesla.

The loss of a senior manager of Circle 5 could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find suitable replacements. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Circle 5 is generally available in the marketplace.

Circle 5 maintains certain long-term supplier relationships for sourcing of its product. Mosaic believes that these supplier relationships are sustainable and does not assess there to be any material risk to the supply and/or pricing of products which could materially impact or impede the business. In the event such a supplier relationship was terminated, Mosaic believes there exist multiple opportunities to establish alternate supply relationships.

Industrial Scaffold Services L.P.

Effective September 1, 2013, Mosaic acquired a 67.5% interest in the business now carried on by Industrial Scaffold. Effective January 1, 2018, Industrial Scaffold settled a put option with a non-controlling interest. Under terms of the limited partnership agreement, Industrial Scaffold acquired the 25% non-controlling interest for $6.2 million payable over 3 years in equal annual installments in the form of a promissory note bearing interest at 5.0% per annum. Mosaic now holds an 85% interest in Industrial Scaffold. Established in 2002, Industrial Scaffold is a preferred provider of worksite surface and access scaffolding solutions to numerous industrial and commercial customers, providing both scaffolding services and environmental containment services (which is the wrapping of structures such as buildings, industrial infrastructure, ships and submarines). Industrial Scaffold's commitment to safety, excellent customer service and the provision of highly qualified field supervisory personnel are key elements which keep it at the forefront of its industry.

As of December 31, 2018, Industrial Scaffold employed 192 tradespeople and office staff. Sales in the business are generated through existing relationships as well as from face-to-face sales calls and participation in competing bidding processes. Industrial Scaffold is based in Nanaimo, British Columbia and also has offices strategically located in Fort St. John, Kitimat and Victoria, British Columbia. Although there are a number of competitors to the services provided by Industrial Scaffold, the assessment of Mosaic is that Industrial Scaffold is one of the leaders in its market within British Columbia.

The loss of a senior manager of Industrial Scaffold could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find suitable replacements. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Industrial Scaffold is generally available in the marketplace. Industrial Scaffold has core clients that employ their services during shutdown phases in their respective business cycles, accordingly Industrial Scaffold is subject to seasonality and traditionally performs the bulk of their work in the March to November timeframe.

In general, for day-to-day operations, the materials and component parts necessary for Industrial Scaffold to carry on its business are readily available from multiple sources in multiple locations which also assist in keeping such materials and components competitively priced in the marketplace. As a result of these factors, Mosaic does not assess there to be any material risk to the supply and/or pricing of components or materials which could materially impact or impede the business.

Kendall's Supply Ltd.

Effective August 1, 2012, Mosaic acquired an 89% interest in Kendall's. Kendall's is based in Estevan, Saskatchewan and is a leading provider in its region of parts and supplies to companies in the automotive, oil and natural gas, mining, power generation, construction and agriculture industries. Established in 1944, Kendall's is a third generation family business with an excellent reputation for customer service and maintaining a large inventory of supplies.

As of December 31, 2018, Kendall's had 14 employees including sales staff, delivery personnel, purchasing and office staff. Sales in the business are primarily done face-to-face or over the phone with one outside travelling salesperson. Kendall's has a large customer base with the top 10 customers accounting for approximately 20% of total sales. Kendall's business has very little seasonality due to its broad customer base and the variety of industries which it serves, but it does experience some cyclicality in its business as related to the activity levels of oil and natural gas industry customers.

The loss of a senior manager of Kendall's could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Kendall's is generally available in the marketplace. However, the labour market for such personnel has generally been strong and competitive. That, combined with Estevan, Saskatchewan being a smaller more remote centre, may result in replacement of such personnel not occurring as timely as is optimal for the business. These labour force factors could have a negative impact on the performance of the business.

In general, for day-to-day operations, the inventory of parts and supplies necessary for Kendall's to conduct its business are readily available from multiple sources in multiple locations which assists in keeping such parts and supplies competitively priced in the marketplace. As a result of these factors, Mosaic does not assess there to be material risk to the supply and/or pricing of Kendall's inventory which could result in a material impact to, or impede, the business of Kendall's.

Kendall's competes against several operations in its market, generally securing business though the diversity of its product offering and superior customer service. Kendall's has not seen any change in the competitive environment in the past year.

Mackow Industries

Effective August 1, 2016, Mosaic acquired an 80% interest in Mackow. Founded in 1984, Mackow Custom Machine Services Ltd., now operating as Mackow, has been in business for over 30 years and presently has offices in Winnipeg, Manitoba and Fargo, North Dakota, United States. Mackow is a manufacturer of precision fabricated metal components, including internal tool and die manufacturing, design and process development, with its primary market consisting of North American manufacturers of transit buses and highway motor coaches.

As of December 31, 2018, Mackow had 164 employees. Sales in the business are generated through existing relationships, competitive bidding on projects and from face-to-face sales calls. Although there are a number of competitors to the products provided by Mackow, it has established a multi-decade strategic supplier relationship with the leading North American transit bus and highway motor coach manufacturer and this customer represents a significant portion of Mackow's revenue. The assessment of Mosaic is that there is not material risk that this relationship will be terminated in the foreseeable future. The loss of a senior manager of Mackow could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Mackow is generally available in the marketplace. The labour market for such personnel has generally been strong and competitive. That, combined with Winnipeg being a major centre, will result in replacement of such personnel in a timely manner for the business. These labour force factors should not have a negative impact on the performance of the business. Mackow is not subject to significant seasonality in its business cycle.

In general, for day-to-day operations, the materials necessary for Mackow to carry on its business are readily available from multiple sources which assists in keeping such materials competitively priced in the marketplace. As a result, Mosaic does not assess there to be any foreseeable material risk to the supply and/or pricing of materials which could materially impact or impede the business.

Printing Unlimited L.P.

On February 1, 2007, the business now carried on by Printing Unlimited was acquired. Mosaic indirectly owns a 100% interest in Printing Unlimited. Printing Unlimited is located in Fort McMurray, Alberta. Printing Unlimited prints, among other things, marketing and promotional materials, annual reports, operation manuals and handbooks, safety tags, stationary, carbonless forms, and black and white and color photocopies for customers which include most of the large oil sand development and production companies. Additionally, Printing Unlimited provides graphic design and typesetting services to its customers and operates a sign manufacturing division. The business has been in operation since 1984.

Printing Unlimited has three departments: printing, reproduction and signs. Operations in the printing department include: (i) pre-press procedures such as graphic design, layout, artwork and typesetting; (ii) full-colour offset and digital printing on four presses where images are reproduced onto paper, foil, plastic and other materials; and (iii) bindery or finishing procedures such as folding, stitching, trimming, cutting, punching and perforating. The reproduction department reproduces images on high-speed black and white and color photocopiers and manufactures decals, signs, banners and photo images.

As of December 31, 2018, Printing Unlimited had 11 employees including a general manager, estimators and press operators as well as pre-press, bindery, reproduction, sign manufacturing and administrative personnel. The loss of any one of the managers could impair the ability of Printing Unlimited to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Printing Unlimited is generally available in the marketplace.

Sales in the business are generated through existing relationships as well as from new business developed principally through face-to-face sales calls. Almost all of the revenue of Printing Unlimited is generated from clients located within a 100 kilometre radius of Fort McMurray, Alberta. The majority of Printing Unlimited's customers are engaged in oil sand developments. Consequently, Printing Unlimited's financial performance is influenced by the financial health and activity levels of this sector. Although the commercial printing business is a competitive business, the combination of being located in a fairly remote location, offering superior service and being part of the local community for over 30 years with local relationships, all serve to make Printing Unlimited a market leader in the printing business in the Fort McMurray, Alberta area.

In general, for day-to-day operations, the materials and component parts necessary for Printing Unlimited to conduct its business are readily available from multiple sources in multiple locations which also assist in keeping such materials and components competitively priced in the marketplace. As a result of these factors, Mosaic does not assess there to be any material risk to the supply and/or pricing of components or materials which could materially impact or impede the business.

Energy Segment

Allied Cathodic Services L.P.

Effective September 1, 2007, the business now carried on by Allied Cathodic was acquired. Mosaic indirectly owns an 80% interest in Allied Cathodic. Allied Cathodic installs, maintains and replaces cathodic protection systems for oilfield well casings and steel flow lines primarily in southeast Saskatchewan and southwest Manitoba from its facility in Estevan, Saskatchewan.

Allied Cathodic has been in operation since 2000 and, as at December 31, 2018, had 11 employees. The business is subject to seasonality with the busiest period for the business being approximately from the beginning of April to the end of November in each year, with the winter months of December through March generating substantially less revenue in comparison.

The loss of any of the key senior personnel at Allied Cathodic could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the specialized skill and knowledge pertaining to some of the non-management positions at Allied Cathodic is available in the marketplace. However, the labour market for such skilled personnel has generally been strong and competitive. That, combined with Estevan, Saskatchewan being a smaller more remote centre, may result in replacement of such skilled personnel not occurring as timely as is optimal for the business. These labour force factors could have a negative impact on the performance of the business.

Sales in the business are generated through existing relationships as well as from new business developed principally through face-to-face sales calls. Allied Cathodic is strategically located in Estevan, Saskatchewan, which is centrally located amongst the major oil producing fields in the region. Although there are a number of competitors to the services provided by Allied Cathodic, Mosaic's assessment is that Allied Cathodic is one of the market leaders in the cathodic protection business in the southeast Saskatchewan area.

In general, for day-to-day operations, the materials and component parts necessary for Allied Cathodic to conduct its business are readily available from multiple sources in multiple locations which also assist in keeping such materials and components competitively priced in the marketplace. As a result of these factors, Mosaic does not assess there to be any material risk to the supply and/or pricing of components or materials which could materially impact or impede the business.

Remote Waste LP

In September 2008, the business now carried on by Remote Waste was acquired. Mosaic indirectly owns an approximate 95% interest in Remote Waste. Remote Waste is based in Sexsmith, Alberta and has a branch location in Boerne, Texas, United

States. Remote Waste is principally engaged in (i) the rental of modular wastewater treatment systems (the "**WT Units**") used primarily at temporary work camps and (ii) chemical water purification services (the "**CIO2 Units**"). The WT Units are designed for treatment of sewage in remote areas. The majority of the WT Units support work camps in the oil and natural gas industry. The CIO2 Units are used for fracturing water disinfection (reduce the risk of microbial induced souring, microbial induced corrosion and reduced hydrocarbon flow rates) associated with completions process of oil and natural gas wells. The CIO2 Units are also used in municipal drinking water treatment applications. The WT Units and CIO2 Units are installed, maintained and removed from a customer's location by Remote Waste's field technicians.

As of December 31, 2018, Remote Waste had 42 employees. Remote Waste's business is somewhat subject to seasonality. The busiest period for the business is approximately from the beginning of October through to the end of March in each year.

The loss of a senior manager at Remote Waste could impair the ability of the business to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Remote Waste is generally available in the marketplace. However, the labour market for such personnel has generally been strong and competitive. That, combined with the nature of the work and the fact that Sexsmith, Alberta is a smaller more remote centre, may result in replacement of such skilled personnel not occurring as timely as is optimal for the business. These labour force factors could have a negative impact on the performance of the business.

Sales in the business are generated through existing relationships as well as from new business developed principally through face-to-face sales calls. Remote Waste is located in Sexsmith, Alberta and provides its services to customers in Alberta, north-eastern British Columbia, the Northwest Territories, the Yukon and Texas, United States. The Remote Waste market niche is intensely competitive and currently plagued with overcapacity.

In general, for day-to-day operations, the materials and component parts necessary for Remote Waste to conduct its business are readily available from multiple sources in multiple locations which also assist in keeping such materials and components competitively priced in the marketplace. As a result of these factors, Mosaic does not assess there to be any material risk to the supply and/or pricing of components or materials which could materially impact or impede the business. The water purification business relies on one supplier for provision of chemicals utilized in its purification process.

Real Estate Segment

First West

Mosaic directly or indirectly owns a 100% interest in FWPLP which in turns holds a 100% interest in FWLDLP and a 50% interest in FWDLP. At December 31, 2017, management reclassified all assets of this segment as held for sale. Further, Mosaic intends to cease operations in this segment once the remaining assets are disposed of.

First West typically acquired properties of the following nature: (i) commercial, industrial, retail, office and mixed use properties; and (ii) non income-producing assets (vacant land). As of March 20, 2019, FWPLP owned one commercial property in Estevan, Saskatchewan. First West is also engaged in partnership with Harbour Equity Capital Corp., through FWDLP, for the development of the Parker Industrial Park near Regina, Saskatchewan. First West has a 50% interest in the project. The Parker Industrial Park is located on 157.97 acres of raw land in the rural municipality of Sherwood No 159. It is located approximately one mile north of the Regina city limits. The land is currently being developed into a full service industrial park. As of December 31, 2018, 52% of the project has been sold. Additionally First West, through its subsidiary FWLDLP, holds 3.78 acres of land in Estevan, Saskatchewan.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against Mosaic or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceeding by Mosaic or any of its subsidiaries within the three most recently completed financial years or during, or proposed for, the current financial year.

Material Reorganization

Other than the conversion of Ambassador from a corporation to a limited partnership pursuant to an internal reorganization effective January 1, 2017, Mosaic has not completed a material reorganization within the three most recently completed financial years nor has it completed, or proposed, a material reorganization in the current financial year.

Social or Environmental Policies

Mosaic has not implemented social or environmental policies that are fundamental to its operations.

GENERAL DEVELOPMENT OF MOSAIC'S BUSINESS

The following describes how Mosaic's business has developed over the last three completed financial years. Apart from any acquisitions and dispositions of businesses and assets in the normal course of its investment business, Mosaic does not anticipate any further material changes to its business during 2019.

2019

On March 14, 2019, Mosaic divested of a real estate property in Saskatoon, Saskatchewan for net proceeds of $2.7 million. A portion of the net proceeds were used to retire $2.0 million debt that was secured against the property.

2018

On December 19, 2018, Mosaic divested a real estate property in Fort McMurray, Alberta for net proceeds of $3.6 million. Proceeds were used to reduce Mosaic's Amended Facility that was secured against the property.

On September 26, 2018 PricewaterhouseCoopers LLP was appointed as auditor of Mosaic to replace former auditor Deloitte LLP.

Effective June 30, 2018, Mr. Mark Gardhouse was appointed as President in addition to his role as Chief Executive Officer of Mosaic. Mr. Gardhouse assumed this position from Mr. Harold Kunik, who resigned as President but continues as a Director of the Mosaic Board.

On June 29, 2018, Mosaic further amended and renewed its $50 million Amended Facility with ATB Corporate Financial Services ("**ATB**") for an additional three years whereby, amongst other things, the fixed change coverage ratio was replaced by a debt service coverage ratio. The Amended Facility continues to bear interest at rates ranging from prime plus 0.50% - 1.50%. $15.0 million of the Amended Facility's availability is subject to completion of future acquisitions.

On May 23, 2018, Mr. Mark Gardhouse, Chief Executive Officer of Mosaic, and George Flemming, Independent Consultant, were elected to the Board of Mosaic by the Mosaic shareholders.

Effective January 1, 2018, Industrial Scaffold settled a put option with a non-controlling interest. Under terms of the limited partnership agreement, Industrial Scaffold acquired the 25% non-controlling interest for $6.2 million payable over 3 years in equal annual installments in the form of a promissory note bearing interest at 5.0% per annum. In September 2018, as part of an employee incentive initiative, Industrial Scaffold issued 5% of its limited partnership units to senior management. Mosaic now holds an 85% interest in Industrial Scaffold.

2017

On November 1, 2017, Mosaic acquired a 75% interest in the business being carried on by Circle 5 Tool & Mold Inc. Circle 5 is a supplier of molding solutions to Tier 1 automotive manufacturers, offering custom, high precision molds and tools for plastic injection production of highly-visible interior automotive components. Mosaic's acquisition cost of $27.0 million was funded through a combination of cash and from the issuance of partnership units, which is 100% controlled by Mosaic.

On October 17, 2017, a limited partnership controlled by Mosaic issued $20.0 million of subordinated partnership units ("**Redeemable NCI**"). The Redeemable NCI matures on January 1, 2021 and has a preferential distribution of 7.0%. Mosaic incurred $0.6 million in transaction costs.

On October 17, 2017, Mosaic amended its Amended Facility with ATB whereby among other things, the definition of specified subsidiaries aggregate net funded debt was amended by removing vendor-take-back notes payable from the calculation.

On June 30, 2017, Mosaic amended the 2017 Credit Agreement with ATB providing for, among other things, an increase in its Facility from $35.0 million to $50.0 million (the "**Amended Facility**"). The Amended Facility is comprised of a $50.0 million revolving committed credit facility which is available for the purposes of acquisitions, day to day operating requirements and capital expenditures. The Amended Facility bears interest at rates ranging from prime plus 0.50% to 1.50% and is secured by, among other things, a general security agreement and the assignment of securities that Mosaic holds in certain subsidiaries.

Effective June 26, 2017, Mr. Monty Balderston was appointed as Chief Financial Officer of Mosaic. Mr. Balderston assumed this position from Mr. Allan Fowler, who resigned to pursue other opportunities.

On May 1, 2017, Mosaic acquired a 75% interest in businesses previously carried on by Cedar Infrastructure Products, Inc. Founded in 2000, Cedar is headquartered in Vaughan, Ontario. Under the terms of the Cedar partnership agreement the non-controlling interests are subject to put and call provisions that may result in future cash outlays. Cedar is a distributor of municipal iron castings, concrete pipe, pre-cast products and related specialty items to service the road, water and sewer infrastructure and residential construction industries and serves a broad group of contractors and municipalities in the Greater Toronto Area and Southwestern Ontario regions. Mosaic's cost of the acquisition was approximately $18.3 million and was funded through a combination of cash and a $4.3 million three-year vendor-take-back note bearing interest at 5.0% per annum. In addition, there is a three-year earn-out provision to be paid to the vendor if the business meets specified financial targets.

On March 3, 3017, Mosaic received gross proceeds of $15.2 million upon closing of its offering of 1,550,302 subscription privileges (the "**Subscription Privileges**"). The Subscription Privileges entitled the holders thereof to subscribe for Common Shares at a subscription price of $9.80 per Common Share. A total of 1,550,302 Common Shares were issued upon closing of the offering. The Subscription Privileges were offered to holders of the 10% Preferred Securities and the Private Yield Securities of record on February 9, 2017. As disclosed in Mosaic's short form prospectus dated February 3, 2017, the net proceeds of the offering were used for acquisitions and for general corporate purposes, which includes paying down existing credit facilities and payment of expenses in connection with Mosaic's day-to-day operations. Unallocated funds were added to working capital. Mosaic paid a fee of $0.25 per Subscription Privilege exercised to the securities broker or dealer, bank or trust company or other CDS participant whose client exercised the Subscription Privilege.

On February 23, 2017, Mosaic announced that it was changing the Common Share dividend payment policy from a quarterly basis to a monthly basis and increasing the Common Share dividend, on an annual basis, by 5% from $0.40 per annum to $0.42 per annum.

On February 10, 2017 (the "**Redemption Date**"), Mosaic completed the redemption of the 10% Preferred Securities and Series A Shares and the retraction of the Private Yield Securities and paid the following amounts in respect of the redemptions and retraction:

- $10.1096 for each $10 principal amount of 10% Preferred Securities for an aggregate redemption cost of approximately $106 million;

- $1,010.137 for each $1,000 principal amount of Private Yield Securities for an aggregate retraction cost of approximately $26.8 million; and

- $10.1096 for each Series A Share for an aggregate redemption cost of approximately $0.9 million.

Following the redemption of the 10% Preferred Securities, the 10% Preferred Securities were delisted from the Exchange. In connection with the retraction of the Private Yield Securities and the redemption of the Series A Shares, all Private Yield Warrants and options to acquire Series A Shares outstanding on the Redemption Date were cancelled.

On January 26, 2017, Mosaic closed a private placement (the "**Fairfax Financing**") pursuant to which Fairfax Financial Holdings Limited through certain of its subsidiaries (collectively, "**Fairfax**") acquired $100.0 million principal amount of Senior Preferred Securities, $50.0 million principal amount of Secured Debentures and Common Share purchase warrants entitling Fairfax to acquire up to 17,026,106 Common Shares at an exercise price of $8.81 per Common Share for seven years (the "**Fairfax Warrants**"). The proceeds of the Fairfax Financing were used primarily to: (i) redeem all of the 10% Preferred Securities and Series A Shares; (ii) retract all of the outstanding Private Yield Securities; and (iii) repay all or part of the Facility and for general corporate purposes.

On January 25, 2017 Mosaic entered into a new credit agreement (the "**2017 Credit Agreement**") with ATB which provided for a $35.0 million credit facility (the "**Facility**") to replace Mosaic's $25.0 million facility with ATB that had been in place since 2014. The Facility was comprised of a $35.0 million revolving committed credit facility which was available for the purposes of acquisitions, day to day operating requirements and capital expenditures. The Facility had a 3-year term, bore interest at rates ranging from prime plus 0.50% to 1.50% and was secured by, among other things, a general security agreement and the assignment of securities that Mosaic holds in certain subsidiaries. The Facility was replaced with the Amended Facility on June 30, 2017.

2016

On December 6, 2016 Mosaic implemented a Dividend Reinvestment Plan (the "**DRIP**") for its Common Shares. The DRIP provides eligible shareholders of Mosaic with an opportunity to receive, by reinvesting the cash dividends declared payable on their Common Shares, additional Common Shares. The DRIP allows Mosaic to elect to have the Common Shares purchased on the open market or issued from treasury with or without a discount of up to 3.0%.

On December 5, 2016, Mosaic acquired a 70% interest in businesses previously carried on by Bassi Construction Ltd. and Basscon Group Inc. (now operating as Bassi). Mosaic's cost of the acquisition was approximately $24.5 million and was funded through a combination of cash and a $3.0 million three-year vendor-take-back note bearing interest at 5.5% per annum. Under the terms of the Bassi partnership agreement the non-controlling interests are subject to put and call provisions that may result in future cash outlays.

On November 10, 2016, Mosaic closed a new public offering, in which $15.0 million principal amount of Convertible Debentures were issued by way of short form prospectus supplement. On November 30, 2016, Mosaic announced that the underwriting syndicate had partially exercised the over-allotment option resulting in the issuance of an additional $0.6 million principal amount of Convertible Debentures. Each Convertible Debenture has a face value of $1,000, a coupon of 7.0%, a maturity date of December 31, 2021, and is convertible into Common Shares at the option of the holder at a conversion price of $9.00 per Common Share. The combined net proceeds of the offering of Convertible Debentures was used for general corporate purposes including future acquisitions, paying down existing credit facilities and working capital.

On September 23, 2016, Mosaic filed, and received a receipt for, a final short form base shelf prospectus. The base prospectus was valid for a 25-month period during which time Mosaic was able to, from time to time, issue Common Shares, preferred shares, warrants, preferred securities, debt securities, subscription receipts and units, or any combination thereof, having an aggregate offering price up to $200.0 million. The base prospectus was filed to provide Mosaic with financial flexibility and efficient access to Canadian capital markets.

On August 2, 2016, Mosaic acquired an 80% interest in Mackow. Mosaic's cost of the acquisition was approximately $29.5 million and was funded through a combination of cash and a $6.8 million three-year vendor-take-back note bearing interest at 5.0% per annum.

Effective July 11, 2016, Mr. Mark Gardhouse was appointed as Chief Executive Officer of Mosaic. Mr. Gardhouse assumed this position from Mr. John Mackay, who continued as Executive Chairman of the Mosaic Board.

DIVIDENDS AND DISTRIBUTIONS

Dividend Policy

Common Shares

In January 2012, the Mosaic Board adopted a dividend policy of paying a regular quarterly dividend on the Common Shares. The quarterly dividend was initiated at $0.02 per Common Share and has progressively increased over time, and on February 23, 2017, Mosaic changed the Common Share dividend payments from a quarterly basis to a monthly basis and increased the dividend, on an annual basis, by 5.0% from $0.40 per annum to $0.42 per annum. The first monthly dividend of $0.035 per Common Share was paid on April 28, 2017 and has continued to be paid monthly until the date of this AIF. The amount and payment of future dividends, whether monthly or otherwise, is subject to the discretion of the Mosaic Board and will be dependent upon Mosaic's results of operations, current and anticipated cash requirements, the satisfaction of solvency tests imposed by the ABCA and other relevant factors.

Distribution Policy

Senior Preferred Securities

Each Senior Preferred Security bears simple interest at a rate of 6.0% per annum upon the $10 principal amount thereof which, therefore, gives rise to an entitlement to a monthly distribution in the amount of $0.05 ($0.60 per annum) which is payable each calendar quarter in arrears. Subject to the terms of the Senior Preferred Securities Indenture, interest on the Senior

Preferred Securities will be paid on the 15th day of the month which immediately follows an Interest Period. For additional details on the terms of the Senior Preferred Securities, please refer to the section entitled "*Capital Structure – Senior Preferred Securities*" below.

Convertible Debentures

Each Convertible Debenture bears interest at a rate of 7.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year commencing June 30, 2017. For additional details on the terms of the Convertible Debentures, please refer to the section entitled "*Capital Structure – Convertible Debentures*" below.

Secured Debentures

Each Secured Debenture bears interest at a rate of 5.0% per annum, payable quarterly in arrears on the last day of March, June, September and December of each year commencing on March 31, 2017. For additional details on the terms of the Secured Debentures, please refer to the section entitled "*Capital Structure – Secured Debentures*" below.

Dividends and Distributions Paid – 2016, 2017 and 2018

For each of the three most recently completed fiscal years of Mosaic, the following tables set forth the dividends and distributions (as the case may be) which have been declared and paid by Mosaic in respect of its Common Shares, Senior Preferred Securities, Convertible Debentures, Secured Debentures, Series A Shares, 10% Preferred Securities and Private Yield Securities. On the Redemption Date, all of the Series A Shares and 10% Preferred Securities outstanding were redeemed and all of the Private Yield Securities outstanding were retracted.

Dividends - Common Shares

The following table shows the dividends declared and paid by Mosaic on its Common Shares for each of the three most recently completed fiscal years:

Payment Date	Record Date	Amount per Common Share	Number of Common Shares Outstanding	Aggregate Amount
March 31, 2016	February 15, 2016	$0.100	8,558,865	$855,886
June 30, 2016	June 15, 2016	$0.100	8,603,850	$860,385
September 30, 2016	September 15, 2016	$0.100	8,603,850	$860,385
December 30, 2016	December 15, 2016	$0.100	8,603,850	$860,385
March 31, 2017	March 15, 2017	$0.105	10,401,141	$1,092,120(1)
April 28, 2017	April 14, 2017	$0.035	10,464,626	$366,262(2)
May 31, 2017	May 15, 2017	$0.035	10,557,026	$369,496(3)
June 30, 2017	June 15, 2017	$0.035	10,560,756	$369,626(4)
July 31, 2017	July 15, 2017	$0.035	10,560,756	$369,626(5)
August 31, 2017	August 15, 2017	$0.035	10,570,313	$369,961(6)
September 30, 2017	September 15, 2017	$0.035	10,570,313	$369,961(7)
October 31, 2017	October 15, 2017	$0.035	10,570,313	$369,961(8)
November 30, 2017	November 15, 2017	$0.035	10,570,313	$369,961(9)
December 31, 2017	December 15, 2017	$0.035	10,573,667	$370,078(10)
January 31, 2018	January 15, 2018	$0.035	10,573,667	$370,078(11)
February 28, 2018	February 15, 2018	$0.035	10,573,667	$370,078(12)
March 30, 2018	March 15, 2018	$0.035	10,573,667	$370,078(13)
April 30, 2018	April 16, 2018	$0.035	10,608,058	$371,282(14)
May 31, 2018	May 15, 2018	$0.035	10,608,058	$371,282(15)
June 29, 2018	June 15, 2018	$0.035	10,608,058	$371,282(16)
July 31, 2018	July 16, 2018	$0.035	10,608,058	$371,282(17)
August 31, 2018	August 15, 2018	$0.035	10,608,058	$371,282(18)
September 28, 2018	September 14, 2018	$0.035	10,608,058	$371,282(19)
October 31, 2018	October 15, 2018	$0.035	10,608,058	$371,282(20)
November 30, 2018	November 15, 2018	$0.035	10,608,058	$371,282(21)
December 31, 2018	December 14, 2018	$0.035	10,608,058	$371,282(22)
Total				**$11,934,583**

(1) Of this amount, $176,356.85 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(2) Of this amount, $60,240.36 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(3) Of this amount, $5,648.01 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(4) Of this amount, $6,584.65 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(5) Of this amount, $6,275.38 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(6) Of this amount, $13,337.58 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(7) Of this amount, $14,381.11 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(8) Of this amount, $18,314.86 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(9) Of this amount, $14,162.54 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(10) Of this amount, $10,770.03 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(11) Of this amount, $10,878.99 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(12) Of this amount, $10,941.82 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(13) Of this amount, $10,142.84 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(14) Of this amount, $5,783.95 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(15) Of this amount, $4,958.32 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(16) Of this amount, $11,360.34 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(17) Of this amount, $10,977.65 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(18) Of this amount, $10,207.08 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(19) Of this amount, $12,765.45 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(20) Of this amount, $13,113.94 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(21) Of this amount, $13,485.21 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.
(22) Of this amount, $17,945.98 was satisfied by Mosaic through the delivery of Common Shares under the DRIP.

Dividends - Series A Shares

The following table shows the dividends declared and paid by Mosaic on its Series A Shares for each of the three most recently completed fiscal years. On the Redemption Date, all Series A Shares outstanding were redeemed.

Payment Date	Record Date	Amount per Series A Share	Number of Series A Shares Outstanding	Aggregate Amount
January 15, 2016	December 31, 2015	$0.0833	87,780	$7,312
February 16, 2016	January 29, 2016	$0.0833	87,780	$7,312
March 15, 2016	February 29, 2016	$0.0833	87,780	$7,312
April 15, 2016	March 31, 2016	$0.0833	87,780	$7,312
May 16, 2016	April 29, 2016	$0.0833	87,780	$7,312
June 15, 2016	May 31, 2016	$0.0833	87,780	$7,312
July 15, 2016	June 30, 2016	$0.0833	87,780	$7,312
August 15, 2016	July 29, 2016	$0.0833	87,780	$7,312
September 15, 2016	August 31, 2016	$0.0833	87,780	$7,312
October 17, 2016	September 30, 2016	$0.0833	87,780	$7,312
November 15, 2016	October 31, 2016	$0.0833	87,780	$7,312
December 15, 2016	November 30, 2016	$0.0833	87,780	$7,312
January 16, 2017	December 30, 2016	$0.0833	87,780	$7,312
Total				**$174,751**

Distributions - 10% Preferred Securities

The following table shows the distributions declared and paid by Mosaic on its 10% Preferred Securities for each of the three most recently completed fiscal years. On the Redemption Date, all 10% Preferred Securities outstanding were redeemed.

Period	Payment Date	Record Date	Amount per 10% Preferred Security	Number of 10% Preferred Securities Outstanding	Aggregate Amount
January 2016	February 16, 2016	January 29, 2016	$0.0833	10,488,169	$873,664
February 2016	March 15, 2016	February 29, 2016	$0.0833	10,463,499	$871,609
March 2016	April 15, 2016	March 31, 2016	$0.0833	10,463,499	$871,609
April 2016	May 16, 2016	April 29, 2016	$0.0833	10,463,499	$871,609
May 2016	June 15, 2016	May 31, 2016	$0.0833	10,477,447	$872,771
June 2016	July 15, 2016	June 30, 2016	$0.0833	10,477,447	$872,771
July 2016	August 15, 2016	July 29, 2016	$0.0833	10,477,447	$872,771
August 2016	September 15, 2016	August 31, 2016	$0.0833	10,477,447	$872,771
September 2016	October 17, 2016	September 30, 2016	$0.0833	10,477,447	$872,771
October 2016	November 15, 2016	October 31, 2016	$0.0833	10,477,447	$872,771
November 2016	December 15, 2016	November 30, 2016	$0.0833	10,477,447	$872,771
December 2016	January 16, 2017	December 30, 2016	$0.0833	10,477,447	$872,771
Total					**$29,960,683**

Distributions – Private Yield Securities

The following table shows the distributions declared and paid by Mosaic on its Private Yield Securities for each of the three most recently completed fiscal years. On the Redemption Date, all Private Yield Securities outstanding were retracted.

Period	Payment Date	Record Date	Amount per Private Yield Security	Number of Private Yield Securities Outstanding	Aggregate Amount
January 2016	February 16, 2016	January 29, 2016	$7.7083	26,520	$204,424
February 2016	March 15, 2016	February 29, 2016	$7.7083	26,520	$204,424
March 2016	April 15, 2016	March 31, 2016	$7.7083	26,520	$204,424
April 2016	May 16, 2016	April 29, 2016	$7.7083	26,520	$204,424
May 2016	June 15, 2016	May 31, 2016	$7.7083	26,520	$204,424
June 2016	July 15, 2016	June 30, 2016	$7.7083	26,520	$204,424
July 2016	August 15, 2016	July 29, 2016	$7.7083	26,520	$204,424
August 2016	September 15, 2016	August 31, 2016	$7.7083	26,520	$204,424
September 2016	October 17, 2016	September 30, 2016	$7.7083	26,520	$204,424
October 2016	November 15, 2016	October 31, 2016	$7.7083	26,520	$204,424
November 2016	December 15, 2016	November 30, 2016	$7.7083	26,520	$204,424
December 2016	January 16, 2017	December 30, 2016	$7.7083	26,520	$204,424
Total					**$4,542,771**

Distributions – Senior Preferred Securities

The following table shows the distributions declared and paid by Mosaic on its Senior Preferred Securities since January 2017. The Senior Preferred Securities have only been issued and outstanding since January 2017.

Period	Payment Date	Record Date	Number of Senior Preferred Securities Outstanding	Aggregate Amount
January 26, 2017 – March 31, 2017(1)	April 15, 2017	March 31, 2017	10,000,000	$1,068,493
April 1, 2017 – June 30, 2017	July 15, 2017	June 30, 2017	10,000,000	$1,495,890
July 1, 2017 – September 30, 2017	October 15, 2017	September 29, 2017	10,000,000	$1,512,329
October 1, 2017 – December 31, 2018	January 15, 2018	December 29, 2017	10,000,000	$1,512,329
January 1, 2018 – March 31, 2018	April 15, 2018	March 31, 2018	10,000,000	$1,479,452
April 1, 2018 – June 30, 2018	July 15, 2018	June 30, 2018	10,000,000	$1,495,890
July 1, 2018 – September 30, 2018	October 15, 2018	September 29, 2018	10,000,000	$1,512,329
October 1, 2018 – December 31, 2018	January 15, 2019	December 29, 2018	10,000,000	$1,512,329
Total				**$11,589,041**

(1) Interest payable for the portion of the quarter outstanding as indicated in the period description.

Distributions – Secured Debentures

The following table shows the distributions declared and paid by Mosaic on its Secured Debentures since January 2017. The Secured Debentures have only been issued and outstanding since January 2017.

Period	Payment Date	Record Date	Number of Secured Debentures Outstanding	Aggregate Amount
January 26, 2017 – March 30, 2017(1)	March 31, 2017	March 15, 2017	50,000	$438,356
March 31, 2017 – June 29, 2017	June 30, 2017	June 15, 2017	50,000	$625,000
June 30, 2017 - September 29, 2017	September 30, 2017	September 15, 2017	50,000	$625,000
September 30, 2017 – December 30, 2017	December 31, 2018	December 15, 2018	50,000	$625,000
December 31, 2017 – March 30, 2018	March 31, 2018	March 15, 2018	50,000	$625,000
March 31, 2018 – June 29, 2018	June 30, 2018	June 15, 2018	50,000	$625,000
June 30, 2018 - September 29, 2018	September 30, 2018	September 14, 2018	50,000	$625,000
September 30, 2018 – December 30, 2018	December 31, 2018	December 15, 2018	50,000	$625,000
Total				**$4,813,356**

(1) Interest payable for the portion of the quarter outstanding as indicated in the period description.

Distributions – Convertible Debentures

The following table shows the distributions declared and paid by Mosaic on its Convertible Debentures since November 2016. The Convertible Debentures have only been issued and outstanding since November, 2016.

Period	Payment Date	Record Date	Number of Convertible Debentures Outstanding	Aggregate Amount
November 10, 2016 – June 29, 2017(1)	June 30, 2017	June 15, 2017	13,124	$586,905
June 30, 2017 – December 30, 2017	December 31, 2017	December 15, 2017	13,124	$459,340
December 31, 2017 – June 29, 2018	June 30, 2018	June 15, 2018	13,124	$459,340
June 30, 2018 – December 30, 2018	December 31, 2018	December 15, 2018	13,124	$459,340
Total				**$1,964,925**

(1) Interest payable for the stub period of November 10, 2016 to December 31, 2016 and calendar 2017 year-to-date period ended June 29, 2017.

Dividend Reinvestment Plan

Under the DRIP, holders of the Common Shares who are residents of Canada and participating in the DRIP have cash dividends paid on their Common Shares reinvested into additional Common Shares. The DRIP allows Mosaic to elect to have the Common Shares which are required in order to satisfy the obligations under the DRIP purchased on the open market or issued from treasury with or without a discount of up to 3.0%. Holders of the Common Shares may elect to participate in the DRIP by contacting the plan agent, Computershare Trust Company of Canada.

Prior to the redemption of the 10% Preferred Securities on the Redemption Date, holders of the 10% Preferred Securities who were residents of Canada and participated in Mosaic's distribution reinvestment plan had interest payments relating to their 10% Preferred Securities reinvested into 10% Preferred Securities. Mosaic was able to elect to have the 10% Preferred Securities which were required in order to satisfy the obligations under the reinvestment plan purchased on the open market or issued from treasury with or without a discount of up to 3%. The distribution reinvestment plan was terminated upon redemption of the 10% Preferred Securities on the Redemption Date.

CAPITAL STRUCTURE

General

As of March 20, 2019, the authorized share capital of Mosaic consisted of an unlimited number of Common Shares and an unlimited number of Preferred Shares. Further, Mosaic also has the ability to issue an unlimited number of Senior Preferred Securities under the Senior Preferred Securities Indenture. As of March 20, 2019, Mosaic had: (i) 10,608,058 Common Shares issued and outstanding; (ii) 10,000,000 Senior Preferred Securities issued and outstanding; (iii) $13,124,000 aggregate principal amount of Convertible Debentures issued and outstanding; (iv) $50,000,000 aggregate principal amount of Secured Debentures issued and outstanding; and (v) the Fairfax Warrants issued and outstanding entitling Fairfax to acquire, subject to adjustment, up to 17,026,106 Common Shares at an exercise price of $8.81 per Common Share on or before January 26, 2024.

Mosaic also has outstanding options to purchase Common Shares as well as RSUs entitling the holders to acquire Common Shares. For particulars see "*Prior Sales*".

Common Shares

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders except separate meetings of the holders of another class or series of shares of Mosaic. Subject to the preferences accorded to holders of the Senior Preferred Securities and any other class of shares of Mosaic ranking senior to or concurrent with the Common Shares, the Common Shares are entitled to dividends, if and when declared by the Mosaic Board, and to the distribution of the residual assets of Mosaic in the event of the liquidation, dissolution or winding-up of Mosaic.

Senior Preferred Securities

The following is a brief summary of the key attributes and characteristics of the Senior Preferred Securities and of certain provisions which are contained in the Senior Preferred Securities Indenture. The following does not purport to be complete. For full particulars and additional details on the Senior Preferred Securities, reference should be made to the Senior Preferred Securities Indenture. A copy of the Senior Preferred Securities Indenture has been filed under Mosaic's profile on SEDAR at www.sedar.com.

General

The issued and outstanding Senior Preferred Securities are governed by the Senior Preferred Securities Indenture.

Principal Amount

Each Senior Preferred Security represents $10 in principal amount.

Trustee

The trustee under the Senior Preferred Securities Indenture is Computershare Trust Company of Canada.

Voting Rights

The Senior Preferred Securities do not carry any voting rights.

Maturity

The Senior Preferred Securities are undated, perpetual securities having no fixed maturity date or redemption date. The Senior Preferred Securities are not redeemable by the holder at any time or in any circumstances. Notwithstanding any default of Mosaic under the terms of the Senior Preferred Securities Indenture (including any default in the payment of interest), the principal amount under any or all of the Senior Preferred Securities will only become due and payable upon a liquidation, dissolution or bankruptcy of Mosaic.

Security and Rank of Senior Preferred Securities

The Senior Preferred Securities are unsecured and subordinated obligations of Mosaic ranking *pari passu* among themselves but subordinated and postponed to all indebtedness, liabilities and obligations of Mosaic (other than the Convertible Debentures) which, by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations, is not expressed to rank in right of payment in subordination to or *pari passu* with the indebtedness evidenced by the Senior Preferred Securities or any of them. The obligations under the Senior Preferred Securities rank senior to the Convertible Debentures and Common Shares.

Right of Redemption by Mosaic

The Senior Preferred Securities are redeemable by Mosaic at any time after January 26, 2022 at Mosaic's option, in whole or in part (in which case they will be redeemed on a pro-rata basis), upon payment in respect of each Senior Preferred Security of the "**Redemption Price**" which means, in respect of each Senior Preferred Security, the greater of: (i) the amount of $10, being the principal amount thereof; and (ii) the market price (as defined in the Senior Preferred Securities Indenture) of such Senior Preferred Security, and, in each case, shall also include all accrued and unpaid interest on such Senior Preferred Security (including any unpaid deferred interest, if any) up to but excluding the date of redemption. Mosaic will satisfy the Redemption Price by way of cash payment to the holders of Senior Preferred Securities being redeemed.

Purchase by Mosaic

Mosaic may purchase Senior Preferred Securities in the market, by tender or by private contract, at any time or price, subject to any applicable blackout periods. Senior Preferred Securities purchased may, at the option of Mosaic, be cancelled.

Interest Rate

Each Senior Preferred Security bears simple interest at a rate of 6.0% per annum from the date of issuance upon the $10 principal amount thereof which, therefore, gives rise to an entitlement to a monthly distribution in the amount of $0.05 ($0.60 per annum) which is payable each calendar quarter in arrears on or about the 15th day of the month which immediately follows such interest period. Interest payable on the Senior Preferred Securities is cumulative and non-compounding. Each period from and including the first day of a calendar quarter to and including the last day of the calendar quarter is herein referred to as an "**Interest Period**". The current Interest Period is each calendar quarter. Subject to the terms of the Senior Preferred Securities Indenture, Mosaic may change the Interest Period in its discretion provided that it shall be no less than three months and no greater than six months in duration. Interest is payable at a rate of 10.0% per annum on the Senior Preferred Securities during any default or during any time that Mosaic defers payment of interest on the Senior Preferred Securities in accordance the terms of the Senior Preferred Securities Indenture.

Record and Payment Date for Interest Payments

Subject to the right of Mosaic to defer interest payments, accrued and unpaid interest on the Senior Preferred Securities for each Interest Period is payable on the interest payment date immediately following that Interest Period, to holders of Senior Preferred Securities of record as of the last business day of the Interest Period. The interest payment date in respect of each Interest Period shall be the 15th day of the month immediately following such Interest Period, unless such day is not a business day in which event the interest payment date shall be the immediately next following business day unless earlier paid by Mosaic.

Deferral of Interest and Nomination Right

Mosaic may indefinitely defer payment of all or part of any accrued interest otherwise due on an interest payment date by giving notice to the Senior Preferred Securities Trustee not less than five business days prior to such interest payment date. Payments of interest following receipt of a notice of deferral shall continue to be deferred until payment is resumed in accordance with the terms of the Senior Preferred Securities Indenture, meaning that once an interest deferral notice has been given to the Senior Preferred Securities Trustee, no subsequent interest deferral notices will need to be given to the Senior Preferred Securities Trustee or to holders of Senior Preferred Securities for the interest to be deferred. The Senior Preferred Securities Trustee is responsible to notify the holders of Senior Preferred Securities of receipt of an interest deferral notice. Interest shall continue to accrue on the Senior Preferred Securities during any period of time in which payment of interest is deferred at a rate of 10.0% per annum.

In the event Mosaic defers payment of all or any part of the accrued interest due on an interest payment date for four interest payment dates, whether or not consecutive, the holders of the Senior Preferred Securities will, so long as all or any such arrears of accrued interest remains unpaid, have the right to appoint to the Mosaic Board (or to nominate for election as a director of Mosaic) the majority of the directors of Mosaic.

Voluntary Payment of Deferred Interest

Subject to the requirement to pay deferred interest in certain circumstances (see "*Mandatory Payment of Deferred Interest*" below), Mosaic may elect to pay all or any portion of such interest, which at that time stands deferred, and such payment may be made on any business day by first delivering written notice confirming the payment date to the Senior Preferred Securities Trustee. Such notice must be given not less than five business days prior to the date selected for payment by Mosaic.

Mosaic's right to make payment of any deferred interest is subject to Mosaic, at the time of payment, not being aware of any reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due. Satisfaction of payment of the deferred interest will be by way of cash payment.

Mandatory Payment of Deferred Interest

Mosaic is obligated to pay all outstanding and unpaid deferred interest (or so much thereof as available distributable cash of Mosaic will permit) at the following times:

(a) no later than the business day immediately prior to the date on which Mosaic declares the payment of any dividend or other distribution in cash, or makes a cash payment of any nature, in respect of any securities of Mosaic or other obligations of Mosaic which, in accordance with IFRS, are or would be classified on a consolidated balance sheet of Mosaic as debt for borrowed money, if such securities or obligations rank junior to the Senior Preferred Securities;

(b) no later than the business day immediately prior to the date on which Mosaic redeems, purchases or otherwise acquires any of its own share capital, securities or other obligations ranking junior to the Senior Preferred Securities; and

(c) at the time of any distribution of the assets of Mosaic arising from the liquidation, dissolution or bankruptcy of Mosaic.

If either of the following events occur during the continuance of any period of interest deferral: (i) Mosaic declares the payment of any dividend, interest or other distribution in any form or amount, or makes a payment of any nature, in respect of any securities or other obligations of Mosaic which rank *pari passu* with the Senior Preferred Securities; or (ii) Mosaic redeems, purchases or otherwise acquires any of its own securities or other obligations which rank *pari passu* with the Senior Preferred Securities, then mandatory partial payment of the outstanding and unpaid deferred interest on the Senior Preferred Securities shall be made forthwith in such amount as is calculated in accordance with the terms of the Senior Preferred Securities Indenture pertaining to calculation of such mandatory partial payment amounts.

Default on Interest Payment

A payment default ("**Payment Default**") with respect to the Senior Preferred Securities will occur if Mosaic fails to pay or set aside for payment the amount due to satisfy any payment on the Senior Preferred Securities when due, and such failure continues for 30 days. The deferral of interest pursuant to the terms of the Senior Preferred Securities Indenture will not constitute a Payment Default under the Senior Preferred Securities Indenture.

If any Payment Default occurs and continues, the Senior Preferred Securities Trustee may pursue all legal remedies available to it, including commencing judicial proceedings for the collection of the sums due and unpaid. Notwithstanding a Payment Default, the Senior Preferred Securities Trustee may not declare the principal amount of any outstanding Senior Preferred Security to be due and payable.

Further Issuances

Additional Senior Preferred Securities having the same terms and conditions as those presently issued under the Senior Preferred Securities Indenture may be issued under the Senior Preferred Securities Indenture from time to time in such aggregate principal amount as Mosaic determines in its discretion. The terms of the Senior Preferred Securities Indenture do not restrict the issuance by Mosaic of any securities ranking junior to the Senior Preferred Securities. Subject to the satisfaction of the Debt Incurrence Test or if approved by holders of Senior Preferred Securities in accordance with the terms of the Senior Preferred Securities Indenture, Mosaic is permitted to issue any securities of any kind or nature whatsoever ranking *parri passu* with, or senior to, the Senior Preferred Securities.

Additional Indebtedness and Debt Incurrence Test

Under the terms of the Senior Preferred Securities Indenture, Mosaic will not at the time of incurring any obligations ranking senior to the Senior Preferred Securities, permit the Total Debt to EBITDA Ratio (as defined in the Senior Preferred Securities Indenture) to exceed 2.5:1 (the "**Debt Incurrence Test**"), calculated as at the end of the most recently completed fiscal quarter prior to the occurrence of such obligations as if such obligations had been incurred as of the last day of such fiscal quarter.

The terms of the Senior Preferred Securities Indenture do not restrict the incurring of additional indebtedness by Mosaic, its subsidiaries or affiliates, whether secured or unsecured, ranking *pari passu* or junior to the Senior Preferred Securities.

Amendment to Indenture

The terms of the Senior Preferred Securities Indenture allow Mosaic, without the consent of the Senior Preferred Securities Trustee or the holders of Senior Preferred Securities, to amend or supplement the Senior Preferred Securities Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not materially adversely affect the rights of the holders of Senior Preferred Securities, considered together as a class and not individually.

Convertible Debentures

The following is a brief summary of the key attributes and characteristics of the Convertible Debentures and of certain provisions which are contained in the Convertible Debenture Indenture. The following does not purport to be complete. For full particulars and additional details on the Convertible Debentures, reference should be made to the Convertible Debenture Indenture. A copy of the Convertible Debenture Indenture has been filed under Mosaic's profile on SEDAR at www.sedar.com.

The aggregate principal amount of the Convertible Debentures was issued under the Convertible Debenture Indenture entered into between Mosaic and the Convertible Debenture Trustee. The Convertible Debentures were issued at an issue price of $1,000. The fees of the Convertible Debenture Trustee for the administration of the Convertible Debenture Indenture are paid by Mosaic. The Convertible Debentures are available in minimum denominations of $1,000 (and integral multiples of $1,000 thereafter).

The Convertible Debentures bear interest at an annual rate of 7.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year commencing June 30, 2017. The Convertible Debentures are dated as of November 10, 2016 and will mature on December 31, 2021.

On and after December 31, 2019 and prior to December 31, 2020, the Convertible Debentures are redeemable in whole or in part from time to time at Mosaic's option at par plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Common Shares on the Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price of $9.00 per Common Share. On and after December 31, 2020, the Convertible Debentures are redeemable at Mosaic's option at any time at par plus accrued and unpaid interest. The principal amount of the Convertible Debentures to be redeemed may be settled in cash or through the issuance of Common Shares or a combination thereof.

Mosaic has the option, upon not more than 60 nor less than 30 days' prior notice, to satisfy its obligations to pay on maturity, the principal amount of the Convertible Debentures, in whole or in part, by delivering freely tradable Common Shares. Any accrued and unpaid interest will be paid in cash. In such event, payment will be satisfied by delivering for each $1,000 due, that number of freely tradable Common Shares obtained by dividing $1,000 by 95% of the volume-weighted average trading price of the Common Shares on the Exchange for the 20 consecutive trading days ending five trading days prior to the date of maturity.

The Convertible Debentures are convertible at the holder's option into fully paid Common Shares at any time prior to the close of business on the business day immediately preceding the earlier of: (i) the date of maturity; (ii) the date specified by Mosaic for redemption of the Convertible Debentures; or (iii) the payment date if called for repurchase pursuant to a mandatory repurchase at a conversion price of $9.00 per Common Share, subject to anti-dilutive provisions. The Convertible Debenture Indenture contains provisions for the issue of additional Common Shares upon conversion of the Convertible Debentures in the event of a change of control where 10% or more of the consideration to be received by holders of Common Shares is cash, equity securities or other property that is not traded or intended to be traded on a stock exchange immediately following the change of control.

Secured Debentures

The following is a brief summary of the key attributes and characteristics of the Secured Debentures and of certain provisions which are contained in the Secured Debenture Indenture. The following does not purport to be complete. For full particulars and additional details on the Secured Debentures, reference should be made to the Secured Debenture Indenture. A copy of the Secured Debenture Indenture has been filed under Mosaic's profile on SEDAR at www.sedar.com.

General

The Secured Debentures were issued under the Secured Debenture Indenture. The Secured Debentures authorized for issue is limited in aggregate principal amount to $50.0 million. The Secured Debentures are issuable only in denominations of $1,000 and integral multiples thereof, or as a global debenture.

The Secured Debentures are dated as of January 26, 2017 and have a maturity date of January 26, 2024 (the "**Maturity Date**"). The Secured Debentures will be transferable subject to compliance with the Secured Debenture Indenture and all regulatory requirements. Under the Secured Debenture Indenture, a holder of Secured Debentures is not permitted to transfer the Secured Debentures unless: (i) the transferee is not a "specified non-resident shareholder" of Mosaic for purposes of subsection 18(4) of the Tax Act at that time; or (ii) the transferee is a "specified non-resident shareholder" of Mosaic at that time but subsection 18(4) of the Tax Act will not apply to interest paid or payable by Mosaic on any of the outstanding debts of Mosaic to such specified non-resident shareholder.

The Secured Debentures will bear interest from the date of issue at a rate of 5.0% per annum which will be payable quarterly in arrears on the last day of March, June, September and December in each year until the Maturity Date, commencing on March 31, 2017.

Computershare Trust Company of Canada has been appointed as trustee under the Secured Debenture Indenture.

The principal amount of the Secured Debentures and any interest amounts accrued thereon is payable in lawful money of Canada.

The Secured Debentures are guaranteed, jointly and severally, by each of First West Properties Corp., FWPLP, the Fund, Mosaic Commercial Trust, Mosaic Capital Partners Ltd., MLP, Allied Cathodic G.P. Ltd., Printing Unlimited, Printing Unlimited Ltd., Remote Waste, Remote Waste Ltd., Industrial Scaffold Services Inc., Mosaic Commercial Management Corp., MCLP, Mosaic Capital GP Ltd. and each other person who from time to time agrees to guarantee the obligations under the Secured Debenture Indenture (collectively, the "**Guarantors**").

The Secured Debentures are direct senior secured obligations of Mosaic. Mosaic and the Guarantors' obligations under the Secured Debentures are secured by a second priority security interest: (i) on its present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate, including, without limitation, accounts, general intangibles, goods (including inventory, equipment and fixtures), chattel paper, investment property, documents of title, instruments, money, cash and cash equivalents, trade-marks, copyrights, patents, licenses and other intellectual property or intangibles and all proceeds thereof (collectively, the "**Personal Property**"); and (ii) in the form of a floating charge over all of its present and after-acquired real property (collectively, the "**Real Property**"). The Secured Debentures rank *pari passu* with one another, in accordance with their tenor without discrimination, preference or priority and, subject to statutory preferred exceptions, rank senior in payment to all of Mosaic's existing and future indebtedness (other than indebtedness under the 2017 Credit Agreement, which has a first priority security interest on the Personal Property and Real Property). The Secured Debenture Trustee, on behalf of the Secured Debenture holders from time to time, and ATB have entered into an intercreditor agreement to reflect the relative priorities of the Secured Debenture holders and ATB under the 2017 Credit Agreement, as set forth above, and certain creditors' rights as further described therein.

Redemption and Purchase

The Secured Debentures are not redeemable on or before the Maturity Date. However, Mosaic may from time to time purchase Secured Debentures for cancellation in the market, by tender or by private contract, at any price. Notwithstanding the foregoing, if an Event of Default (as described below under the heading "*Events of Default*") has occurred and is continuing, Mosaic will not have the right to purchase the Secured Debentures by private contract.

Payment Upon Maturity

On the Maturity Date, Mosaic will pay to the holders of Secured Debentures all the principal thereon and all accrued and unpaid interest thereon, up to but excluding the Maturity Date. Payment of principal and accrued and unpaid interest shall be made by cheque or wire transfer to the holders of Secured Debentures.

Covenants of Mosaic

Mosaic is bound by certain covenants under the Secured Debenture Indenture. Positive covenants include: (i) compliance with laws; (ii) payment of the Secured Debenture Trustee's remuneration; (iii) maintenance of corporate existence and books of account; (iv) defending title to secured assets; (v) payment of principal, premium (if any) and interest on the Secured Debentures when due and payable; (vi) payment of taxes, rents, etc.; (vii) effecting and maintaining necessary registrations to perfect the security on the Secured Debentures; (viii) maintenance of the security on the Secured Debentures; (ix) maintenance of licenses and permits necessary for the business of Mosaic; (x) maintenance of insurance; and (xi) charging of after-acquired property and execution of further assurances. Reporting covenants will include: (i) provision of a quarterly compliance certificate regarding compliance with the terms of the Secured Debenture Indenture and confirming that no Events of Default have occurred under the Secured Debenture Indenture; (ii) provision of notice of an Event of Default or any event which, with the passing of time or giving of notice, would constitute an Event of Default; and (iii) provision of public disclosure documents to holders of Secured Debentures that are sent to shareholders of the Mosaic. Subject to customary exceptions, negative covenants include: (i) no liens on assets of Mosaic, except Permitted Liens (as defined in the Secured Debenture Indenture), which will include (without limitation) customary liens arising by operation of law, capital leases, purchase money security interests, and any indebtedness ranking senior to the Secured Debentures, provided that at the time of incurrence of such indebtedness it will not result in the Consolidated Total Debt to Consolidated EBITDA Ratio (as defined in the Secured Debenture Indenture) to exceed 2.5:1, calculated as at the end of the most recently completed fiscal quarter prior to the occurrence of such indebtedness as if such indebtedness had been incurred as of the last day of such fiscal quarter; (ii) a limitation on transactions with affiliates that are not Guarantors, except on arm's length terms; (iii) a limitation on the sale, transfer, conveyance or assignment of any of its properties or other assets, except in the ordinary course of business, the sale of Personal Property or Real Property that is obsolete, or a sale of assets having a value not exceeding a customary basket; (iv) a prohibition on release of hazardous materials on owned Real Property; (v) a prohibition on sale-leaseback transactions; and (vi) limitations on payment of certain restricted payments by Mosaic and the Guarantors unless permitted under the 2017 Credit Agreement.

Entitlement on a Change of Control

If a change of control of Mosaic occurs involving: (i) the acquisition by any person or groups of persons acting jointly or in concert, directly or indirectly, in a single transaction or a series of related transactions, of voting securities of Mosaic giving such person beneficial ownership, voting control or direction over more than 66⅔% of the aggregate voting rights attached to Mosaic's securities; (ii) the acquisition by any person (other than Mosaic or any of its Subsidiaries (as defined in the Secured Debenture Indenture)) or one or more members of a group of persons acting jointly or in concert (other than a group consisting solely of two or more of Mosaic and any of its Subsidiaries), directly or indirectly, in a single transaction or a series of related transactions, of all or substantially all of the assets of Mosaic and its Subsidiaries, taken as a whole; or (iii) the completion of a merger, amalgamation, arrangement or similar transaction which results in holders of the voting rights attached to Mosaic's securities prior to the completion of the transaction holding less than 33⅓% of the voting securities of the resulting entity (as measured by voting power and not by number of securities) after the completion of the transaction (a "**Change of Control**"), Mosaic is required to make an offer (a "**Repayment Offer**") to purchase all or, at the option of the holders, a portion (in integral multiples of $1,000) of the principal amount of the Secured Debentures held by such holders, at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the date of acquisition by Mosaic of such Secured Debentures (the "**Change of Control Repurchase Price**").

Events of Default

The Secured Debenture Indenture provides for such events of default as are customary for indebtedness of this type (each, an "**Event of Default**") including: (i) a default in payment of any principal amount or any Change of Control Repurchase Price when due; (ii) a default in payment of interest on any Secured Debentures when due and the continuance of such default for 15 days; (iii) a default by Mosaic or any Guarantor in performing or observing any of the other covenants, agreements or material obligations of Mosaic or the Guarantor under the Secured Debenture Indenture, and the continuance of such default for 30 days after the earlier of (A) Mosaic becoming aware of the default, and (B) written notice to Mosaic by the Secured Debenture Trustee or by the holders of not less than 25% in principal amount of outstanding Secured Debentures requiring the same to be remedied; (iv) a default by Mosaic in the payment of principal or interest on the 2017 Credit Agreement in excess of $2.0 million in the aggregate, provided that if such default is cured, suspended, waived, rescinded or annulled prior to the declaration of acceleration of the Secured Debentures pursuant to the Secured Debenture Indenture, then the Event of Default by reason thereof shall be deemed not to have occurred; (v) a default by Mosaic or any Guarantor under the 2017 Credit Agreement that is not cured within the applicable grace period provided for in the 2017 Credit Agreement and which has resulted in the acceleration of amounts owing under the 2017 Credit Agreement; (vi) a default by Mosaic or any Guarantor in respect of funded indebtedness in excess of $2.0 million in the aggregate that is not cured within the grace period applicable thereto, provided that if such default is cured, suspended, waived, rescinded or annulled prior to the declaration of acceleration of the Secured Debentures pursuant to the Secured Debenture Indenture, and the Secured Debenture Trustee has received a pro rata share of any fee paid to the holder of such indebtedness as compensation for such waiver, the Event of Default by reason thereof shall be deemed not to have occurred; (vii) the failure to make a Repayment Offer following the occurrence of a Change of Control; (viii) certain events of bankruptcy or insolvency with respect to Mosaic or any Guarantor; and (ix) any of the Indenture Documents (as defined in the Secured Debenture Indenture) being held in any judicial proceeding to be unenforceable or invalid or ceasing for any reason to be in full force and effect or any Guarantor, or any person acting on behalf of a Guarantor, denying or disaffirming its obligations under any Indenture Documents.

If an Event of Default has occurred and is continuing (other than an Event of Default due to an event of bankruptcy or insolvency), the Secured Debenture Trustee may, in its discretion, and shall, at the written request of holders of not less than 25% in principal amount of the Secured Debentures then outstanding, declare the principal of (and premium, if any) together with accrued interest on all outstanding Secured Debentures to be immediately due and payable. If an Event of Default due to an event of bankruptcy or insolvency occurs, the principal of (and premium, if any) together with accrued interest on all outstanding Secured Debentures will immediately become due and payable without any action on the part of the Secured Debenture Trustee or any holders of Secured Debentures. The holders of more than 50% of the principal amount of outstanding Secured Debentures may, on behalf of the holders of all outstanding Secured Debentures, waive an Event of Default in the manner set forth below under "*Modification or Waiver*".

Modification or Waiver

The rights of the holders of the Secured Debentures may be modified or waived in accordance with the terms of the Secured Debenture Indenture. For that purpose, among others, the Secured Debenture Indenture contains certain provisions which make binding on all Secured Debenture holders resolutions passed at meetings of the holders of Secured Debentures (which may be called by Mosaic or the Secured Debenture Trustee upon not less than 15 days notice) by votes cast thereat by holders of not less than a majority including waivers for events of default, or in the case of Extraordinary Resolutions (as defined in the Secured Debenture Indenture), not less than 66⅔%, of the aggregate principal amount of the Secured Debentures present at the meeting or represented by proxy, provided that a quorum for all meetings of holders of Debentures will be at least 25% of the principal amount of outstanding Secured Debentures represented in person or by proxy, or rendered by instruments in writing signed by the holders of not less than a majority, or in the case of Extraordinary Resolutions not less than 66⅔%, of the aggregate principal amount of the Secured Debentures then outstanding. In addition, without the unanimous approval of all holders of Secured Debentures, the Secured Debenture Indenture may not be amended to: (i) alter the manner of calculation of or rate of accrual of interest on the Secured Debentures or change the time of payment; (ii) make the Secured Debentures payable in money or securities other than as stated in the Secured Debenture Indenture; (iii) change the Maturity Date; (iv) reduce the principal amount or Change of Control Repurchase Price with respect to the Secured Debentures; (v) make any change that adversely affects the rights of holders to require Mosaic to purchase the Secured Debentures at the option of holders; (vi) change the currency of payment of principal of, or interest on, the Secured Debentures; (vii) subject to certain exceptions for non-material releases of security, release any of the security (other than in respect of assets permitted to be disposed of) or any of the Guarantors from any of their obligations under a guarantee provided for in the Secured Debenture Indenture, except in accordance with the Secured Debenture Indenture; or (viii) change the provisions in the Secured Debenture Indenture that relate to modifying or amending the Secured Debenture Indenture.

Credit Rating or Registration

Under the terms of the Secured Debenture Indenture, Mosaic will, at the request of holders of the Secured Debentures holding at least 50% of the outstanding Secured Debentures, use its commercially reasonable efforts to, at the option of such holders: (i) obtain a credit rating for the Secured Debentures; or (ii) register and list the Secured Debentures on the Exchange.

Fairfax Warrants

The terms of the Fairfax Warrants are set forth in separate standalone warrant certificates issued to the holders of such warrants. The following is a brief summary of the key attributes and characteristics of the Fairfax Warrants and does not purport to be complete.

Exercise and Expiry

Each Fairfax Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of $8.81 at any time on or before January 26, 2024, provided however that 5,675,368 of the Fairfax Warrants are subject to an automatic acceleration if a COC Offer (as defined in the Secured Debenture Indenture) is made. In the event of a COC Offer, the expiry time with respect to such 5,675,368 Fairfax Warrants will automatically accelerate to the date which is the Change of Control Date (as defined in the Secured Debenture Indenture).

Cashless Exercise

The holders of the Fairfax Warrants may exercise such warrants by means of a "cashless exercise" whereby the holder will receive such number of Common Shares as is equal to the quotient obtained by dividing [(A-B) x (X)] by (A), where:

A	=	the volume weighted average trading price per Common Share for the 10 consecutive trading days ending on the trading day immediately before the date on which the holder elects to exercise the Fairfax Warrants;
B	=	the exercise price of the Fairfax Warrants; and
X	=	the number of Common Shares for which the Fairfax Warrants have been exercised by means of a cashless exercise and that would be issuable upon exercise of the Fairfax Warrants if such exercise were by means of a cash exercise rather than a cashless exercise.

Voting Rights

The Fairfax Warrants do not carry any voting rights.

Transfer Restricted

The Fairfax Warrants are not transferable except to affiliates of the holder or with the prior written consent of Mosaic, in each case subject to the approval (if required) of the Exchange.

Rank of Fairfax Warrants

All Fairfax Warrants rank *pari passu* with all other Fairfax Warrants, whatever may be the actual date of issue of the Fairfax Warrants.

Adjustment

In the event the Common Shares are subdivided into a greater number or consolidated into a lesser number of Common Shares, or Mosaic issues Common Shares to holders of all or substantially all of the outstanding Common Shares by way of a dividend or other distribution of Common Shares, the number of Common Shares issuable upon exercise of the Fairfax Warrants will be decreased or increased proportionately as the case may be.

In the event there is a reclassification of the Common Shares, or a capital reorganization of Mosaic, or an amalgamation, arrangement or merger of Mosaic with or into any other person or entity, or the sale of all or substantially all of the property and assets of Mosaic to a person or entity at arm's length to Mosaic, each Fairfax Warrant will, after such reclassification, amalgamation, arrangement, merger or sale, confer the right to purchase that number of securities or property of Mosaic or of the company resulting from such reclassification, amalgamation, arrangement, merger, or to which such sale will be made, as the case may be, which the holder would then hold if the holder had exercised the holder's rights under the Fairfax Warrants before completion of such reclassification, amalgamation, arrangement, merger or sale.

In the event Mosaic fixes a record date for the making of a dividend or distribution to all or substantially all the holders of the outstanding Common Shares of: (i) securities of Mosaic or any of its subsidiaries; or (ii) any property or other assets, including evidence of indebtedness, the number of Common Shares issuable upon exercise of the Fairfax Warrants will be increased proportionately.

In the event Mosaic completes an issuer bid in respect of all or any portion of the Common Shares and if, upon completion of such issuer bid, Mosaic is required to make a payment to holders of Common Shares of consideration per Common Share having a fair market value that exceeds the closing price on the Exchange on the trading day immediately following the last date deposits could have been made pursuant to such issuer bid, the number of Common Shares issuable upon exercise of the Fairfax Warrants will be increased proportionately.

Redeemable NCI

On October 17, 2017, a limited partnership controlled by Mosaic issued $20.0 million of subordinated partnership units. The redeemable non-controlling interest matures on January 1, 2021 and has a preferential distribution of 7.0%. Mosaic incurred $0.6 million in transaction costs.

MARKET FOR SECURITIES

Trading Price and Volume

Mosaic has four types of securities listed on the Exchange: Common Shares, Convertible Debentures, Senior Preferred Securities and Secured Debentures under the symbols "M", "M.DB", "M.PR.B" and "M.DB.A", respectively.

Common Shares

The Common Shares are listed and posted for trading on the Exchange under the symbol "M". The Common Shares were listed and posted for trading on the Exchange on May 9, 2011. The price range and trading volume of the Common Shares for each month from January 2018 to December 2018, as reported by the Exchange, are set out below:

Month	High	Low	Volume
January 2018	$7.95	$7.06	144,598
February 2018	$7.20	$6.60	155,099
March 2018	$6.70	$5.60	116,674
April 2018	$6.20	$5.41	198,778
May 2018	$6.50	$5.75	143,963
June 2018	$6.37	$5.60	96,259
July 2018	$5.90	$5.42	71,102
August 2018	$5.56	$4.60	187,306
September 2018	$4.89	$4.24	120,629
October 2018	$4.70	$4.03	135,790
November 2018	$4.45	$4.08	109,729
December 2018	$4.34	$3.70	105,520

Convertible Debentures

The Convertible Debentures are listed and posted for trading on the Exchange under the symbol "M.DB". The Convertible Debentures were listed and posted for trading on the Exchange on November 10, 2016. The price range and trading volume of the Convertible Debentures for each month from January 2018 to December 2018, as reported by the Exchange, are set out below:

Month	High	Low	Volume
January 2018	$103.01	$100.50	780
February 2018	$101.75	$100.50	1,710
March 2018	$100.51	$97.50	1,310
April 2018	$101.00	$100.00	800
May 2018	$102.00	$98.01	2,050
June 2018	$100.51	$98.99	1,070
July 2018	$100.00	$99.99	540
August 2018	$102.00	$98.00	1,610
September 2018	$100.01	$98.00	2,960
October 2018	$101.11	$99.99	2,590
November 2018	$102.01	$98.50	920
December 2018	$99.01	$96.05	1,800

Senior Preferred Securities

The Senior Preferred Securities are listed and posted for trading on the Exchange under the symbol "M.PR.B". The Senior Preferred Securities were listed and posted for trading on the Exchange on January 27, 2017. The price range and trading volume of Senior Preferred Securities from January 2018 to December 2018, as reported by the Exchange, are set out below:

Month	High	Low	Volume
January 2018	$10.00	$10.00	-
February 2018	$10.00	$10.00	-
March 2018	$10.00	$10.00	-
April 2018	$10.00	$10.00	-
May 2018	$10.00	$10.00	-
June 2018	$10.00	$10.00	-
July 2018	$10.00	$10.00	-
August 2018	$10.00	$10.00	-
September 2018	$10.00	$10.00	-
October 2018	$10.00	$10.00	-
November 2018	$10.00	$10.00	-
December 2018	$10.00	$10.00	-

Secured Debentures

The Secured Debentures are listed and posted for trading on the Exchange under the symbol "M.DB.A". The Secured Debentures were listed and posted for trading on the Exchange on January 27, 2017. The price range and trading volume of the Secured Debentures from January 2018 to December 2018, as reported by the Exchange, are set out below:

Month	High	Low	Volume
January 2018	$100.00	$100.00	-
February 2018	$100.00	$100.00	-
March 2018	$100.00	$100.00	-
April 2018	$100.00	$100.00	-
May 2018	$100.00	$100.00	-
June 2018	$100.00	$100.00	-
July 2018	$100.00	$100.00	-
August 2018	$100.00	$100.00	-
September 2018	$100.00	$100.00	-
October 2018	$100.00	$100.00	-
November 2018	$100.00	$100.00	-
December 2018	$100.00	$100.00	-

Prior Sales

Mosaic has not issued any Common Shares, or other securities convertible into Common Shares during the financial year ended December 31, 2018 except for: (i) restricted securities units ("**RSUs**") and options ("**Options**") to acquire Common Shares issued under the Securities-Based Compensation Plan as part of Mosaic's variable compensation incentive program; and (ii) Common Shares issued in connection with the exercise of Options and RSUs.

The following tables set forth, for each class of securities of Mosaic that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended December 31, 2018 and the number of securities of the class issued at that price and the date on which the securities were issued:

Type of Securities	Date of Issue	Issue Price/ Exercise Price	Number of Securities
RSUs(1)	April 16, 2018	$5.78	88,061(3)
Options(2)	April 16, 2018	$5.78	362,404(4)
RSUs(1)	May 29, 2018	$6.00	2,083(3)
Options(2)	May 29, 2018	$6.00	9,393(4)

(1) The RSUs will be settled on a one-for-one basis for Common Shares.

(2) Options are convertible into Common Shares on a one-for-one basis.

(3) These RSUs were issued to directors, executive officers and employees of Mosaic and will vest yearly in three equal tranches starting April 1, 2019. Effective August 28, 2018, an employee ceased employment with Mosaic and 2,725 of the RSUs were cancelled.

(4) These Options were issued to directors, executive officers and employees of Mosaic and will vest yearly in three equal tranches starting April 1, 2019. Subject to certain conditions, these Options will expire five years from the date of the grant. Effective August 28, 2018, an employee ceased employment with Mosaic and 11,848 of the Options were cancelled.

As at March 20, 2019, Mosaic has outstanding 310,461 RSUs (of which 180,759 are fully vested and 129,702 remain unvested).

As at March 20, 2019, there were 724,462 Options issued and outstanding entitling the holders thereof to purchase an aggregate of 724,462 Common Shares at a weighted average exercise price of $6.21 (of which 174,899 are fully vested and 549,563 remain unvested). The Options expire between 2021 and 2023.

DIRECTORS AND OFFICERS

The following table sets out as at March 20, 2019, for each of the directors and executive officers of Mosaic, the person's name, province and country of residence, as well as their positions and offices with Mosaic, principal occupation and the period during which each director has served as such:

Name, Province or State, and Country of Residence	Position(s) of Office	Principal Occupation[1]	Director Since
John Mackay Alberta, Canada	Director and Executive Chairman	Executive Chairman of Mosaic	February 11, 2011
Mark Gardhouse[2] Alberta, Canada	Director, President and Chief Executive Officer	President and Chief Executive Officer of Mosaic	May 23, 2018
Harold Kunik[3][4] Alberta, Canada	Director	Director of Mosaic	February 11, 2011
William H. Smith[3] Alberta, Canada	Director and Vice Chairman	Principal of William H. Smith Professional Corporation, a law fir m	February 11, 2011
George Flemming Alberta, Canada	Director	Independent Consultant	May 23, 2018
Gary Bentham[3] Alberta, Canada	Director	President of BTM Advisory Group, an advisory firm	June 11, 2013
Monty Balderston Alberta, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer and Corporate Secretary of Mosaic	N/A
R. Troy Pearce Alberta, Canada	Chief Operating Officer	Chief Operating Officer of Mosaic	N/A

(1) Please see information under the heading "*Background of Directors and Executive Officers*", below, for the principal occupations of each director and executive officer within the five preceding years.
(2) Mark Gardhouse was elected director of Mosaic on May 23, 2018 and appointed President of Mosaic on June 30, 2018.
(3) Member of the Audit Committee.
(4) Harold Kunik resigned as President of Mosaic on June 30, 2018.
(5) As of March 20, 2019, based solely on reports filed on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca, the directors and executive officers of Mosaic, as a group (including their associates and the affiliates thereof), collectively beneficially owned, or exercised control or direction over, directly or indirectly, 4,232,573 Common Shares representing approximately 39.9% of the issued and outstanding Common Shares**.**

The directors of Mosaic will hold office until the next following annual general meeting of shareholders (which is generally held in May each year) or until their respective successors have been duly elected or appointed.

Backgrounds of Directors and Executive Officers

John Mackay
Director, Executive Chairman

John (age 53) has over 25 years experience in public markets transactions and as a private equity fund manager. He is Executive Chairman of Mosaic and has been a partner of Agcapita Partners L.P., an agricultural investment firm, since December 2007. From February 2011 to July 2016, John served as Chief Executive Officer of Mosaic. John began his career as a lawyer and was a partner in the Corporate Finance and Mergers and Acquisition practice group at McCarthy Tétrault LLP until June 30, 2004. John has advised public and private companies, venture capitalists, private equity funds and underwriters with respect to the structuring and securities law implications of domestic and international private placements, public offerings, corporate reorganizations, mergers and acquisitions. John was Chair of the Securities Law Subsection of the Canadian Bar Association and past member of the Securities Advisory Committee to the Alberta Securities Commission. John received a Bachelor of Laws (Honours) from the University of Durham in the United Kingdom in 1993.

Mark Gardhouse
Director, President & Chief Executive Officer

Mark (age 63) is President and Chief Executive Officer of Mosaic. Mark is an experienced financial professional, having worked in the Canadian private equity industry for over twenty-eight years in both direct investing functions and senior leadership roles in merchant banking and private equity with a number of Canadian financial institutions. Mark joined Mosaic in July 2016 and prior to that had been the President and Chief Executive Officer of a $500 million revenue operating business headquartered in Edmonton, Alberta.

From 2005 to 2010, he held the position of President and Chief Operating Officer of C.A. Bancorp Inc., a Toronto Stock Exchange listed alternative asset management firm, which was successfully grown from a start up to $560 million in assets invested and under management. Prior to that Mark was Managing Director/Group Head of RoyNat Capital Inc.'s (a division of Scotiabank) middle-market internal equity buyout group. Mark has successfully invested in various industries including financial services, auto parts manufacturing, heavy industrial products, distribution and food manufacturing and wholesaling. Mark also has extensive past board experience with a number of Canadian private and public companies. He holds a Masters of Business Administration from the Richard Ivey School of Business, an Honours undergraduate degree from the University of Toronto and the ICD.D designation from the Canadian Institute of Corporate Directors.

William H. Smith, Q.C.
Director and Vice Chairman

Bill (age 66) is Vice Chairman and a director of Mosaic. He is the principal of William H. Smith Professional Corporation (a law firm). Until June 2010, Bill practised in the Corporate and Securities group of a major Canadian law firm for more than 20 years as advisor to public and private companies, individuals and corporate boards involved in a wide variety of businesses, including technology, manufacturing, finance, resources and services. He is a director and corporate secretary of several public and private companies. Bill was formerly Executive Vice President and General Counsel of Velo Energy Inc. (an Exchange listed oil and gas company) from August 2009 to January 2010 and Executive Vice President and General Counsel of Oilexco Incorporated (Toronto Stock Exchange and London Stock Exchange listed oil and gas exploration and production company) from October 2007 to July 2009. Bill received a Bachelor of Arts (1973) and a Bachelor of Laws (1976), both from the University of Alberta. He has served as Executive Director of the Alberta Securities Commission (1990) and was Chair of the Securities Advisory Committee for 10 years. Bill co-presented seminars for the Institute of Chartered Accountants (Alberta) on "The CFO and the Board of Directors" in the CFO Leadership course and "The Effective Director" as well as participating in various commercial seminars. Bill is active in the community and serves on the boards of not-for-profit companies.

Harold M. Kunik
Director

Harold (age 58) has over 20 year's experience as a private equity and venture capital fund manager and in corporate turn-arounds and restructurings. He was a partner of Agcapita Partners L.P., an agricultural investment firm, from December 2007 to June 2018. He also served as President of Mosaic from February 2011 to June 2018, and Chief Financial Officer of Mosaic from February 2011 to May 2015. Harold began his career with KPMG Peat Marwick and practiced in both its domestic and international offices. During his nine-year tenure he was involved in corporate restructurings and acted as a corporate consultant and business planner to clients in a broad range of industries and with revenues ranging in size from $1 million to $750 million. In 1994, Harold joined Western New Ventures Capital Corporation, a private equity firm located in Edmonton, Alberta. He became a partner with New Ventures and played a key role as Chief Financial Officer and as a director of several of the investee companies. In 2001, Harold joined Avenir Capital Corporation, a Calgary based private equity fund as Managing Director, Investments and later managed the Avenir Growth Fund. Harold possesses two professional accounting designations, having obtained his Certified Management Accountant designation in Alberta in 1986 and his Chartered Professional Accountant designation in New Zealand in 1992.

Gary Bentham
Director

Gary (age 65) is a director of Mosaic. Mr. Bentham is President of the BTM Advisory Group ("**BTM**"), an advisory firm established in 2005 that provides business restructuring, corporate finance, and executive management services to companies in Canada and the United States. Through BTM, Mr. Bentham has served as both advisor and executive to companies in the energy services, manufacturing, real estate development and financial services industries. Prior to 2005, he was a corporate recovery and audit partner with KPMG Canada for twenty years where he served clients primarily in Western Canada. Mr. Bentham serves as a director on several public and private companies based in Calgary. He is a graduate of the University of Saskatchewan, a Chartered Professional Accountant and a member of the Institute of Corporate Directors.

George Flemming
Director

George (age 50) is a director of Mosaic. From September 2011 to May 2016 George served as President and CEO of Plains Environmental Inc., a private oilfield and industrial services firm, where he remains as a director and shareholder. Since May 2016 George has worked as an independent investor and consultant. From 2000 until 2009, George was employed as an investment banker with Canaccord Capital Inc. (now Canaccord Genuity Group Inc.) where he focused on raising capital and carrying out mergers and acquisitions transactions in the oilfield services and diversified industries sectors. Prior thereto, George was a corporate and securities lawyer for an Alberta-based regional law firm. George received his Bachelor of Commerce (1990) and Bachelor of Laws (1993) from the University of Saskatchewan.

Monty Balderston
Chief Financial Officer and Corporate Secretary

Monty (age 49) was appointed Chief Financial Officer and Corporate Secretary of Mosaic on June 26, 2017. Monty is Chartered Professional Accountant (CPA, CA) with over 20 years of professional experience, including over 10 years in senior leadership roles with publicly traded companies. From September 2013 to July 2016, Monty acted as Executive Vice President, Chief Financial Officer and Corporate Secretary of Northern Frontier Corp. ("**NFC**") (an Exchange listed company until July 2016), an integrated industrial and environmental services business. From July 2012 to September 2013, Monty was an independent consultant to NFC assisting with its qualifying transaction as a capital pool corporation on the Exchange. From June 2011 to April 2012, Monty acted as Chief Financial Officer of Silica North Resources Ltd., a privately held start-up company focused on developing deposits and supplying proppant (frac sand) to the oil and natural gas industry. From May 2003 to June 2011, Monty held various senior financial roles including Chief Financial Officer from March 2008 to June 2011 of Peak Energy Services Ltd. (a TSX listed company until June 2011), a diversified energy services company.

Monty graduated from the Northern Alberta Institute of Technology with a Finance Diploma (with Honors) in 1991 and graduated from the University of Alberta with a Bachelor of Commerce degree (with Distinction) in 1995. He earned his Chartered Accountant designation in the Province of Alberta in 1998.

R. Troy Pearce
Chief Operating Officer

Troy (age 50) was appointed Chief Operating Officer of Mosaic on July 1, 2014. From July 1, 2013 to June 30, 3014, Troy was a Vice-President of Mosaic. Troy has 20 years of experience in the private equity business, spending most of that time as Vice President of a Calgary-based private equity group. He has participated in numerous private equity investments and divestiture initiatives successfully investing into various industries including food service, sporting goods, healthcare and entertainment. He has a broad range of experience in sourcing, negotiating and completing new investments, working with management team partners to grow their businesses and eventually helping realize on these co-endeavors. Today he and his team work intimately with the portfolio companies to optimize and grow their operations. He has participated on the board of directors of numerous portfolio companies. Mr. Pearce received a Master of Business Administration from the University of Calgary (1997) and became a Chartered Financial Analyst (CFA) charterholder in 2000.

Corporate Cease Trade Orders

Except as otherwise disclosed below, to the knowledge of Mosaic, no director or executive officer of Mosaic is at the date hereof, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity: (i) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

Mr. William H. Smith, a director of Mosaic, was a director and officer of Oilexco Incorporated ("**Oilexco**") when, as a consequence of the severe disruption in the financial and commodity markets during the fall of 2008, it filed for protection under the *Companies Creditors' Arrangement Act* (Canada) on or about February 5, 2009. At about the same time its wholly-owned subsidiary in the United Kingdom (of which Mr. Smith was also a director and officer) filed for administration for the benefit of its creditors. Oilexco was subsequently suspended from trading by the Exchange in September, 2009. ScotOil Petroleum Limited, the successor to Oilexco, was subject to cease trade orders issued by the Alberta, British Columbia and Ontario securities commissions in March 2010 for failure to file financial statements. Each of these cease trade orders was revoked in June 2011. In addition, the directors of Oilexco, including Mr. Smith, were reprimanded by the Exchange based on the Exchange finding that Oilexco ought to have issued certain press releases when it was insolvent.

Mr. Monty Balderston, an officer of Mosaic, was an officer of NFC when, as a consequence of the significant and prolonged depression in commodity prices (October 2014 – July 2016) and resulting negative impact on NFC's operations, NFC's secured lenders were granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver on July 14, 2016 to take possession of and deal with the assets of NFC which had been pledged to that creditor. At NFC's request, NFC's common stock was suspended from trading by the Exchange on July 5, 2016, which remained in force until delisting by the Exchange.

Penalties or Sanctions

Except as otherwise disclosed below, to the knowledge of Mosaic, no director or executive officer of Mosaic, nor any securityholder that holds a sufficient number of securities to affect materially the control of Mosaic, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Gary Bentham reached a settlement agreement in June 2005 with the United States Securities and Exchange Commission regarding an alleged violation of the auditor independence rules of the United States Securities and Exchange Commission. The United States Securities and Exchange Commission alleged that Mr. Bentham, while a partner at KPMG LLP, oversaw the provision of certain accounting services by KPMG LLP to a United States Securities and Exchange Commission registrant during the years 1999 to 2002 while KPMG LLP was also serving as auditors. Under the terms of the settlement, Mr. Bentham agreed not to appear or practice as an accountant before the United States Securities and Exchange Commission for a period of two years after which time he could apply for reinstatement. In addition, Mr. Bentham accepted a reprimand as settlement of this same matter with the Institute of Chartered Accountants of Alberta.

Bankruptcies

Except as otherwise disclosed below, to the knowledge of Mosaic, no director or executive officer of Mosaic, nor any securityholder that holds a sufficient number of securities to affect materially the control of Mosaic: (i) is, at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Mr. William H. Smith, a director of Mosaic, was a director of SemBioSys Genetics Inc. ("**SemBioSys**"). On May 1, 2012, Mr. Smith resigned as a director of SemBioSys. On June 22, 2012, a secured creditor was granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver to take possession of and deal with specific assets of SemBioSys which had been pledged to that creditor.

Mr. Monty Balderston, an officer of Mosaic, was an officer of NFC when, as a consequence of the significant and prolonged depression in commodity prices (October 2014 – July 2016) and resulting negative impact on NFC's operations, NFC's secured lenders were granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver on July 14, 2016 to take possession of and deal with the assets of NFC which had been pledged to that creditor.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Mosaic may be subject in connection with the operations of Mosaic. In particular, certain of the directors and officers of Mosaic are engaged in a wide range of real estate and other business activities which may, from time to time, be in direct competition with those of Mosaic. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. As at the date of this AIF, the Mosaic Board and management of Mosaic are not aware of any existing or likely material conflicts of interest between Mosaic and any director or officer of Mosaic other than that which has been disclosed in this AIF.

AUDIT COMMITTEE

Mosaic is a venture issuer exempt from the requirements of Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations) of National Instrument 52-110 – Audit Committees ("**NI 52-110**"). The disclosure required under NI 52-110 is contained in the information circular for the upcoming annual and special meeting of holders of Common Shares involving, among other things, the election of directors.

RISK FACTORS

Mosaic and its subsidiaries are subject to a number of risks and uncertainties and those described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to Mosaic or that Mosaic currently deems immaterial may also adversely impact Mosaic's business, results of operations, financial condition or cash flow, and such impact may be material. Any of the matters highlighted in these risk factors could have a material adverse effect on Mosaic's business, results of operations, financial condition or cash flow (including Mosaic's ability to make distributions, dividends or other payments to its securityholders).

Risk Factors Related to Mosaic Generally

Economic and Political Conditions

Changes in economic conditions, including, without limitation, recessionary or inflationary trends, commodity prices, equity market levels or strength, consumer credit availability, interest rates, foreign exchange rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence could have a material adverse effect on Mosaic's business, financial condition, results of operations or cash flows. In addition, economic and business conditions in our markets may be affected by disruptions in the financial markets caused by political or other events and such affects may adversely impact Mosaic's business, financial condition, results of operations or cash flows.

Resource and Commodities Sector

Currently Mosaic holds an investment in a number of businesses which provide, directly or indirectly, oil and gas and mining sector services. In recent years, delays, capital investment or scope reductions and/or cancellations in previously announced or anticipated projects in the oil and gas and commodities mining sectors have demonstrated that economic activity in these sectors could be impacted by a variety of factors, including, but not limited to: the pricing of oil, potash and other commodities; market volatility; the impact of global economic conditions affecting demand or global financial markets; cost overruns on announced projects; efforts by owners to contractually shift risk for cost overruns to contractors; fluctuations in the availability of skilled labour; lack of sufficient governmental infrastructure to support growth; and the potential introduction of new "green" legislation. Any one or more of these or other factors may result in material adverse impacts to existing and previously projected oil and gas and mining sector activity and development, including postponements, cancellations and/or capital investment or scope reductions in respect to existing and new projects. These and other similar impacts or developments could have a material adverse effect on Mosaic's business, financial condition, results of operations or cash flows.

Lack of Diversification

Currently Mosaic holds investments in thirteen businesses: five within its infrastructure business segment, five within its diversified business segment, two within its energy business segment and one within its real estate business segment. All but three of Mosaic's businesses and assets are currently concentrated in western Canada - Manitoba, Saskatchewan, Alberta and British Columbia. A number of the businesses are exposed to the oil and natural gas energy sector. As a result, multiple Mosaic businesses could be simultaneously impacted by significant changes in regional or industry sector economic circumstances, thereby resulting in potentially material impacts on consolidated earnings and cash flows. Mosaic does not have any specific limits on holdings in businesses in any one industry and Mosaic has not adopted any fixed guidelines for diversification. As a result, Mosaic's portfolio may be subject to more rapid changes in value than would be the case if Mosaic was more broadly diversified by industry and geography.

Competition for Acquisitions

Mosaic faces competition for acquisition candidates which may increase acquisition prices and reduce the number of acquisitions that will be completed by Mosaic. Some of Mosaic competitors are substantially larger and have access to greater financial resources. Competitors may also have a lower cost of funds and access to funding sources that are not available to Mosaic. If Mosaic is not able to compete effectively in this regard, its future growth may be negatively impacted.

Completion of Potential Acquisitions

Completion of any potential acquisition is subject to conditions which may include, without limitation, satisfactory completion of Mosaic's due diligence, negotiation and finalization of formal legal documents, debt financing and approval from the Mosaic Board. As a result, there can be no assurance that Mosaic will complete any acquisitions publically announced from time to time. If Mosaic does not complete such acquisitions, it may be subject to a number of risks, including: (i) the price of its securities may decline to the extent that the current market price reflects a market assumption that these acquisitions will be completed; (ii) certain costs related to each such acquisition, such as legal, accounting and consulting fees, must be paid even if an acquisition is not completed; (iii) if capital has been acquired by Mosaic in anticipation of utilizing same to complete such acquisitions, Mosaic may possess substantial unutilized acquisition capacity which would cause its financial performance to be negatively impacted until suitable opportunities are identified for acquisition and such acquisitions are completed; and (iv) there is no assurance that such suitable opportunities will be available to Mosaic in the future or at all.

Cash Flow from Subsidiaries

Mosaic is entirely dependent on the operations of its subsidiaries to generate income and support its ability to make interest payments on the Senior Preferred Securities, Convertible Debentures and Secured Debentures, pay dividends in respect of its Common Shares, and to pay operating expenses. Mosaic's ability to generate income is affected by the profitability, fluctuations in working capital, margin sustainability and capital expenditures of its subsidiaries. Although Mosaic's subsidiaries intend to distribute some amount of their cash available for distribution, there can be no assurance regarding the amounts of income and cash flow to be generated by them and the amounts to be paid to Mosaic. The failure of any subsidiary to make its anticipated distributions could adversely impact Mosaic's financial condition and cash flows and, consequently, payments to holders of Senior Preferred Securities, Convertible Debentures and Secured Debentures, as well as the ability of Mosaic to declare and pay dividends in respect of the Common Shares.

Liquidity

Liquidity risk is the risk that Mosaic will not be able to meet its financial obligations when they come due. Mosaic's principal source of funds is cash generated from its subsidiaries. It is expected that funds from these sources will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations at existing business levels. Despite such expectations Mosaic may require additional equity or debt financing to meet its financial and operational requirements. There can, however, be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to Mosaic, in which event the financial condition, results of operation or cash flow of Mosaic may be materially adversely affected and the amount of cash available for interest payments or dividends to Mosaic securityholders may be reduced.

Availability of Financing

Mosaic may require additional capital to implement its business plan and objectives. There can be no assurance that debt or equity financing will be available or sufficient to meet the requirements of Mosaic to implement its objectives or, if debt or equity financing is available, that it will be on terms acceptable to Mosaic.

Acquisition Risk

Mosaic's future growth depends in large part on its ability to acquire additional businesses or interests therein and manage expansion and control costs in its operations. Mosaic's securityholders are dependent on the ability of Mosaic's management to identify, acquire and develop suitable acquisition targets. In pursuing a strategy of acquiring other businesses, Mosaic faces risks commonly encountered with growth through acquisitions. These risks include, but are not limited to, incurring undiscovered liabilities within the acquired businesses, diverting Mosaic's management resources, impairing relationships with employees, suppliers and/or customers as a result of changes arising from the acquisition, and incorrectly valuing acquired entities. In addition, although Mosaic will conduct a prudent level of investigation regarding the operating condition of the businesses it purchases, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual operations and operating condition of these businesses. If these risks cannot be adequately managed, the result could have a material adverse effect on Mosaic's business, financial condition, results of operations or cash flows.

An unsuccessful acquisition could have a material adverse impact on Mosaic or its results of operations or financial condition. For greater certainty, Mosaic securityholders will be totally dependent upon Mosaic's management and its directors in making investment decisions, managing growth and controlling costs.

Unknown Liabilities

By acquiring businesses and assets, Mosaic may have assumed unknown liabilities for which it may not be indemnified by the seller. The discovery of any material liabilities could have a material adverse effect on the business, financial condition, results of operations or cash flows of Mosaic and its subsidiaries.

Failure to Realize Benefits of Acquisitions

Mosaic may not realize the anticipated benefits of one or more of its acquisitions, or may not realize them in the time frame expected. Mosaic cannot provide assurance that, following completion of an acquisition, it will be able to grow or even sustain the cash flow generated by that acquired business. Difficulties encountered as a result of an acquisition may prove problematic to overcome such as, without limitation, the inability to integrate, train, retain and motivate key personnel of the acquired business, the inability to retain business relationships with current customers, and difficulties with the adoption or implementation of needed standards, controls, processes and systems within the acquired business.

Dependence on Key Personnel

The success of Mosaic and its investments depend upon the personal efforts of a small group of senior management. Although Mosaic believes it will be able to replace key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on Mosaic's business, financial condition, liquidity and results of operations. Mosaic does carry "key man" insurance on certain key personnel.

Debt Securities

Mosaic may invest in debt securities. Debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations and are subject to price volatility due to facts such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. In addition, Mosaic may invest in instruments that have a credit quality below investment grade by internationally recognized credit rating organizations or may be unrated, which typically involve greater risk than higher grade issuers.

Tax Consequences

There may be an enactment, promulgation or public announcement of a change or proposed change in tax law (including a specific proposal to amend the Tax Act publicly announced by the Department of Finance of Canada or the Minister of Finance of Canada) or applicable case law or written and published interpretative guidance or policy of the Canada Revenue Agency or provincial equivalent that could result in a material impairment of, or materially adversely affect, the operations or financial or tax position of Mosaic or its subsidiaries.

Tax filings and filing positions made or taken or to be made or taken by Mosaic and its subsidiaries, including those related to income and expenses as well as those arising out of acquisition or disposition transactions, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Mosaic or its subsidiaries, or both. Further, the acquisition and disposition of businesses and assets by Mosaic often involve various structuring events to complete the transactions in a tax efficient manner and, consequently, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Mosaic or its subsidiaries, or both.

Elections have been made under the Tax Act such that certain transactions pursuant to which Mosaic acquired businesses or assets may be effected on a tax-deferred basis. The adjusted cost base of any property transferred to a subsidiary pursuant to acquisition agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

Regulation and Change in Law

Mosaic and its subsidiaries are subject to a variety of laws and regulations and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Mosaic's business, financial condition, results of operations and cash flows. It is not possible for Mosaic to predict the cost or impact of such laws and regulations on their respective future operations.

Legal, tax and regulatory changes may occur that can adversely affect Mosaic and/or Mosaic securityholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects Mosaic and/or Mosaic securityholders.

Legal Proceedings

Mosaic and its subsidiaries may, from time to time, be subject to legal proceedings (including claims and litigation) and any losses flowing therefrom may not be covered by our liability insurance. Such proceedings could result in significant losses and have a material adverse effect on Mosaic's business, financial condition, results of operations or cash flows.

Potential Conflicts of Interest

Certain of the directors and officers of Mosaic are also directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of Mosaic. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA.

Impairment charges in goodwill or other intangible assets could adversely impact Mosaic's financial condition and consolidated results of operations

As a result of Mosaic's acquisitions, a portion of its total assets is comprised of intangible assets and goodwill. Mosaic is required to perform impairment tests of its goodwill and other intangible assets annually, or at any time when events occur that could affect the value of its intangible assets and/or goodwill. Mosaic has previously recorded impairment charges to its consolidated statements of operations. Mosaic expects to engage in additional acquisitions, which may result in recognition of additional intangible assets and goodwill. A determination that impairment has occurred would require Mosaic to write-off the impaired portion of its goodwill or other intangible assets, resulting in a charge to its earnings. Such a write-off could adversely impact Mosaic’s financial condition and results of operations.

Cyber attacks or other breaches of information technology security could have an adverse impact on our business

We rely on certain internal processes, infrastructure and information technology systems to efficiently operate our business in a secure manner, including infrastructure and systems operated by third parties. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact our ability to operate our business. In particular, our cloud and connectivity services depend on very high levels of network reliability and availability in order to provide our customers with the ability to continuously monitor and receive data from their devices.

Cyber attacks or other breaches of network or IT systems security may cause disruptions to our operations. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action and derivative action lawsuits and damage to our reputation. Furthermore, the prevalence and sophistication of these types of threats are increasing and our security measures may not be sufficient to prevent the damage that such threats can inflict on our assets and information. Our insurance may not be adequate to fully reimburse us for these costs and losses.

Employee Errors or Misconduct Could Result in Regulatory Sanctions or Reputational Harm

Misconduct by Mosaic’s employees could result in Mosaic entering into transactions that exceed authorized limits or present unacceptable risks, potentially resulting in unknown or unmanageable risks or losses to Mosaic. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct or prevent employee error, and the precautions in place may not be effective in all cases.

Risks Related to Ownership of Mosaic Securities

Ownership of Common Shares

There is no certainty as to any future dividend payments by Mosaic. Mosaic is not obligated to pay dividends on the Common Shares. The funds available for the payment of dividends (if any) will be dependent upon, among other things, income and cash flow generated by Mosaic through its subsidiaries, compliance with the Credit Agreement, financial requirements for Mosaic's operations and the execution of its growth strategy, and the satisfaction of solvency tests imposed by the ABCA for the declaration and payment of dividends. Further, Mosaic's ability to pay dividends to holders of Common Shares will be subject to applicable laws and to any prior right to dividend, interest or other distribution payments in favour of any other security holders, including the ATB credit facility, the holders of Senior Preferred Securities, Convertible Debentures and Secured Debentures.

No Guarantee of Interest Payments on Senior Preferred Securities

Each Senior Preferred Security bears simple interest at a rate of 6% per annum upon the $10 principal amount thereof which, therefore, gives rise to an entitlement to a monthly distribution in the amount of $0.05 ($0.60 per annum) which is payable each calendar quarter in arrears on or about the 15th day of the month which immediately follows such interest period. Although interest payable on the Senior Preferred Securities will be cumulative and non-compounding, Mosaic may indefinitely defer payment of all or part of any accrued interest otherwise due on an interest payment date.

There can be no assurance regarding the amount of income and cash flow generated by Mosaic and its subsidiaries. The ability of Mosaic to pay interest on the Senior Preferred Securities, and the actual amount paid by Mosaic, are entirely dependent on the operations and assets of Mosaic and its subsidiaries and are subject to various factors including financial performance, payment obligations under existing agreements, the sustainability of income and cash flow derived from operations, and capital expenditure requirements. Mosaic may be required to use part of its debt capacity, or reduce or defer interest payments, in order to address such factors. The value of the Senior Preferred Securities will significantly deteriorate if Mosaic is unable to make the interest payments on the Senior Preferred Securities.

Holders of Senior Preferred Securities may be required to pay income tax for a taxation year on interest, if any, the payment of which is deferred by Mosaic until a date that is after the taxation year.

Repayment of the Convertible Debentures and Secured Debentures

The Convertible Debentures will mature on December 31, 2021 and the Secured Debentures will mature on January 26, 2024. Mosaic may not be able to refinance the principal amount of the Convertible Debentures or the Secured Debentures in order to repay the principal outstanding or may not have generated enough cash from operations to meet these obligations. There is no guarantee that Mosaic will be able to repay the outstanding principal amount upon maturity of the Convertible Debentures or the Secured Debentures.

Subordination of Senior Preferred Securities and Convertible Debentures

The obligations under the Senior Preferred Securities and the Convertible Debentures both constitute unsecured and subordinated obligations of Mosaic. Subject to the satisfaction of the Debt Incurrence Test under the Senior Preferred Securities Indenture, neither the terms of the Senior Preferred Securities Indenture, nor the terms of the Convertible Debenture Indenture, restrict the incurring of additional indebtedness by Mosaic, or its subsidiaries or affiliates, whether secured or unsecured and whether ranking senior, *pari passu* or junior to the Senior Preferred Securities or the Convertible Debentures, as the case may be. Unless an instrument creating indebtedness is expressly stated to rank junior or *pari passu* with the Senior Preferred Securities or the Convertible Debentures, the Senior Preferred Securities and Convertible Debentures are, and will be, subordinated to the debt and other obligations of Mosaic and its subsidiaries, however the Senior Preferred Securities do rank senior to the Convertible Debentures.

In the event of a bankruptcy, liquidation or reorganization of Mosaic or any of its subsidiaries, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of Mosaic and its subsidiaries before any assets are made available for distribution to Mosaic or its holders of Senior Preferred Securities or Convertible Debentures. As a result, neither holders of Senior Preferred Securities nor holders of Convertible Debentures may receive any payment on their respective securities in the event of insolvency or winding-up of Mosaic.

Ranking of Secured Debentures

The Secured Debentures are secured only by way of a second priority security interest on the Personal Property and Real Property. ATB's first priority security interest on the Personal Property and Real Property could mean that such assets are not available to satisfy any obligations owing on the Secured Debentures. In addition, although covenants given by Mosaic in various agreements may restrict incurring additional indebtedness, such indebtedness may, subject to certain conditions, be incurred. In the event of a liquidation of Mosaic's assets, holders of the Secured Debentures may not recover the full amount of their investment.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the securities of Mosaic. Assuming all other factors remain unchanged, the market value of the securities of Mosaic will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Non-Redeemable Senior Preferred Securities

The Senior Preferred Securities are non-redeemable by the holders of the Senior Preferred Securities and such holders will not be able to liquidate their investments by exercising redemption rights.

Redemption of Convertible Debentures Prior to Maturity

The Convertible Debentures may be redeemed, at the option of Mosaic, on and after December 31, 2019 at any time and from time to time (provided that, in the case of any redemption between December 31, 2019 and December 31, 2020, the Current Market Price of the Common Shares (as defined in the Convertible Debenture Indenture) on the date on which notice of redemption is given is not less than 125% of the conversion price of $9.00 per Common Share), upon payment of the principal, together with any accrued and unpaid interest.

Mosaic may exercise this redemption option if Mosaic is able to refinance at a lower interest rate or it is otherwise in the interest of Mosaic to redeem the Convertible Debentures. Mosaic's ability to redeem the Convertible Debentures may be limited by law, by the Convertible Debenture Indenture, by the terms of other existing or future agreements relating to the Facility or other credit facilities and other indebtedness and agreements that Mosaic may enter into in the future which may replace, supplement or amend its future debt.

Senior Preferred Securities, Convertible Debentures and Secured Debentures – No Rights as a Shareholder

The Senior Preferred Securities, Convertible Debentures and Secured Debentures do not confer any rights as a shareholder of Mosaic upon the holders of such securities, nor do indentures governing the Senior Preferred Securities, Convertible Debentures or Secured Debentures entitle the holders of such securities to any voting privileges or the right to receive notice of or attend at any meeting of the Mosaic shareholders. The holders of Senior Preferred Securities, Convertible Debentures and Secured Debentures will not have the statutory rights normally associated with ownership of shares of a corporation, including for example the right to bring "oppression" or "derivative" actions.

Inability of Mosaic to Purchase Convertible Debentures or Secured Debentures

The holders of the Convertible Debentures and the Secured Debentures will have the right to require Mosaic to repurchase their Convertible Debentures or Secured Debentures, in whole or in part, at a price equal to 100% of the principal amount of the Convertible Debentures or 101% of the principal amount of the Secured Debentures, as the case may be, together with any accrued and unpaid interest, upon the occurrence of a Change of Control (as defined in the Convertible Debenture Indenture or the Secured Debenture Indenture, as applicable). It is possible that following a Change of Control, Mosaic will not have sufficient funds to make the required repurchase of Convertible Debentures or Secured Debentures or that restrictions contained in other indebtedness will restrict those purchases.

Return Not Certain

There is no guarantee that an investment in securities of Mosaic will earn any positive return in the short or long term. An investment in Common Shares, Senior Preferred Securities, Convertible Debentures or Secured Debentures may be more volatile and risky than some other forms of investment. All prospective investors should consider an investment in Mosaic within the overall context of their investment policies and objectives.

No Assurance of Active or Liquid Market

No assurance can be given that an active or liquid trading market for the Common Shares, Senior Preferred Securities, Convertible Debentures or Secured Debentures will develop or be sustained. If an active or liquid market for the Common Shares, Senior Preferred Securities, Convertible Debentures or Secured Debentures fails to develop or be sustained, the prices at which such securities trade may be adversely affected. Whether or not the Common Shares, Senior Preferred Securities, Convertible Debentures or Secured Debentures will trade at lower prices depends on many factors, including the liquidity of such securities, prevailing interest rates and the markets for similar securities, general economic conditions and Mosaic's financial condition, historic financial performance and future prospects.

Public Markets and Share Prices

The market price of the Mosaic Listed Securities could be subject to significant fluctuations in response to variations in Mosaic's operating results or other factors. In addition, fluctuations in the stock market may adversely affect the market price of the Mosaic Listed Securities regardless of the operating performance of Mosaic. Securities markets have also experienced significant price and volume fluctuations from time to time. In some instances, these fluctuations have been unrelated or disproportionate to the operating performance of issuers. Market fluctuations may adversely impact the market price of the Mosaic Listed Securities. There can be no assurance of the price at which the Mosaic Listed Securities will trade.

Additional Issuances and Dilution

Mosaic may issue and sell additional securities of Mosaic, including Common Shares and other securities of Mosaic, to finance its operations or future acquisitions. Mosaic cannot predict the size of future issuances of securities of Mosaic or the effect, if any, that future issuances and sales of such securities will have on the market price of any securities of Mosaic issued and outstanding from time to time. Sales or issuances of a substantial number of securities of Mosaic, or the perception that such sales could occur, may adversely affect prevailing market prices for securities of Mosaic issued and outstanding from time to time. With any additional sale or issuance of securities of Mosaic, holders may suffer dilution with respect to voting power and may experience dilution in Mosaic's earnings per share.

Future sales of Shares by directors and officers

Subject to compliance with applicable securities laws, directors and officers of Mosaic and their affiliates may sell some or all of their Mosaic Listed Securities in the future. No prediction can be made as to the effect, if any, such future sales of Mosaic Listed Securities will have on the market price of the shares prevailing from time to time. However, the future sale of a substantial number of Mosaic Listed Securities by the directors and officers of Mosaic and their Affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Mosaic Listed Securities.

Inaccurate or Unfavourable Research

The trading market for the Mosaic Listed Securities, if any, relies in part on the research and reports that securities analysts and other third parties choose to publish about Mosaic. Mosaic does not control these analysts or other third parties and it is possible that no analysts or third parties will cover Mosaic. The price of the Mosaic Listed Securities could decline if one or more securities analysts downgrade Mosaic or if one or more securities analysts or other third parties publish inaccurate or unfavourable research about Mosaic or cease publishing reports about Mosaic.

Risks Related to Fairfax Interests in Mosaic

Risk of Change of Control as a result of Fairfax exercising the Fairfax Warrants

As a result of the Fairfax Financing, Fairfax now holds 17,026,106 Fairfax Warrants. If the Fairfax Warrants are fully exercised, Fairfax would own approximately 62% of the issued and outstanding Common Shares based on the number of Common Shares currently outstanding.

As a result, Fairfax could have majority control of Mosaic and could be in a position to exercise significant influence over all matters submitted to shareholders for approval, including the election and removal of directors, determination of significant corporate actions, amendments to Mosaic's articles and the approval of any business combinations, mergers or takeover attempts, in a manner that could conflict with the interests of other shareholders, such as preventing transactions from occurring in which an investor, as a holder of the Common Shares, might otherwise receive a premium for its Common Shares over the then-current market price. If Fairfax has majority control of Mosaic, the market value of the Common Shares may be less than would otherwise prevail absent such significant shareholder to reflect the potentially reduced liquidity of the Common Shares.

In addition, the potential concentration of Mosaic's issued and outstanding Common Shares in the hands of one shareholder may discourage an unsolicited bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares. Further, if Fairfax sells a substantial amount of the Common Shares in the public market, the market price of the Common Shares could fall. The perception among the public that these sales will occur could also produce the same effect.

The Convertible Debenture Indenture contains provisions for the issue of additional Common Shares upon conversion of the Convertible Debentures in the event of certain changes of control. The exercise of the Fairfax Warrants by Fairfax could result in Mosaic having to issue additional Common Shares upon the conversion of any of the Convertible Debentures. This would cause holders of Common Shares to suffer dilution and could put negative pressure on the market prices for the Common Shares.

Restrictions under the Governance Agreement

Pursuant to the terms of the Governance Agreement, Mosaic is restricted from completing certain transactions while the Secured Debentures remain outstanding, is required to refer certain potential transactions to Fairfax and has to provide Fairfax with the Pre-Emptive Right (see "*Material Contracts – Governance Agreement*"). These restrictions provide Fairfax with the ability to influence and limit Mosaic's ability to pursue certain transactions including, without limitation, sales and acquisitions of assets, mergers and acquisitions and equity financings and may discourage third parties from entering into such transactions with Mosaic or may delay such transactions if entered into by Mosaic. Accordingly, the restrictions in the Governance Agreement may limit the ability of Mosaic to grow its business and/or create value for its shareholders by entering into such transactions and may prevent transactions from occurring in which an investor, as a holder of the Common Shares, might otherwise receive a premium for its Common Shares over the then-current market price.

In addition, the Governance Agreement grants Fairfax the right to nominate two directors to the Mosaic Board, subject to Fairfax maintaining certain ownership levels in Mosaic. See "*Material Contracts – Governance Agreement*". Accordingly, for so long as Fairfax maintains a such ownership levels, Fairfax will have the ability to exercise certain influence with respect to the affairs of Mosaic and may prevent Mosaic from entering into transactions that would grow its business and/or create value for its shareholders including by preventing transactions from occurring in which an investor, as a holder of the Common Shares, might otherwise receive a premium for its Common Shares over the then-current market price.

Potential Conflicts of Interest with Fairfax

Other than the requirement to refer certain transactions to Mosaic pursuant to the Governance Agreement (see "*Material Contracts – Governance Agreement*"), Fairfax is not limited or restricted in any way from owning, acquiring, lending to or otherwise being invested or involved in business which may be in competition with the business of Mosaic and its subsidiaries. Accordingly, Fairfax's continuing business may lead to conflicts of interest between Fairfax and Mosaic. Mosaic may not be able to resolve any such conflicts of interest and, even if it does, the resolution may be less favourable to Mosaic than if it were dealing with a party that was not the holder of a significant interest in Mosaic. There can be no assurance that actual or potential conflicts of interest will be resolved in favour of Mosaic.

Fairfax has the Right to Nominate a Majority of the Board of Directors if Interest is Deferred under the Senior Preferred Securities

In the event Mosaic defers payment of all or any part of the accrued interest due on an interest payment date for four interest payment dates, whether or not consecutive, the holders of the Senior Preferred Securities will, so long as all or any such arrears of accrued interest remains unpaid, have the right to appoint to the Mosaic Board (or to nominate for election as a director of Mosaic) the majority of the directors of Mosaic. In such circumstances, Fairfax would be in a position to exercise significant influence over Mosaic's operations including the determination of significant corporate actions and potential transactions in a manner that could conflict with the interests of other shareholders. If Fairfax controls the Mosaic Board, the market value of the Common Shares may be less than would otherwise prevail absent such significant influence.

Risk of Dilution from Exercise of Fairfax Warrants

If Fairfax exercises some or all of its Fairfax Warrants, holders of Common Shares will suffer dilution and could put negative pressure on market prices for the Common Shares.

Risks Related to the Mosaic Subsidiaries

Investment Risk

Mosaic routinely evaluates and considers a wide array of potential transactions, including joint ventures, business combinations, acquisitions and dispositions of businesses, service or product offerings or acquisitions and other asset transactions. At any given time Mosaic may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to Mosaic's financial condition, results of operations or cash flow.

The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. In respect of an acquired business, the areas where Mosaic, from time to time, faces cost, risk and/or difficulty, which may be material in scope and degree, include:

(a) diversion of an excessive amount of Mosaic management time to manage issues in that operating subsidiary;

(b) a shift of focus of Mosaic management, or that of a subsidiary's management, away from core operating and business strategies and priorities, to the matters of, and issues related to, integration, administration or unforeseen business or operating issues;

(c) declining employee morale and retention issues resulting from changes in compensation, management, reporting relationships, future prospects or the direction or culture of the business;

(d) the need to integrate the subsidiary's accounting, management, information, human resource and other administrative systems to permit effective management, and the resulting lack of control if such integration is delayed or not implemented;

(e) having to deal with an acquired entity which often lacks sufficient or effective business and financial controls, procedures, policies and operational oversight thereby increasing the risk of liabilities arising from activities of the acquired business (and its personnel) for matters both before and/or after the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities. Implementation of appropriate business and financial controls is generally paid out of operating cash flows which may reduce cash flow available for Mosaic's other business operations, new business opportunities or Mosaic's securityholders;

(f) being able to garner the time, effort and commitment (buy-in) from existing personnel of an acquired business which is required in order to effectively implement controls, procedures and policies appropriate for that acquired business which, prior to the acquisition, had lacked such controls, procedures and policies;

(g) developing and implementing management succession planning strategies and plans to effectively provide for proper continuity of capable executive management personnel over time within the acquired entity; and

(h) the risk of liabilities and contingencies arising which are not discovered prior to consummation of an acquisition, including in respect of those businesses already acquired by Mosaic as of the date of this AIF, and in respect of which Mosaic may not be indemnified for some or all of such liabilities and contingencies.

Fluctuations in Operating Performance

Mosaic's working capital requirements and cash flows are likely to be subject to quarterly and yearly fluctuations, depending on a number of factors. Factors which could result in cash flow fluctuations include:

(a) the level of sales and the related margins on those sales;

(b) the collection of receivables;

(c) the timing and size of purchases of inventory and related components; and

(d) the timing of payment on payables and accrued liabilities.

If Mosaic is unable to effectively manage fluctuations in cash flow, its business, operating results and financial condition may be materially adversely affected.

Economic Conditions

Current economic conditions at both a domestic and international level may impact customer demand for the products and services of Mosaic's subsidiaries. Changes in, among other things, interest rates, consumer and business confidence, corporate profits, credit conditions, foreign exchange rates, commodity prices and the level of government infrastructure spending may influence the operating and capital spending of the customers of Mosaic's subsidiaries and, therefore, impact the revenues and results of operations of those subsidiaries and, in turn, of Mosaic. There can be no assurance that Mosaic's financial condition, results of operations or cash flows will not be adversely affected by changes in economic conditions.

Project Contract Execution

Certain of Mosaic's businesses perform services and supply goods pursuant to short or long-term project contracts. These contracts may include unit and/or lump-sum pricing. They may include penalty provisions covering non-performance or late performance. For Mosaic businesses which perform services under such contracts, there is risk of significant variances from anticipated profits due to project issues including non-performance, timing of completion, collections, inadequate project management, subcontractor performance, change orders and contractual disputes and deficiencies. As well, accounting for lump-sum projects is subject to management estimates and information flows regarding percentage of project completion. Any of these factors could adversely impact Mosaic's consolidated results from operations, cash flows and financial position.

Foreign Exchange

Certain Mosaic subsidiaries’ revenues are denominated in United States currency. When consolidating the financial results of the foreign operations, the related non-cash foreign exchange fluctuations may have a material adverse effect on Mosaic’s financial position and comprehensive income.

Political or Economic Changes or other Factors in the US

Remote Waste conducts operations in Texas and Mackow Industries’ success largely depends on the ability of its customers to continue to succeed in the United States marketplace. Mosaic’s future results could be materially adversely affected by a variety of factors relating to our operations in the United States, any or all of which could have a material adverse effect on our operating results and financial condition, including, among others, foreign currency exchange rates, political or social unrest, economic instability or weakness, natural disasters, environmental and trade protection measures, and other legal and regulatory requirements, some of which may affect our ability to import our products to, export our products from, or sell our products in the United States. In addition, political considerations that affect government spending patterns, difficulties in staffing and managing operations in the United States, and adverse tax consequences, including imposition of withholding or other taxes on payments by subsidiaries, could have a material adverse effect on our operating results and financial condition.

Customer Base

Some of the subsidiaries of Mosaic derive a significant portion of their revenues from a reasonably concentrated number of customers. If one or more of the larger customers of a Mosaic subsidiary were to cease doing business with that subsidiary, or significantly reduced its business with that subsidiary, the financial condition and results of operations of such subsidiary could be materially adversely affected.

Customer Relationships

There is a risk that one or more material customers of a Mosaic subsidiary may, without notice or penalty, terminate their relationship with Mosaic's subsidiaries at any time. In addition, even if customers should decide to continue their relationship with Mosaic's subsidiary, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. A loss of customers, a substantial decrease in order volumes from customers, a loss of a significant customer or a change in the terms of the relationship with a significant customer could have an adverse impact on

Mosaic's financial performance. Further, from time to time, one or more of Mosaic's subsidiaries may generate a material portion of its revenue from one customer or a consolidated or affiliated group of companies.

Dependence on Key Personnel

The success of Mosaic's subsidiaries is typically dependent on a few certain key senior employees. The loss of any one of these key employees could impair the ability of the affected subsidiary to operate at its optimum level of performance.

Contractual Risks

Mosaic or its subsidiaries may from time to time provide indemnifications, in the normal course of business, that are often standard contractual terms to counterparties in certain transactions, such as purchase and sale agreements or service contracts. The terms of these indemnifications will vary based upon the contract and no assurance can be given that a liability arising pursuant to such contractual provisions may not have a material adverse effect on the business, financial condition, results of operations or cash flow of Mosaic or one of the subsidiaries.

Competition from Competitors Supplying Similar Products and Services

Many of the competitors of Mosaic's subsidiaries have economic resources greater than those of Mosaic or its subsidiaries. Some competitors may become larger or more effective in the marketplace and pose an additional competitive threat to Mosaic's subsidiaries. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure placed on Mosaic's subsidiaries may result in reduced profit margins or cash flow. A loss of business may occur if Mosaic's subsidiaries do not meet competitive prices that fall below its profitability targets. There can be no assurance that other businesses in the industries of Mosaic's subsidiaries will not be attracted to enter this market that could have greater financial, technological, manufacturing or marketing resources than Mosaic's subsidiaries.

Adverse Weather Conditions

Adverse weather conditions for prolonged periods can materially impact the business, operating results and financial condition of certain of the Mosaic subsidiaries. As a result, the income, cash flow or operating results of Mosaic may be negatively affected.

Seasonality and Fluctuations in Results

The revenue and operating results of the business of some of the Mosaic subsidiaries have historically displayed seasonal variations throughout the year, and this variation is expected to continue in the foreseeable future.

Uninsured and Underinsured Losses and Insurance Costs

Mosaic will use its discretion in determining amounts, coverage and limits and deductibility provisions of insurance for acquired businesses, with a view to maintaining adequate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. A substantial loss without adequate insurance coverage could have a material adverse effect on Mosaic's business, financial condition, liquidity or results of operation.

Labour Supply

The success of any Mosaic subsidiary is dependent in large part upon their ability to attract, train and retain key management personnel and employees. The local and regional markets within which Mosaic's subsidiaries operate are typically competitive as to labour supply. There is no guarantee that the Mosaic subsidiaries will be able to attract, train and retain the qualified personnel needed for their businesses. In addition, there is no certainty that labour expenses will not increase as a result of shortage in the supply of skilled personnel. A failure to attract, train or retain qualified personnel, and/or increased labour costs, could have a material adverse effect on one or more of the subsidiaries. Further, there is no guarantee that the employees of a Mosaic subsidiary will not be certified by a union in the future. A disruption of operations as a result of a labour dispute could also have a material adverse effect on the business, financial condition or results of operations of the particular subsidiary of Mosaic in question.

Illiquidity of Investments

Mosaic's investment in its current subsidiaries and the other businesses and assets in which it may invest, are, and likely will be, unlisted and otherwise illiquid and difficult to value. The valuation of these businesses, securities and assets is subject to a significant amount of subjectivity and discretion. There is no guarantee that fair value will be realized by Mosaic on the sale of these assets. Further, such illiquidity will limit the ability of Mosaic to vary its portfolio promptly in response to changing economic or investment conditions.

Speculative Nature of Investment

Due to the relatively small size of the businesses acquired by Mosaic, these businesses generally entail a greater degree of risk to their continuing operations than do larger businesses and so should be considered speculative. There is no assurance that the Mosaic subsidiaries will be able to maintain or improve their respective position in the markets in which they currently participate or expand into new geographical markets.

Brand Reputation

Damage to the reputation of our subsidiaries' brands could result from events out of our control and have a negative impact on our subsidiaries' performance.

Risks Related Specifically to Mosaic's Real Estate Segment

Real Estate Industry

All real estate investments are subject to varying degrees of risk depending on the nature of the property in question. The value of Mosaic's investments in its properties is subject to changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the oversupply of a real estate product or a reduction in demand for properties in any particular area), the attractiveness of such properties to current and potential tenants, the competition from others with similar developments, and the ability of Mosaic to adequately maintain and improve its properties pursuant to its business plan at an economic cost. This may adversely affect Mosaic's ability to carry out its business strategy of selling its portfolio of properties individually.

Also, Mosaic may be unable to obtain financing to maintain an appropriate capital structure. There is no certainty that financing will be available upon the maturity of any existing mortgage at interest rates equal to or lower than the interest rate payable under an expiring mortgage, or on other terms as favourable as the original term of the existing mortgage, or at all. If Mosaic is unable to refinance its indebtedness on acceptable terms, or at all, Mosaic may need to dispose of one or more of its properties on disadvantageous terms. Prevailing interest rates or other factors at the time of refinancing could increase its interest expense, and if Mosaic mortgages property to secure payment of indebtedness and is unable to make mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of Mosaic's rents and leases.

Economic Conditions

As it is dependent on lease income for a portion of its revenue, Mosaic's operating results are sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect lease rates in its properties. In particular, given the concentration of Mosaic's properties in Alberta and Saskatchewan, a material reduction in oil prices or in oil and gas industry investment could materially adversely affect Mosaic. Mosaic's operating results in individual markets could be adversely affected by local or regional economic downturns, which could have a material adverse effect on the business, financial condition and results of Mosaic.

Illiquidity

Real estate is relatively illiquid in relation to publicly traded securities. Such illiquidity will limit Mosaic's ability to adjust its portfolio in response to changing economic or investment conditions. Financial difficulties of other property owners that result in distressed sales could depress real estate values in markets in which Mosaic operates. If Mosaic were required to liquidate its assets, there is a risk that it would realize sale proceeds of less than the book value of the properties that have been acquired by Mosaic. This may adversely affect Mosaic's ability to carry out its business strategy of selling its portfolio of properties individually, which may impact dividend or other payments to its securityholders.

Demand Risk

The value of real property and any improvements thereon may depend on the strength of the commercial property market in Mosaic's target markets. Mosaic's projected income would be adversely affected if there were a marked increase in the vacancy rates or decrease in the market lease rates for its properties. The ability of Mosaic to lease non-leased properties will be affected by many factors. The failure of Mosaic to lease non-leased properties on a timely basis or at all would likely have an adverse effect on Mosaic's financial condition. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Mosaic than the existing lease. Mosaic could be adversely affected, in particular, if any major tenant ceases to be a tenant and cannot be replaced on similar or better terms.

Development and Construction

Through First West, Mosaic's business involves the development and construction of commercial real estate. Unforeseen conditions or developments could arise during the course of these projects that could delay or prevent completion of, and/or substantially increase the cost of construction and/or could affect the current and projected level of production, the sustaining capital requirements or operating cost estimates relating to the projects. Such conditions or developments may include, without limitation, shortages of equipment, materials or labour; delays in delivery of equipment or materials; customs issues; labour disruptions; difficulties in obtaining necessary services; delays in obtaining regulatory permits; local government issues; political events; adverse weather conditions; unanticipated increases in costs of equipment, material and labour; natural or man-made disasters or accidents; and unforeseen engineering, technical and technological design, geotechnical, environmental, infrastructure or geological problems. Any such event could create delays, and affect production and cost estimates. There can be no assurance that the development or construction activities will proceed in accordance with current expectations or at all.

Credit Risk Relating to Ownership of Income-Producing Properties

As an owner of income-producing properties, a significant portion of Mosaic's rental revenue and accounts receivable are due from tenants. Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Mosaic's credit risk is limited to the recorded amount of tenant accounts receivable which, as of the date of this AIF, is not a material amount. First West extends unsecured credit to these tenants and, therefore, the collection of accounts receivable may be affected by changes in economic or other conditions.

Fixed Costs

Certain expenditures, including mortgage payments, insurance costs, and property taxes must be made regardless of whether or not Mosaic's properties are producing sufficient income to service such expenses. Many of First West's properties are subject to mortgages which require debt service payments. If Mosaic is unable or unwilling to make the required mortgage payments on any property owned by it, losses could be sustained as a result of the mortgagee's exercise of its right of foreclosure or power of sale, as applicable. In addition, interest rates on variable rate debt are subject to fluctuations and may affect the viability of a particular property.

Environmental Liabilities

Under various federal and provincial environmental laws and regulations, a current or previous owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances, including, without limitation, asbestos-containing materials or oil-related items that could be located on, in or under such property. Such laws and regulations often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. The costs of any required removal or remediation of these substances could be material. The liability of an owner or operator is generally not limited under such laws and regulations and could exceed a property's value or even the value of the total assets of the owner or operator. The presence of these substances or failure to remediate such substances properly may also have an adverse effect on an owner or operator's ability to sell or lease the property, or to borrow money using the property as collateral. Although Mosaic typically conducts environmental due diligence prior to acquiring any property, it could be liable for such type of costs as well as for certain other costs, including governmental fines and damages for injuries caused to persons or property. As a result, the presence, with or without Mosaic's knowledge, of hazardous or toxic substances at a property held or operated by Mosaic could have a material adverse effect on Mosaic's business and its results of operations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Mosaic is not aware of any material legal proceedings to which Mosaic is or was a party to, or that any of Mosaic's property is or was the subject of, during Mosaic's financial year ended December 31, 2018. Further, Mosaic is not aware of any such material legal proceedings being contemplated.

Mosaic is not aware of any penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority during Mosaic's financial year ended December 31, 2018 or any other penalties or sanctions imposed by a court or regulatory body against Mosaic that would likely be considered important to a reasonable investor in making an investment decision, and Mosaic has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during its financial year ended December 31, 2018.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of Mosaic, none of the directors or executive officers of Mosaic nor any person or company that is the direct or indirect owner of, or that exercises control or direction over, more than 10% of any class or series of Mosaic's outstanding voting securities, nor any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected, or is reasonably expected to materially affect, Mosaic.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, Senior Preferred Securities, Convertible Debentures and Secured Debentures is Computershare Trust Company of Canada at its principal transfer offices in Calgary, Alberta. Computershare Trust Company of Canada is the trustee pursuant to: (i) the Senior Preferred Securities Indenture, which provides for the issue of the Senior Preferred Securities; (ii) the Convertible Debenture Indenture, which provides for the issue of the Convertible Debentures; and (iii) the Secured Debenture Indenture, which provides for the issue of the Secured Debentures.

MATERIAL CONTRACTS

There are no contracts entered into by Mosaic, other than those entered in the ordinary course of business (which contracts are not required by applicable securities law to be filed with a securities regulatory authority in Canada), that are material to Mosaic and that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect, except for:

(a) The Limited Partnership Agreement dated October 17, 2017 between Mosaic Auto Holding LP, Mosaic Auto Holding GP Inc. and Mosaic Capital L.P. wherein the limited partnership issued $20.0 million in subordinated partnership units. The Units entitle the holder to receive a distribution equal to 7%, payable quarterly. Mosaic Auto Holding LP is required to redeem the Units at their original purchase price plus any outstanding distributions on January 1, 2021.

(b) The Governance Agreement, the key terms of which are summarized under the heading "*Governance Agreement*".

(c) The Convertible Debenture Indenture, the key terms of which are summarized under the heading "*Capital Structure – Convertible Debentures*".

(d) The Senior Preferred Securities Indenture, the key terms of which are summarized under the heading "*Capital Structure – Senior Preferred Securities*".

(e) The Secured Debenture Indenture, the key terms of which are summarized under the heading "*Capital Structure – Convertible Debentures*".

(f) The 2017 Credit Agreement, the key terms of which may be summarized as follows: on January 25, 2017, Mosaic put in place the Facility, being a $35.0 million revolving committed operating loan with ATB, as lender to replace Mosaic's $25.0 million facility with ATB that had been in place since 2014. The Facility is for the purposes of acquisitions, day to day operating requirements and capital expenditures. It is for a three year term, bearing interest at rates ranging from prime plus 0.50% to 1.50% and is secured by, among other things, a general security agreement and the assignment of securities that Mosaic holds in certain subsidiaries. The Facility requires Mosaic to maintain: (i) a ratio of Total debt to EBITDA (as defined in the Facility) divided by gross EBITDA not exceeding 3.00; (ii) a ratio of net funded debt to EBITDA (as defined in the Facility) not exceeding 3.00; (iii) a ratio of net funded debt to EBITDA at subsidiaries level – individual subsidiaries not exceeding 1.00 and subsidiaries in aggregate not exceeding 0.50; and (iv) a fixed charge coverage ratio of at least 1.10. On June 30, 2017, Mosaic amended the 2017 Credit Agreement with ATB providing for, among other things, an increase in its credit facility from $35.0 million to $50.0 million. On October 17, 2017, Mosaic further amended the 2017 Credit Agreement whereby, among other things, the definition of specified subsidiaries aggregate net funded debt was amended by removing vendor-take-back note payable from the calculation. On June 29, 2018, Mosaic amended and renewed its Amended Facility with ATB for an additional three years whereby, among other things, the fixed change coverage ratio was replaced by a debt service coverage ratio. The Amended Facility continues to bear interest rates ranging from prime plus 0.50% - 1.50%. $15.0 million of the Amended Facility's availability is subject to completion of future acquisitions.

Copies of the aforementioned material contracts have been filed under Mosaic's profile on SEDAR at www.sedar.com.

Governance Agreement

The following is a brief summary of the key attributes and characteristics of the Governance Agreement. The following does not purport to be complete. A copy of the Governance Agreement has been filed under Mosaic's profile on SEDAR at www.sedar.com.

Nomination Right

Subject to the terms of the Governance Agreement, at the next annual general or special meeting of Mosaic's shareholders at which directors of Mosaic are to be elected, and at each annual general or special meeting of Mosaic's shareholders at which directors of Mosaic are to be elected thereafter, Mosaic will, at the request of Fairfax, nominate for election to the Mosaic Board two individuals designated by Fairfax (the "**Fairfax Designees**"), and will use commercially reasonable efforts to obtain shareholder approval for the election of the Fairfax Designees at such meetings.

Pursuant to the terms of the Governance Agreement, if Fairfax ceases to own at least 10% of the outstanding Common Shares (calculated on a partially-diluted basis), its right to nominate two Fairfax Designees will immediately terminate and Fairfax will only be entitled to nominate one Fairfax Designee. If Fairfax ceases to own at least 5% of the outstanding Common Shares (calculated on a partially-diluted basis), its right to nominate any Fairfax Designees will immediately terminate. For so long as Fairfax is entitled to appoint two Fairfax Designees, the authorized size of the Mosaic Board will not be increased above seven directors without Fairfax's prior written consent.

Referrals to Mosaic

Pursuant to the terms of the Governance Agreement, unless and until Fairfax no longer has the right to appoint a Fairfax Designee, Fairfax has agreed to inform Mosaic of: (i) opportunities for Mosaic to acquire, own, finance and/or otherwise deal with potential acquisition and/or transaction opportunities involving entities with enterprise values of $50 million or less (the "**Mosaic Investment Criteria**"); and (ii) other opportunities that fail to meet the Mosaic Investment Criteria but for which Fairfax has determined not to pursue and which it determines may be of interest to Mosaic.

Referrals to Fairfax

Pursuant to the terms of the Governance Agreement, unless and until Fairfax no longer has the right to appoint a Fairfax Designee, Mosaic has agreed to inform Fairfax of: (i) opportunities for Fairfax to acquire, own, finance and/or otherwise deal with potential acquisition and/or transaction opportunities involving entities with enterprise values of more than $50 million (the "**Fairfax Investment Criteria**"); and (ii) other opportunities that fail to meet the Fairfax Investment Criteria but for which Mosaic has determined not to pursue and which it determines may be of interest to Fairfax.

Pre-Emptive Right

In the event Mosaic proposes to issue or sell any Equity Securities (as defined in the Governance Agreement), other than an Excluded Issuance or a Pro-Rata Distribution (each as defined in the Governance Agreement), Fairfax will have a right (the "**Pre-Emptive Right**") to subscribe for and purchase such number of Equity Securities at the price at which such Equity Securities are proposed to be offered for issue or sale to other purchasers, as will enable Fairfax to maintain its ownership percentage of Common Shares (calculated on a partially-diluted basis).

In connection with providing the Pre-Emptive Right to Fairfax, Mosaic has agreed not to propose any issuance of Equity Securities if, based on the policies of the Exchange, it is likely Mosaic will be required to obtain the approval of its shareholders in order to permit Fairfax to exercise the Pre-Emptive Right in full, unless the closing of such offering is conditional upon Mosaic obtaining such approval of shareholders.

Certain Restrictions

Until such time as the Secured Debentures no longer remain outstanding, Mosaic has agreed to not sell, transfer, convey, assign or otherwise dispose of any of its properties or other assets, including the equity interest in any of its subsidiaries (whether in a public or a private offering or otherwise), other than: (i) the sale of inventory in the ordinary course of business; (ii) the sale or other disposition of Personal Property or Real Property that is obsolete or no longer used or useful in the business of Mosaic or any of its subsidiaries; (iii) the sale or other disposition of other Personal Property or Real Estate having a book value not exceeding a prescribed aggregate threshold amount in any fiscal year; and (iv) a sale or other disposition to a Guarantor; provided, however, that Mosaic will not be subject to the foregoing restriction for so long as either: (i) John Mackay is employed as, and is dedicating his working time to acting as, Executive Chairman of Mosaic (or its successor); or (ii) Harold Kunik is employed as, and is dedicating his working time to acting as, President of Mosaic (or its successor).

INTEREST OF EXPERTS

The auditors of Mosaic are PricewaterhouseCoopers LLP of 111 5 Ave SW Suite 3100, Calgary, AB T2P 5L3. PricewaterhouseCoopers LLP has prepared the audit report attached to Mosaic's audited consolidated financial statements for the financial year ended December 31, 2018. PricewaterhouseCoopers LLP is independent from Mosaic within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to Mosaic may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Mosaic's securities and securities authorized for issuance under equity compensation plans, is contained in Mosaic's most recent information circular filed on SEDAR in respect of Mosaic's most recent annual and special meeting of holders of Common Shares involving, among other things, the election of directors. Additional financial information is provided in Mosaic's audited consolidated financial statements and management's discussion and analysis for the most recently completed financial year, also filed on SEDAR.

GLOSSARY OF TERMS

"**10% Preferred Securities**" means the 10% unsecured subordinated perpetual preferred securities created and issued under the 10% Preferred Securities Indenture;

"**10% Preferred Securities Indenture**" means the indenture dated April 29, 2011 entered into between Mosaic and Computershare Trust Company of Canada (as successor in interest to Olympia Trust Company);

"**2017 Credit Agreement**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**AAA**" means Associated Asbestos Abatement, a division of Place-Crete Systems L.P;

"**ABCA**" means the *Business Corporations Act* (Alberta) as amended, including the regulations made thereunder, as promulgated or amended from time to time;

"**AIF**" means this annual information form;

"**Allied Cathodic**" means Allied Cathodic Services L.P., a limited partnership formed under the laws of the Province of Saskatchewan pursuant to the terms of a limited partnership agreement dated September 1, 2007, as amended or restated from time to time;

"**Ambassador**" means Ambassador Mechanical L.P., a limited partnership formed under the laws of the Province of Manitoba pursuant to the terms of a limited partnership agreement dated December 20, 2016, as amended or restated from time to time, and the successor entity to Ambassador Mechanical Corp. following an internal reorganization effective January 1, 2017;

"**Amended Facility**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*" a copy of which may be found on SEDAR at www.sedar.com under Mosaic's profile;

"**Arrangement**" means the arrangement completed effective May 1, 2011, involving Mosaic, the Fund, FWP and their respective securityholders under Section 193 of the ABCA on the terms and subject to the conditions set out in the plan of arrangement involving Mosaic, the Fund and FWP, full particulars of which are set forth in the joint management information circular dated March 25, 2011 in respect of the special meetings of the preferred unitholders of the Fund and the shareholders of FWP, a copy of which may be found on SEDAR at www.sedar.com under Mosaic's profile;

"**ATB**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2018*";

"**Bassi**" means Bassi Construction LP, a limited partnership formed under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated November 25, 2016, as amended or restated from time to time;

"**BTM**" has the meaning ascribed to it under "*Directors and Officers – Backgrounds of Directors and Executive Officers*";

"**Cedar**" means Cedar Infrastructure Products LP, a limited partnership formed under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated March 31, 2017, as amended or restated from time to time;

"**Change of Control**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – Entitlement on a Change of Control*";

"**Change of Control Repurchase Price**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – Entitlement on a Change of Control*";

"**Circle 5**" means Circle 5 Tool & Mold LP, a limited partnership formed under the laws of the Province of Ontario pursuant to the terms of a limited partnership agreement dated October 31, 2017, as amended or restated from time to time;

"**Common Shares**" means the common shares in the capital of Mosaic;

"**Convertible Debenture Indenture**" means the trust indenture dated November 10, 2016 entered into between Mosaic and the Convertible Debenture Trustee, as amended, supplemented or restated from time to time, a copy of which is available on SEDAR at www.sedar.com;

"**Convertible Debenture Trustee**" means Computershare Trust Company of Canada or its successor as trustee under the Convertible Debenture Indenture;

"**Convertible Debentures**" means the 7% convertible unsecured senior subordinated debentures of Mosaic created and issued under the Convertible Debenture Indenture, as described under "*Capital Structure – Convertible Debentures*";

"**Core**" means Core Industrial Services L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated February 19, 2015, as amended or restated from time to time;

"**Debt Incurrence Test**" has the meaning ascribed to it under "*Capital Structure – Senior Preferred Securities – Additional Indebtedness and Debt Incurrence Test*";

"**DRIP**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2016*";

"**Event of Default**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – Events of Default*";

"**Exchange**" means the TSX Venture Exchange;

"**Facility**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**Fairfax**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**Fairfax Designees**" has the meaning ascribed to it under "*Material Contracts – Governance Agreement – Nomination Right*";

"**Fairfax Financing**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**Fairfax Investment Criteria**" has the meaning ascribed to it under "*Material Contracts – Governance Agreement – Referrals to Fairfax*";

"**Fairfax Warrants**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**First West**" has the meaning ascribed to it under "*Corporate Structure – Mosaic Capital Corporation*";

"**FWDLP**" means First West Developments L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 28, 2012, as amended or restated from time to time;

"**FWLDLP**" means First West Land Developments L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated March 12, 2014, as amended or restated from time to time;

"**FWP**" means First West Properties Ltd., an Alberta corporation formerly a wholly-owned subsidiary of Mosaic which was voluntarily dissolved effective December 31, 2012;

"**FWPLP**" has the meaning ascribed to it under "*Corporate Structure – Mosaic Capital Corporation*";

"**Fund**" means Mosaic Diversified Income Fund, a trust created under the laws of the Province of Alberta and governed by the Fund Indenture;

"**Fund Indenture**" means the Fund's amended and restated trust indenture dated November 1, 2010, as amended;

"**Governance Agreement**" means the governance agreement dated January 26, 2017 between Mosaic and Fairfax Financial Holdings Limited, as amended, supplemented or restated from time to time, a copy of which is available on SEDAR at www.sedar.com;

"**Guarantors**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – General*";

"**IFRS**" has the meaning ascribed to it under "*Non-IFRS Financial Measures*";

"**Industrial Scaffold**" means Industrial Scaffold Services L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated July 30, 2013, as amended or restated from time to time;

"**Interest Period**" has the meaning ascribed to it under "*Capital Structure – Senior Preferred Securities – Interest Rate*";

"**Kendall's**" means Kendall's Supply Ltd., a corporation formed under the laws of the Province of Saskatchewan on October 17, 1990;

"**Mackow**" means Mackow Industries, a limited partnership formed under the laws of the Province of Manitoba pursuant to the terms of a limited partnership agreement dated January 1, 2006, as amended or restated from time to time;

“**Mackow International**” means Mackow Industries International Inc., a corporation incorporated under the laws of Delaware, U.S.A.;

"**Maturity Date**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – General*";

"**MCLP**" means Mosaic Capital L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated December 13, 2011, as amended or restated from time to time;

"**MLP**" means Mosaic Limited Partnership, a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated February 21, 2006, as amended or restated from time to time;

"**Mosaic**" means Mosaic Capital Corporation, a corporation incorporated under the laws of Alberta;

"**Mosaic Board**" means the board of directors of Mosaic;

"**Mosaic Investment Criteria**" has the meaning ascribed to it under "*Material Contracts – Governance Agreement – Referrals to Mosaic*";

"**Mosaic Listed Securities**" mean the Common Shares, and any other securities of Mosaic that may from time to time become listed and posted for trading on the Exchange or any other stock exchange;

"**NFC**" has the meaning ascribed to it under "*Directors and Officers – Backgrounds of Directors and Executive Officers*";

"**NI 52-110**" has the meaning ascribed to it under "*Audit Committee*";

"**Oilexco**" has the meaning ascribed to it under "*Directors and Officers – Corporate Cease Trade Orders*";

"**Options**" has the meaning ascribed to it under "*Market for Securities – Prior Sales*";

"**Payment Default**" has the meaning ascribed to it under "*Capital Structure – Senior Preferred Securities – Default on Interest Payment*";

"**Personal Property**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – General*";

"**Place-Crete**" means Place-Crete Systems L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 21, 2014, as amended or restated from time to time;

"**Pre-Emptive Right**" has the meaning ascribed to it under "*Material Contracts – Governance Agreement – Pre-Emptive Right*";

"**Preferred Shares**" means the preferred shares issuable in series in the capital of Mosaic;

"**Printing Unlimited**" means Printing Unlimited L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated January 10, 2007, as amended or restated from time to time;

"**Private Yield Securities**" mean the private yield securities created and issued under the Private Yield Securities Indenture;

"**Private Yield Securities Indenture**" means the indenture dated February 20, 2015 entered into between Mosaic and Alliance Trust Company, as amended, supplemented or restated from time to time, a copy of which is available on SEDAR at www.sedar.com;

"**Private Yield Warrants**" means the private yield warrants created and issued under the Private Yield Securities Indenture;

"**Real Property**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – General*";

"**Redemption Date**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**Redemption Price**" has the meaning ascribed to it under "*Capital Structure – Senior Preferred Securities – Right of Redemption by Mosaic*";

"**Remote Waste**" means Remote Waste L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 21, 2008, as amended or restated from time to time;

“**Remote Solutions**” means Remote Water Solutions Inc., a corporation incorporated under the laws of Delaware, U.S.A.;

"**Repayment Offer**" has the meaning ascribed to it under "*Capital Structure – Secured Debentures – Entitlement on a Change of Control*";

"**RSUs**" has the meaning ascribed to it under "*Market for Securities – Prior Sales*";

"**SEC**" means South East Construction L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated October 27, 2014, as amended or restated from time to time;

"**Secon**" means Secon Holdings L.P., a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated October 27, 2014, as amended or restated from time to time;

"**Secured Debenture Indenture**" means the indenture dated January 26, 2017 entered into between Mosaic and the Secured Debenture Trustee, as amended, supplemented or restated from time to time, a copy of which is available on SEDAR at www.sedar.com;

"**Secured Debenture Trustee**" means Computershare Trust Company of Canada or its successor as trustee under the Secured Debenture Indenture;

"**Secured Debentures**" means the 5% senior secured debentures of Mosaic created and issued under the Secured Debenture Indenture, as described under "*Capital Structure – Secured Debentures*";

"**SemBioSys**" has the meaning ascribed to it under "*Directors and Officers – Bankruptcies*";

"**Senior Preferred Securities**" means the 6% senior preferred securities created and issued under the Senior Preferred Securities Indenture, as described under "*Capital Structure – Senior Preferred Securities*";

"**Senior Preferred Securities Indenture**" means the indenture dated January 26, 2017 entered into between Mosaic and the Senior Preferred Securities Trustee, as amended, supplemented or restated from time to time, a copy of which is available on SEDAR at www.sedar.com;

"**Senior Preferred Securities Trustee**" means Computershare Trust Company of Canada or its successor as trustee under the Senior Preferred Securities Indenture;

"**Series A Shares**" means the series A Preferred Shares in the capital of Mosaic;

“**SME**” means small to medium-sized private Canadian businesses;

"**Subscription Privileges**" has the meaning ascribed to it under "*General Development of Mosaic's Business – 2017*";

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, each as amended from time to time;

"**Tundra Mechanical**" means Tundra Mechanical & Millwrighting LP, a limited partnership formed under the laws of the Province of Saskatchewan pursuant to the terms of a limited partnership agreement dated December 20, 2016, as amended or restated from time to time;

"**Underwriters**" has the meaning ascribed to it under "*Material Contracts*"; and

"**Underwriting Agreement**" has the meaning ascribed to it under "*Material Contracts*".