MOSAIC CAPITAL CORPORATION

Condensed Interim Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2019 and 2018

"Growth through sustainable cash flow"

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Mosaic Capital Corporation ("Mosaic" or the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

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Mosaic Capital Corporation

Condensed Interim Consolidated Statements of Financial Position

(Unaudited) (in thousands of Canadian dollars)

As at		March 31, 2019		December 31, 2018		January 1, 2018
				restated (note 3)		restated *(note 3)*
ASSETS						
Current assets:						
Cash and cash equivalents	$	**16,325**	$	14,766	$	9,400
Trade, accrued and other receivables		**92,108**		96,045		76,777
Accrued contract revenue *(note 5)*		**29,013**		24,725		17,286
Inventories		**12,302**		12,969		9,399
Deposits and prepaid expenses		**1,811**		1,314		1,386
Assets held for sale *(note 6)*		**985**		3,687		8,115
		152,544		153,506		122,363
Non-current assets:						
Investment in joint venture		**2,219**		2,238		2,382
Property, plant and equipment *(note 7)*		**27,583**		28,741		32,202
Leased assets *(note 8)*		**18,724**		19,459		22,338
Intangible assets *(note 9)*		**58,065**		61,347		80,734
Goodwill		**90,748**		90,748		85,638
Deferred income tax asset		**3,897**		2,794		-
TOTAL ASSETS	$	**353,780**	$	358,833	$	345,657
LIABILITIES AND EQUITY						
Liabilities						
Current liabilities:						
Operating loans *(note 10)*	$	**1,279**	$	798	$	-
Trade, accrued and other payables		**62,743**		62,811		41,755
Distributions payable		**1,479**		1,512		1,512
Risk management contracts *(note 11)*		**151**		754		-
Income taxes payable		**71**		550		1,361
Deferred contract revenue *(note 5)*		**8,157**		6,187		3,603
Current portion of contingent consideration		**184**		177		625
Current portion of notes payable *(note 12)*		**7,141**		7,613		3,241
Current portion of lease obligations *(note 13)*		**5,292**		5,486		5,139
Liabilities associated with assets held for sale *(note 6)*		**404**		2,392		2,521
		86,901		88,280		59,757
Non-current liabilities:						
Credit facility *(note 10)*		**29,237**		27,402		19,357
Notes payable *(note 12)*		**8,947**		11,165		11,111
Contingent consideration		**-**		-		1,085
Lease obligations *(note 13)*		**15,123**		15,314		17,109
Debentures		**47,524**		47,424		47,001
Convertible debentures		**12,105**		11,957		11,384
Common share purchase warrants *(note 14)*		**3,518**		917		15,792
Redeemable non-controlling interest		**19,661**		19,615		19,430
Non-controlling interest put options		**11,545**		11,324		18,644
Deferred income tax liability		**-**		-		1,308
Total liabilities		**234,561**		233,398		221,978
Equity						
Common shares		**34,955**		34,955		35,052
Preferred securities		**82,395**		82,395		82,395
Contributed surplus		**2,425**		2,205		1,791
Convertible debentures		**843**		838		816
Retained earnings:						
Cumulative earnings		**54,023**		57,407		39,637
Cumulative translation adjustment		**211**		239		(278)
Cumulative dividends/distributions		**(106,778)**		(104,184)		(93,727)
Total shareholders' equity		**68,074**		73,855		65,686
Non-controlling interests		**51,145**		51,580		57,993
TOTAL LIABILITIES AND EQUITY	$	**353,780**	$	358,833	$	345,657

Contingent liabilities *(note 22)*

See accompanying notes to the condensed interim consolidated financial statements.

Mosaic Capital Corporation

Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

(Unaudited) (in thousands of Canadian dollars, except for per share amounts)

For the three months ended March 31,		2019		2018
				restated *(note 3)*
REVENUE *(note 15)*	**$**	**96,137**	$	67,962
OPERATING EXPENSES		**88,918**		64,989
OPERATING INCOME BEFORE AMORTIZATION		**7,219**		2,973
EXPENSES				
Amortization of property, plant and equipment *(note 7)*		**1,468**		1,617
Amortization of leased assets *(note 8)*		**1,529**		1,427
Amortization of intangible assets *(note 9)*		**3,282**		3,381
Gain on disposal of equipment		**(66)**		(3)
Gain on early termination of lease obligations		**(28)**		(12)
Equity-based compensation		**220**		174
		6,405		6,584
Operating income (loss)		**814**		(3,611)
Net finance costs *(note 16)*		**2,374**		2,542
Foreign exchange loss (gain)		**285**		(220)
Share of joint venture loss		**18**		13
Loss before change in fair value and income taxes		**(1,863)**		(5,946)
Change in fair value *(note 17)*		**2,220**		(9,919)
(Loss) income before income taxes		**(4,083)**		3,973
Provision for income taxes:				
Current		**83**		195
Deferred reduction		**(1,102)**		(1,874)
		(1,019)		(1,679)
NET (LOSS) INCOME		**(3,064)**		5,652
Other comprehensive loss (income):				
Items that may be subsequently reclassified:				
Exchange differences on translating foreign operations		**28**		(77)
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME	**$**	**(3,092)**	$	5,729
Net (loss) income and comprehensive (loss) income attributable to:				
Equity holders of Mosaic Capital Corporation	**$**	**(4,891)**	$	6,574
Preferred dividends/distributions		**1,479**		1,479
Non-controlling interests		**320**		(2,324)
	$	**(3,092)**	$	5,729
(Loss) earnings per common share *(note 18)*:				
Basic	**$**	**(0.46)**	$	0.62
Diluted	**$**	**(0.46)**	$	0.56

See accompanying notes to the condensed interim consolidated financial statements.

Mosaic Capital Corporation

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited) (in thousands of Canadian dollars)

	Common shares	Preferred securities	Contributed surplus	Convertible debentures	Cumulative earnings	Cumulative translation adjustment	Cumulative Dividends / Distributions	Total shareholders' equity	Non-controlling interest	Total Equity
Balance, January 1, 2018, as previously reported	**$ 35,052**	**$ 82,395**	**$ 1,791**	**$ 816**	**$ 39,721**	**$ (278)**	**$ (93,727)**	**$ 65,770**	**$ 57,993**	**$ 123,763**
Impact of change in accounting policy *(note 3)*	-	-	-	-	(84)	-	-	(84)	-	(84)
Balance, January 1, 2018, (restated)	**35,052**	**82,395**	**1,791**	**816**	**39,637**	**(278)**	**(93,727)**	**65,686**	**57,993**	**123,679**
Distributions declared on preferred shares	-	-	-	-	-		(1,479)	(1,479)	-	(1,479)
Dividends declared on common shares	-	-	-	-	-		(1,113)	(1,113)	-	(1,113)
Distributions to non-controlling interest	-	-	-	-	-	-	-	-	(1,191)	(1,191)
Equity-based compensation	-	-	174	-	-		-	174	-	174
Amortization of issue costs	-	-	-	6	-		-	6	-	6
Settlement of non-controlling interest put option	-	-	-	-	5,670		-	5,670	(6,951)	(1,281)
Net income and comprehensive income (restated)	-	-	-	-	7,976	77	-	8,053	(2,324)	5,729
Balance, March 31, 2018, (restated)	**$ 35,052**	**$ 82,395**	**$ 1,965**	**$ 822**	**$ 53,073**	**$ (201)**	**$ (96,319)**	**$ 76,787**	**$ 47,527**	**$ 124,314**
Balance, January 1, 2019, as previously reported	**$ 34,955**	**$ 82,395**	**$ 2,205**	**$ 838**	**$ 57,930**	**$ 239**	**$ (104,184)**	**$ 74,378**	**$ 51,916**	**$ 126,294**
Impact of change in accounting policy *(note 3)*	-	-	-	-	(523)	-	-	(523)	(336)	(859)
Balance, January 1, 2019, (restated)	**34,955**	**82,395**	**2,205**	**838**	**57,407**	**239**	**(104,184)**	**73,855**	**51,580**	**125,435**
Distributions declared on preferred shares	-	-	-	-	-	-	(1,479)	(1,479)	-	(1,479)
Dividends declared on common shares	-	-	-	-	-	-	(1,115)	(1,115)	-	(1,115)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(1,802)	(1,802)
Equity-based compensation	-	-	220	-	-	-	-	220	-	220
Amortization of issue costs	-	-	-	5	-	-	-	5	-	5
Contribution from NCI	-	-	-	-	-	-	-	-	1,047	1,047
Net (loss) income and comprehensive (loss) income	-	-	-	-	(3,384)	(28)	-	(3,412)	320	(3,092)
Balance, March 31, 2019	**$ 34,955**	**$ 82,395**	**$ 2,425**	**$ 843**	**$ 54,023**	**$ 211**	**$ (106,778)**	**$ 68,074**	**$ 51,145**	**$ 119,219**

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited) (in thousands of Canadian dollars)

	Three months ended March 31,	
	2019	2018
		restated *(note 3)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	**$ (3,064)**	$ 5,652
Adjustments for:		
Amortization of property, plant and equipment *(note 7)*	**1,468**	1,617
Amortization of leased assets (note 8)	**1,529**	1,427
Amortization of intangible assets *(note 9)*	**3,282**	3,381
Gain on sale of equipment	**(66)**	(3)
Gain on early termination of lease obligations	**(28)**	(12)
Equity-based compensation	**220**	174
Accretion expense	**299**	351
Amortization of borrowing costs	**144**	126
Foreign exchange loss (gain)	**285**	(220)
Share of joint venture loss (income)	**18**	13
Change in fair value *(note 18)*	**2,220**	(9,919)
Deferred income tax reduction	**(1,102)**	(1,874)
Cash provided before non-cash working capital	**5,205**	713
Net change in non-cash working capital *(note 19)*	**2,527**	8,944
Net cash provided by operating activities	**7,732**	9,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment *(note 7)*	**(543)**	(1,742)
Proceeds on disposal of property, plant and equipment	**135**	139
Proceeds on disposal of assets held for sale *(note 6)*	**2,680**	-
Distributions received from joint venture	**-**	371
Payment of contingent consideration	**-**	(477)
Net cash provided by (used in) investing activities	**2,272**	(1,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from operating loans *(note 10)*	**481**	1,924
Proceeds from credit facility *(note 10)*	**4,400**	2,600
Repayment of credit facility *(note 10)*	**(2,600)**	(500)
Credit facility transaction costs	**-**	(11)
Proceeds from notes payable *(note 12)*	**170**	681
Repayment of notes payable *(note 12)*	**(2,959)**	(894)
Repayment of liabilities associated with assets held for sale	**(1,988)**	(29)
Payment of lease obligations *(note 13)*	**(1,490)**	(1,375)
Dividends paid to common shareholders	**(1,115)**	(1,113)
Distributions paid to preferred security holders	**(1,512)**	(1,512)
Distributions paid to non-controlling interests	**(1,802)**	(1,191)
Net cash used in financing activities	**(8,415)**	(1,420)
Net change in cash and cash equivalents	**1,589**	6,528
Cash and cash equivalents, beginning of period	**14,766**	9,400
Effect of translation on foreign cash	**(30)**	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 16,325**	$ 15,928
Supplementary cash flow information		
Interest received	**$ 41**	$ 28
Interest paid	**$ 1,547**	$ 1,501
Income taxes paid	**$ 481**	$ 363

See accompanying notes to the condensed interim consolidated financial statements.

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

1. REPORTING ENTITY

Mosaic Capital Corporation ("**Mosaic**" or the "**Company**") was incorporated under the *Business Corporations Act* (Alberta) on February 11, 2011. The address of the Company's registered office is 400, 2424 – 4th Street SW Calgary, Alberta T2S 2T4. Mosaic is an investment company that owns a portfolio of established businesses. The Company continues to evaluate, acquire and invest in businesses across a range of industries and geographies.

Products and services are provided through the Company's subsidiaries structured under four business segments: Infrastructure, Diversified, Energy and Real Estate.

The common shares and convertible debentures of Mosaic are listed on the TSX Venture Exchange (the "**Exchange**") and trade under the symbols "M" and "M.DB", respectively.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("**IAS**") 34 "*Interim Financial Reporting*" as issued by the International Accounting Standards Board ("**IASB**"). The condensed interim consolidated financial statements have been prepared following the same accounting principles and application methods as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2018 with the exception of International Financial Reporting Standards ("**IFRS**") 16 which was adopted effective January 1, 2019. Because disclosures provided in these condensed interim consolidated financial statements do not conform in all respects with IFRS for annual financial statements, these condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2018.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company (the "**Board**") on May 14, 2019.

(b) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries and controlled limited partnerships. Control is achieved when the Company is exposed to or has the rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The condensed interim consolidated financial statements of Mosaic include the following operating entities listed below. The ultimate holding entity of the entities listed is Mosaic.

	Ownership interest	
	March 31, 2019	December 31, 2018
Allied Cathodic Services L.P. ("**Allied Cathodic**")	**80%**	80%
Ambassador Mechanical L.P. ("**Ambassador**")	**75%**	75%
Bassi Construction L.P. ("**Bassi**")	**70%**	70%
Cedar Infrastructure Products L.P. ("**Cedar**")	**75%**	75%
Circle 5 Tool & Mold LP ("**Circle 5**")	**75%**	75%
First West Properties L.P. ("**FWPLP**")	**100%**	100%
Industrial Scaffold Services L.P. ("**Industrial Scaffold**")	**85%**	85%
Kendall's Supply Ltd. ("**Kendall's Supply**")	**89%**	89%
Mackow Industries L.P. ("**Mackow**")	**80%**	80%
Place-Crete Systems L.P. ("**Place-Crete**")	**69%**	75%
Printing Unlimited L.P. ("**Printing Unlimited**")	**100%**	100%
Remote Waste L.P. ("**Remote Waste**")	**95%**	95%
Secon Holdings LP. ("**SECON**")	**69%**	69%

In addition, the Company has a 50% interest in First West Developments L.P. ("**FWDLP**"), a joint venture with Harbour Equity Capital Corp. ("**Harbour Equity**") for the development of the Parker Industrial Park near Regina, Saskatchewan.

Non-controlling interests ("**NCI**") represent equity interests in subsidiaries owned by former controlling interest parties. NCIs are measured at their fair value at the date of acquisition. The share of net assets of subsidiaries attributable to NCI is presented as a component of equity. Changes in the Company's ownership interest in its subsidiaries that do not result in a loss of control are accounted for as equity transactions.

2. BASIS OF PREPARATION *(continued)*

(c) Basis of measurement

The condensed interim consolidated financial statements have been prepared on a going-concern basis, using the historical cost convention, except as otherwise noted.

(d) Functional and presentation currency

The Canadian dollar is the Company's functional currency and as such, the condensed consolidated financial statements are presented in Canadian dollars.

(e) Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results may differ from these estimates and the differences could be material. Estimates, judgments and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual audited consolidated financial statements except as noted below.

(a) New accounting standard – IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees and requires a lessee to recognize a leased asset representing its right to direct use of the underlying asset as well as a lease obligation representing the Company's obligation to make future lease payment. Lessor accounting remains similar to the previous standard in which lessors classify leases as either finance or operating leases.

On January 1, 2019, Mosaic applied IFRS 16 using the full retrospective approach where the prior period financial information has been restated.

Significant accounting policy

At the inception of a contract, Mosaic assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identifiable;
- Mosaic has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- Mosaic has the right to direct the use of the asset. This right exists when Mosaic has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company has applied this approach to contracts entered into or changed on or after January 1, 2019.

At inception or upon reassessment of a contract that contains a lease component, Mosaic allocates consideration in the contract to each lease component on the basis of their relative stand-alone prices.

i. As a lessee

The Company recognizes a leased asset and a lease liability at the lease commencement date. The asset is initially measured at cost, which is comprised of the initial lease liability adjusted for any payments made at or before the commencement date plus any initial direct costs incurred and the estimate of any costs to dismantle and remove the asset or restore the asset or site where the asset is located, less any lease incentives received.

The leased asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the leased asset or the end of the lease term. The estimated useful lives of leased assets are applied on a consistent basis as property, plant & equipment. In addition, leased assets are periodically reduced for impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) New accounting standard – IFRS 16 – Leases *(continued)*

i. As a lessee *(continued)*

Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Mosaic is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease, unless the Company is reasonably certain to not terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments caused by a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee of if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and low-value leases

The Company has elected to not recognize a leased asset or lease liability for short-term leases that have a term of one year or less and leases of low-valued assets. Mosaic recognizes the lease payment of these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

When Mosaic acts as a lessor, each lease is categorized as either finance or operating at the commencement of the lease.

To make this determination, the Company assesses whether the lease transfers substantially all of the risks and rewards of ownership of the underlying asset to the lessee. If this is the case, it is a finance lease, otherwise, it is an operating lease.

When Mosaic has a head lease/sub lease arrangement, the head lease and sub lease are accounted for separately. The classification of a sub lease is assessed with reference to the leased asset arising from the head lease and not the underlying asset. If a head lease is a short-term lease then it classifies the sub lease as a operating lease.

If an arrangement contains both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

Mosaic recognizes lease payments received under operating leases as income on a straight-line basis over the term of the lease.

Transition

Mosaic adopted IFRS 16 on January 1, 2019 using the full retrospective method of adoption. When applying the full retrospective approach to leases previously classified as operating leases under IAS 17 and related interpretations, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. On initial adoption of the new standard, Mosaic elected to use the following practical expedients:

- Grandfather the assessment of which contracts contained leases under IFRS 16 to only those previously identified as leases under IAS 17 and related interpretations;
- Not apply the requirements of the standard to short-term and low-value leases:
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics. The incremental borrowing rate applied to lease liabilities at the date of initial application ranged from 3.3% - 5.3%.

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) New accounting standard – IFRS 16 – Leases *(continued)*

The following table reconciles Mosaic's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's audited annual consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019.

Lease obligations		
Operating lease commitment as at December 31, 2018	$	12,792
Finance lease liability as at December 31, 2018		4,662
		17,454
Discounted using the incremental borrowing rate at January 1, 2019		(2,058)
Extension options reasonably certain to be exercised		5,404
Lease obligation recognized at January 1, 2019	$	20,800

Upon adoption of IFRS 16, qualifying operating leases are no longer expensed as operating expenses and finance leases are no longer represented as Property, plant & equipment with a corresponding obligation in Notes payable. The lease contracts are now being recognized as leased assets which are amortized and lease obligations which includes a portion of the lease payments being recognized as finance costs. Certain lease contracts that are short-term or of low-value do not meet the criteria for recognition as a lease in the statement of financial position and continue to be expensed on a straight-line basis over the lease term and presented in operating expenses.

In the statement of cash flows, repayments of lease obligations have been reclassified from operating cash flow to financing cash flow in accordance with IFRS 16.

The cumulative effect of the impacts of adopting IFRS 16 are presented in the tables below:

Consolidated statement of financial position

As at January 1, 2018		As previously reported		IFRS 16 adjustments		As restated
Property, plant & equipment	$	37,816	$	(5,614)	$	32,202
Leased assets	$	-	$	22,338	$	22,338
Current portion of notes payable	$	4,634	$	(1,393)	$	3,241
Current portion of lease obligations	$	-	$	5,139	$	5,139
Notes payable	$	15,158	$	(4,047)	$	11,111
Leases	$	-	$	17,109	$	17,109
Cumulative earnings	$	39,721	$	(84)	$	39,637

As at December 31, 2018		As previously reported		IFRS 16 adjustments		As restated
Inventories	$	12,719	$	250	$	12,969
Property, plant & equipment	$	33,945	$	(5,204)	$	28,741
Leased assets	$	-	$	19,459	$	19,459
Deferred tax assets	$	2,020	$	774	$	2,794
Current portion of notes payable	$	9,308	$	(1,695)	$	7,613
Current portion of leases	$	-	$	5,486	$	5,486
Notes payable	$	14,132	$	(2,967)	$	11,165
Lease obligations	$	-	$	15,314	$	15,314
Cumulative earnings	$	57,930	$	(523)	$	57,407
Non-controlling interests	$	51,916	$	(336)	$	51,580

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) New accounting standard – IFRS 16 – Leases *(continued)*

Consolidated statement of income and comprehensive income

For the three months ended March 31, 2018		As previously reported		IFRS 16 adjustments		As restated
Revenue	$	68,000	$	(38)	$	67,962
Operating expenses	$	66,217	$	(1,228)	$	64,989
Amortization of property, plant & equipment	$	1,907	$	(290)	$	1,617
Amortization of leased assets	$	-	$	1,427	$	1,427
Gain on early termination of lease obligations	$	-	$	(12)	$	(12)
Net finance costs	$	2,324	$	218	$	2,542
Foreign exchange (gain) loss	$	(229)	$	9	$	(220)
Net income	$	5,814	$	(162)	$	5,652
Net income and comprehensive income	$	5,891	$	(162)	$	5,729
attributable to equity holders	$	6,712	$	(138)	$	6,574
attributable to non-controlling interests	$	(2,300)	$	(24)	$	(2,324)
Earning per common share:						
Basic	$	0.63	$	(0.01)	$	0.62
Diluted	$	0.56	$	-	$	0.56

Consolidated statement of cash flows

For the three months ended March 31, 2018		As previously reported		IFRS 16 adjustments		As restated
Net income	$	5,814	$	(162)	$	5,652
Amortization of property, plant & equipment	$	1,907	$	(290)	$	1,617
Amortization of leased assets	$	-	$	1,427	$	1,427
Gain on early termination of lease obligations	$	-	$	(12)	$	(12)
Foreign exchange gain	$	(229)	$	9	$	(220)
Repayment of notes payable	$	(1,330)	$	403	$	(927)
Repayment of leases	$	-	$	(1,375)	$	(1,375)

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial instruments measured at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

(a) Trade, accrued and other receivables and accrued contract revenue

The fair value of trade, accrued and other receivables and accrued contract revenue is estimated as the present value of future cash flows, discounted at the market rate of interest as the reporting date. This fair value is determined for disclosure purposes. The fair value approximates the carrying value due to the short term maturity.

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

4. DETERMINATION OF FAIR VALUES *(continued)*

(b) Trade, accrued and other payables

The fair value of trade, accrued and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes. The fair value approximates the carrying value due to the short term maturity.

(c) Share-based compensation transactions

The fair value of share options is measured using the Black-Scholes pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the weighted average expected life of the instruments adjusted for forfeitures (based on historical experience and general holder behavior), the expected dividends and the risk-free interest rate (based on government bonds). Services and non-market performance conditions are not taken into account in determining fair value.

(d) Contingent consideration

The fair value of contingent consideration is estimated using the income approach which is the estimated present value of future cash flows, discounted at the market rate of interest at the reporting date.

(e) Other non-derivative financial liabilities

The fair value of other non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease arrangements.

The following table compares the face value of the financial assets and financial liabilities to its corresponding fair amount as presented in the consolidated statement of financial position.

		Fair value		
As at March 31, 2019	**Face value**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities				
Risk management contracts	$ 5,935	$ -	$ 151	$ -
Contingent consideration	207	-	-	184
Common share purchase warrants	20,555	-	-	3,518
Non-controlling interests put option	14,363	-	-	11,545
Total financial liabilities	**$ 41,060**	**$ -**	**$ 151**	**$ 15,247**

		Fair value		
As at December 31, 2018	Face value	Level 1	Level 2	Level 3
Financial liabilities				
Risk management contracts	$ 5,765	$ -	$ 754	$ -
Contingent consideration	207	-	-	177
Common share purchase warrants	20,555	-	-	917
Non-controlling interests put option	14,363	-	-	11,324
Total financial liabilities	$ 40,890	$ -	$ 754	$ 12,418

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

5. CONTRACT BALANCES

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

As at		March 31, 2019		December 31, 2018
Accrued contract revenue	$	29,013	$	24,725
Deferred contract revenue	$	8,157	$	6,187

Contract assets are comprised of accrued contract revenue primarily related to the Company's rights to consideration for work completed but not billed at the reporting date on customer contracts. Contract assets are transferred to receivables when the rights to receipt are unconditional and may be affected by the timing of the monthly billing cycles. Contract liabilities are composed of amounts received in advance of contractual obligations performed and are reported as deferred contract revenue.

Significant changes in the contract assets and liabilities balances during the period are as follows:

		Accrued contract revenue		Deferred contract revenue
Balance at January 1, 2018	$	17,286	$	3,603
Progress on projects		(2,851)		157
Contracts completed		(9,323)		(2,257)
New contracts entered		19,197		4,645
Foreign exchange adjustment		416		39
Balance at December 31, 2018		24,725		6,187
Progress on projects		3,291		1,749
Contracts completed		(1,827)		(471)
New contracts entered		2,918		711
Foreign exchange adjustment		(94)		(19)
Balance at March 31, 2019	**$**	**29,013**	**$**	**8,157**

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at the reporting date.

	Next 12 months	2020	2021	2022	Total
Construction related services	$ 83,911	$ 37,206	$ 25,540	$ 13,239	$ 159,896

All consideration from contracts with customers is included in the amounts presented above.

6. ASSETS HELD FOR SALE

Balance at January 1, 2018	$	8,115
Additions		38
Impairment		(828)
Disposal		(3,638)
Balance at December 31, 2018		3,687
Disposal		(2,702)
Balance at March 31, 2019	**$**	**985**

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Computer equipment	Furniture & fixtures	Equipment	Motor vehicles	Leasehold improvements	Total
Cost							
Balance at January 1, 2018	$ 2,021	$ 1,303	$ 766	$ 36,788	$ 7,614	$ 1,283	$ 49,775
Additions	-	62	189	3,767	1,534	190	5,742
Disposals	(43)	(166)	(23)	(4,078)	(709)	(9)	(5,028)
Foreign exchange adjustment	-	2	3	649	77	20	751
Balance at December 31, 2018	1,978	1,201	935	37,126	8,516	1,484	51,240
Additions	-	11	49	231	249	3	543
Disposals	-	(11)	-	(127)	(67)	-	(205)
Foreign exchange adjustment	-	(1)	(7)	(218)	(29)	(5)	(260)
Balance at March 31, 2019	**$ 1,978**	**$ 1,200**	**$ 977**	**$ 37,012**	**$ 8,669**	**$ 1,482**	**$ 51,318**
Accumulated amortization							
Balance at January 1, 2018	$ 76	$ 600	$ 317	$ 12,352	$ 3,809	$ 419	$ 17,573
Amortization	59	194	131	5,798	1,217	199	7,598
Disposals	(2)	(81)	(54)	(2,149)	(539)	(8)	(2,833)
Foreign exchange adjustment	-	1	2	132	24	2	161
Balance at December 31, 2018	133	714	396	16,133	4,511	612	22,499
Amortization	17	37	26	1,052	295	41	1,468
Disposals	-	(10)	-	(99)	(49)	-	(158)
Foreign exchange adjustment	-	-	(1)	(58)	(14)	(1)	(74)
Balance at March 31, 2019	**$ 150**	**$ 741**	**$ 421**	**$ 17,028**	**$ 4,743**	**$ 652**	**$ 23,735**
Carrying value							
At December 31, 2018	$ 1,845	$ 487	$ 539	$ 20,993	$ 4,005	$ 872	$ 28,741
At March 31, 2019	**$ 1,828**	**$ 459**	**$ 556**	**$ 19,984**	**$ 3,926**	**$ 830**	**$ 27,583**

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

8. LEASED ASSETS

	Buildings	Computer equipment	Furniture & fixtures	Equipment	Motor vehicles	Total
Cost						
Balance at January 1, 2018	$ 18,748	$ 212	$ 87	$ 8,148	$ 4,383	$ 31,578
Additions	1,923	-	174	1,387	1,454	4,938
Disposals	(673)	-	(28)	(1,348)	(1,094)	(3,143)
Foreign exchange adjustment	98	-	-	30	43	171
Balance at December 31, 2018	20,096	212	233	8,217	4,786	33,544
Additions	826	-	21	67	543	1,457
Disposals	(173)	-	(12)	(1,266)	(619)	(2,070)
Foreign exchange adjustment	(32)	-	-	(13)	(16)	(61)
Balance at March 31, 2019	**$ 20,363**	**$ 212**	**$ 242**	**$ 7,005**	**$ 4,694**	**$ 32,516**
Accumulated amortization						
Balance at January 1, 2018	$ 5,440	$ 126	$ 35	$ 2,064	$ 1,575	$ 9,240
Amortization	2,697	32	46	1,876	1,224	5,875
Disposals	(463)	-	(48)	(175)	(381)	(1,067)
Foreign exchange adjustment	15	-	-	12	10	37
Balance at December 31, 2018	7,689	158	33	3,777	2,428	14,085
Amortization	730	8	5	460	326	1,529
Disposals	(160)	-	(12)	(1,258)	(366)	(1,796)
Foreign exchange adjustment	(10)	-	-	(8)	(8)	(26)
Balance at March 31, 2019	**$ 8,249**	**$ 166**	**$ 26**	**$ 2,971**	**$ 2,380**	**$ 13,792**
Carrying value						
At December 31, 2018	$ 12,407	$ 54	$ 200	$ 4,440	$ 2,358	$ 19,459
At March 31, 2019	**$ 12,114**	**$ 46**	**$ 216**	**$ 4,034**	**$ 2,314**	**$ 18,724**

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

9. INTANGIBLE ASSETS

	Workforce	Trade name	Customer relationships	Backlog	Non-compete & employment agreements	Other	Total
Cost							
Balance at January 1, 2018	$ 5,110	$ 12,159	$ 75,322	$ 4,432	$ 6,837	$ 473	$ 104,333
Foreign exchange adjustment	-	-	-	-	-	17	17
Fully amortized assets derecognized	-	-	-	(4,432)	-	-	(4,432)
Reclassification	(5,110)	-	-	-	-	-	(5,110)
Balance at December 31, 2018	-	12,159	75,322	-	6,837	490	94,808
Foreign exchange adjustment	-	-	-	-	-	(4)	(4)
Balance at March 31, 2019	**$ -**	**$ 12,159**	**$ 75,322**	**$ -**	**$ 6,837**	**$ 486**	**$ 94,804**
Accumulated amortization							
Balance at January 1, 2018	$ -	$ -	$ 17,274	$ 3,491	$ 2,575	$ 259	$ 23,599
Amortization	-	-	10,890	941	2,276	177	14,284
Foreign exchange adjustment	-	-	-	-	-	10	10
Fully amortized assets derecognized	-	-	-	(4,432)	-	-	(4,432)
Balance at December 31, 2018	-	-	28,164	-	4,851	446	33,461
Amortization	-	-	2,795	-	463	24	3,282
Foreign exchange adjustment	-	-	-	-	-	(4)	(4)
Balance at March 31, 2019	**$ -**	**$ -**	**$ 30,959**	**$ -**	**$ 5,314**	**$ 466**	**$ 36,739**
Carrying value							
At December 31, 2018	$ -	$ 12,159	$ 47,158	$ -	$ 1,986	$ 44	$ 61,347
At March 31, 2019	**$ -**	**$ 12,159**	**$ 44,363**	**$ -**	**$ 1,523**	**$ 20**	**$ 58,065**

10. CREDIT FACILITY AND OPERATING LINES

(a) Credit facility

On June 29, 2018, Mosaic renewed a $50,000 revolving three-year credit facility agreement with a Canadian financial institution (the "**Credit Facility**"), bearing interest at rates ranging from prime plus 0.50% - 1.50%. $15,000 of the Credit Facility's availability is subject to completion of an acquisition.

The Credit Facility is secured by general security agreements granted by Mosaic and certain of its subsidiaries together with an assignment of securities that Mosaic holds in certain subsidiaries as well as guarantees granted by certain of Mosaic's subsidiaries.

The Credit Facility contains quarterly financial covenants that Mosaic will not at any time, without prior written consent, breach the following restrictions:

(i) Total Debt[ʲ] to Gross EBITDA not to exceed 3.00 : 1.00;
(ii) Net Funded Debt to EBITDA not to exceed 3.00 : 1.00; and
(iii) Debt Service Coverage ratio to be not less than 1.50:1.00

As at March 31, 2019, Mosaic was in compliance with these covenants.

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

10. CREDIT FACILITY AND OPERATING LINES *(continued)*

(b) Operating loans

The following operating loan facilities are available to subsidiaries of the Company to finance ongoing operations as follows:

	Facility type	Availability	Restrictions to availability	Security	Balance outstanding March 31, 2019	Balance outstanding December 31, 2018
Ambassador	Revolving demand	$ 3,000	AR & Inv	AA	**$ -**	$ -
Bassi	Revolving demand	2,000	75% of AR	GSA & AA	**841**	-
Cedar	Revolving demand	1,800	75% of AR	GSA	**-**	-
Circle 5	Revolving demand	5,000	AR & Inv	GSA	**-**	-
Industrial Scaffold	Revolving term	7,500	75% of AR	GSA & AA	**438**	-
Mackow	Revolving demand	3,000	AR & Inv	GSA	**-**	-
Place-Crete	Revolving demand	4,000	75% of AR	GSA	**-**	-
SECON	Revolving demand	6,800	75% of AR	GSA & AA	**-**	798
SECON	5-year term	4,000	CAPEX	GSA & AA	**-**	-
Total		$ 37,100			**$ 1,279**	$ 798

*(1) "**AR**" – eligible trade accounts receivable*
*(2) "**Inv**" – inventories*
*(3) "**CAPEX**" – capital expenditures*
*(4) "**AA**" – assignment of all assets*
*(5) "**GSA**" – general security agreement*

11. RISK MANAGEMENT LIABILITIES

Mosaic uses foreign exchange products to manage the exposure of a portion of its future foreign denominated receipts and payment by using foreign exchange options. As the Company has chosen to not apply hedge accounting, the net realized and unrealized gains and losses in fair value of these derivatives are reported in earnings in the period in which the change in value occurs.

Notional amount sold	Notional amount purchased	Maturity	Fair value
$ 12,800 United States	$ 10,970 Canadian	2019	$ 149
$ - United States	$ 200 Canadian	2020	$ 2
$ 12,800 United States	$ 11,170 Canadian		$ 151

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

12. NOTES PAYABLE

Notes payable include building mortgages, vehicle financings, equipment loans, term loans, leasehold improvement loans, finance leases and notes payable to holders of non-controlling interests. Details of these notes payable are as follows:

	Facility type	Term	Interest	Security	Balance Outstanding March 31, 2019	Balance Outstanding December 31, 2018
Bassi	VTB note	Nov 2019	5.5%	Bassi GSA & MG	**$ 3,000**	$ 3,000
Cedar	VTB note	Apr 2020	5.0%	Cedar GSA	**4,333**	4,333
Industrial Scaffold	Promissory note	Jan 2021	5.0%	NA	**4,147**	6,221
Mackow	VTB loan	Jul 2019	5.0%	Mackow GSA	**1,191**	1,766
Place-Crete	Promissory note	Jan 2020	5.0%	Place-Crete GSA	**185**	215
Printing Unlimited	Term loan	Oct 2020	P + 0.75%	Mortgage	**561**	564
SECON	Term loan	5 years	3.2%	Mortgage	**658**	667
All subsidiaries	Equipment and leasehold	< 5 years	< P + 0.5%	GSA & FC	**2,413**	2,498
All subsidiaries	Unamortized discount				**(400)**	(486)
Total notes payable					**16,088**	18,778
Current portion					**(7,141)**	(7,613)
Non-current portion					**$ 8,947**	**$ 11,165**

(1) “P” – Bank of Canada prime rate;
(2) "VTB" – vendor take back;
(3) "GSA" – general security agreement;
(4) "MG" – Mosaic guarantee;
(5) "FC" – first charge on specific assets.

Payments of principal amounts owing are scheduled as follows:

	Principal repayments
2019	$ 7,459
2020	7,619
2021	457
2022	809
2023 and after	144
Less: unamortized discount	(400)
	$ 16,088

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

13. LEASE OBLIGATIONS

The following table represents the amounts included in operating expenses in the statement of income and comprehensive income related to lease obligations:

For the three months ended March 31,		2019		2018
Short term leases	$	1,758	$	769
Low value leases	$	87	$	79

Details of lease obligations are as follows:

As at		March 31, 2019		December 31, 2018
Building leases	$	13,386	$	13,133
Computer hardware leases		50		58
Furniture & fixtures leases		43		27
Production & rental equipment leases		4,254		4,821
Vehicle leases		2,682		2,761
Total leases		20,415		20,800
Current portion		(5,292)		(5,486)
Non-current portion	$	**15,123**	$	**15,314**

Payments of principal amounts owing are scheduled as follows:

		Principal repayments
2019	$	5,292
2020		4,291
2021		3,601
2022		1,687
2023 and after		5,544
	$	20,415

14. COMMON SHARE PURCHASE WARRANTS

On January 26, 2017, Mosaic issued common share purchase warrants (the "Warrants") entitling the holder to acquire up to 17,026,106 common shares of Mosaic at a price of $8.81 (eight point eighty-one) per common share until January 26, 2024. The holder has the option to exercise the Warrants on a cashless basis whereby they can elect to be issued a number of common shares calculated as the number of Warrants multiplied by the common share market value at time of exercise minus the Warrant strike price ($8.81 per Warrant), divided by the common share market value at time of exercise. As such, the Warrants were deemed as a derivative liability and are measured at fair value with changes in fair value recognized through the consolidated statements of income and comprehensive income at each reporting period. A change in the inputs utilized to calculate the fair value such as the Company's share price, volatility, remaining life, common share liquidity, dilution impact and interest rate may have a material impact on the consolidated statements of income and comprehensive income at each reporting period.

On January 27, 2017, the Warrants were valued using the residual value methodology as they were issued as part of an aggregate $150,000 offering (the "Offering") which included the Debentures and 6% Preferred Securities. Under the residual value methodology, the Debentures and 6.0% Preferred Securities were valued first, as their valuation inputs were more readily observable. Accordingly, the Warrants were valued as the residual amount of $20,555, calculated as the total proceeds of the Offering minus the fair value of the Debentures and the Preferred Securities.

In determining the fair value of the Warrants as at March 31, 2019, the Company used an option pricing model with the following assumptions: weighted average volatility rate of 30%; risk-free interest rate of 2.00%; liquidity discount of 20%; and expected life of 4.75 years. The liquidity discount involves significant management judgment and is an unobservable input which is categorized within Level 3 of the fair value hierarchy.

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

14. COMMON SHARE PURCHASE WARRANTS *(continued)*

The carrying value of the common share purchase warrants is as follows:

As at	March 31, 2019	December 31, 2018
Principal amount	$ 20,555	$ 20,555
Unamortized discount	(17,037)	(19,638)
	$ 3,518	$ 917

15. REVENUE

For the three months ended March 31, 2019	Infra-structure	Diversified	Energy	Real Estate	Total
Type of revenue					
Product sales	$ 1,605	$ 11,885	$ 266	$ -	$ 13,756
Services (including equipment rental)	7,673	8,990	3,436	-	20,099
Construction services	57,237	5,020	-	-	62,257
Real estate rentals	-	-	-	25	25
	$ 66,515	$ 25,895	$ 3,702	$ 25	$ 96,137
Timing of revenue recognition					
At a point in time	$ 1,605	$ 16,699	$ 3,702	$ 25	$ 22,031
Over a period of time	64,910	9,196	-	-	74,106
	$ 66,515	$ 25,895	$ 3,702	$ 25	$ 96,137

For the three months ended March 31, 2018	Infra-structure	Diversified	Energy	Real Estate	Total
Type of revenue					
Product sales	$ 1,504	$ 10,394	$ 205	$ -	$ 12,103
Services (including equipment rental)	4,072	7,726	2,450	-	14,248
Construction services	37,130	4,412	-	-	41,542
Real estate rentals	-	-	-	69	69
	$ 42,706	$ 22,532	$ 2,655	$ 69	$ 67,962
Timing of revenue recognition					
At a point in time	$ 1,504	$ 14,806	$ 2,655	$ 69	$ 19,034
Over a period of time	41,202	7,726	-	-	48,928
	$ 42,706	$ 22,532	$ 2,655	$ 69	$ 67,962

16. NET FINANCE COSTS

For the three months ended March 31,	2019	2018
Interest:		
Expense related to other debt instruments	$ 1,697	$ 1,868
Expense related to lease obligations	284	225
Income on cash and cash equivalents	(50)	(28)
Accretion expense	299	351
Amortization of borrowing costs	144	126
	$ 2,374	$ 2,542

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

17. CHANGE IN FAIR VALUE

For the three months ended March 31,		2019		2018
Common share purchase warrants	$	2,602	$	(8,983)
Non-controlling interest put options		221		(936)
Risk management liability		(603)		-
	$	2,220	$	(9,919)

18. EARNINGS PER SHARE

Earnings per share is calculated as follows:

For the three months ended March 31,		2019		2018
Net income (loss) for common shareholders – Basic	$	(4,891)	$	6,574
Effect of dilutive securities		-		191
Net income (loss) for common shareholders – Diluted	$	(4,891)	$	6,765
Weighted average number of common shares – Basic		10,608,058		10,573,667
Weighted average number of common shares – Diluted		10,608,058		12,031,875
Basic EPS	$	(0.46)	$	0.62
Diluted EPS	$	(0.46)	$	0.56

For the three months ended March 31, 2019, the Company excluded 724,462 stock options, 13,124 convertible debentures and 17,026,106 warrants, as their inclusion would be anti-dilutive (2018 – 183,962 stock options and 17,026,106 warrants).

19. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

For the three months ended March 31,		2019		2018
Trade, accrued and other receivables	$	5,381	$	13,119
Accrued contract revenue		(4,289)		29
Inventories		690		(1,170)
Deposits and prepaid expenses		(496)		(68)
Trade, accrued and other payables		(248)		(2,937)
Income taxes payable		(480)		(169)
Deferred contract revenue		1,969		140
	$	2,527	$	8,944

20. COMPENSATION

The aggregate consolidated payroll expense of employees, offices and directors is as follows:

For the three months ended March 31,		2019		2018
Personnel and personnel related expenses	$	30,745	$	25,144
Equity-based compensation		220		174
	$	30,965	$	25,318

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

21. RELATED PARTY TRANSACTIONS

Certain of Mosaic's subsidiaries lease office space from entities controlled by minority partners with Mosaic's subsidiaries. These leasing arrangements were made at normal commercial terms and are in the normal course of operations and recorded on an arm's length basis.

Lease obligation at January 1, 2018	$	10,328
Principal repayments		(1,205)
Lease obligation at December 31, 2018		9,123
Principal repayments		(312)
Lease obligation at March 31, 2019	$	8,811

Lease interest of $101 was paid on these lease obligations for the three months ending March 31, 2019 (March 31, 2018 - $116)

22. CONTINGENT LIABILITIES

Certain subsidiaries of Mosaic are contingently liable for contractor obligations relating to performance and completion of construction contracts. These may include contingent liabilities for subcontractors failing to meet their contractual performance obligations. As part of normal ongoing operations, it is possible that Mosaic and its subsidiaries could become involved in litigation and claims from time to time. Management is not presently aware of any litigation or claims where likelihood and quantum of liability can be reasonably estimated and which would materially affect the financial position or financial performance of Mosaic. In addition, Mosaic or its subsidiaries may 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, the nature of which prevents Mosaic from making a reasonable estimate of the maximum potential amounts that may be required to be paid.

23. FINANCIAL INSTRUMENTS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration.

(a) Fair value

Due to the short-term nature of: cash and cash equivalents; trade, accrued, and other receivables; trade, accrued, and other payables and distributions payable; the Company has determined that the carrying amounts approximate fair value. The carrying amounts of operating loan, credit facility, lease obligations and notes payable also approximate fair value as they were entered recently and interest rates have not changed materially during the period.

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

23. FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties in meeting its financial obligations as they come due. The table below summarizes the future undiscounted contractual cash flow requirements as at March 31, 2019 for its financial liabilities:

	Carrying amount	Contractual cash flow	Less than 12 months	1 – 2 years	2 -3 years	Thereafter
Operating loans	**$ 1,279**	$ 1,344	$ 1,344	$ -	$ -	$ -
Trade, accrued, and other payables	**62,743**	62,743	62,743	-	-	-
Distributions payable	**1,479**	1,479	1,479	-	-	-
Risk management contracts	**151**	11,170	11,170	-	-	-
Credit facility	**29,237**	32,393	1,169	1,169	30,054	-
Liabilities associated with assets held for sale	**404**	404	404	-	-	-
Contingent consideration	**184**	207	207	-	-	-
Notes payable	**16,088**	16,777	7,639	7,710	497	931
Lease obligations	**20,415**	23,460	6,157	4,883	4,002	8,418
Debentures	**47,524**	62,062	2,500	2,500	2,500	54,562
Convertible debentures	**12,105**	2,300	921	919	461	-
Common share purchase warrants	**3,518**	-	-	-	-	-
Redeemable non-controlling interest	**19,661**	22,800	1,400	1,400	20,000	-
Non-controlling interests put options	**11,545**	14,363	2,030	4,583	4,583	3,167
	$ 226,333	$ 251,502	$ 99,163	$ 23,164	$ 62,097	$ 67,078

The Company's liquidity requirements are met through the cash generated from operations. Management monitors and manages its liquidity risk through regular monitoring of its financial liabilities against the constraints of its available financial assets.

(c) Credit risk

Credit risk is the risk if financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk can be heightened from exposure to a single customer or to several customers that have similar qualities and characteristics. The Company's exposure to credit risk is primarily related to cash and cash equivalents held with financial institutions and the carrying value of its trade, accrued and other receivables. The Company is subject to a concentration of credit risk as 13.9% (2018 – 14.9%) of trade receivables is from its three largest customers. The Company continuously evaluates the financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in the profit and loss.

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. The Company does not currently have any significant direct exposure to currency risk, commodity price risk or other price risk. Management believes the risk faced by the Company with regard to market risk is an acceptable risk faced in the ordinary course of business. General economic conditions globally, including relative strength of the Canadian dollar may adversely affect the value of the Company's business and the value of its financial instruments.

(e) Interest rate risk

The Company is exposed to interest rate risk to the extent that the Credit facility bears interest based on prime rates. Based on outstanding amounts under the Credit facilities as March 31, 2019, a 1% movement in the prime rate would change the interest expense by approximately $165 (2018 - $102).

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

24. SEGMENTED INFORMATION

Mosaic's reportable business segments include strategic business units that offer different products and services but share similar economic characteristics and/or operate in similar geographic locations and represent those components of the Company that are evaluated regularly by the chief operating decision maker in assessing performance and allocating resources.

Mosaic has four reportable business segments:

- Infrastructure - consists of the business operations comprised of Ambassador, Bassi, Cedar, Place-Crete and SECON.
- Diversified - consists of the business operations comprised of through Circle 5, Industrial Scaffold, Kendall's Supply, Mackow and Printing Unlimited.
- Energy - consists of the business operations comprised of Allied Cathodic and Remote Waste.
- Real Estate - consists of a portfolio of income-producing commercial and industrial real estate assets in Regina and Estevan, Saskatchewan and Saskatoon, Saskatchewan conducted through FWPLP and its 50% interest in FWDLP.

"**Corporate**" is used in the following segment tables is not a separate segment and is only presented to reconcile to the consolidated results. It consists of expenses incurred at the Company's head office. Mosaic evaluates each segment's performance based on operating income. Mosaic's method of calculating operating income may differ from that of other corporations and therefore may not be comparable to measures utilized by them.

For the three months ended March 31, 2019	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Revenue	$ 66,515	$ 25,895	$ 3,702	$ 25	$ -	$ 96,137
Operating expenses	62,224	22,204	3,104	89	1,297	88,918
	4,291	3,691	598	(64)	(1,297)	7,219
Amortization:						
Property, plant and equipment	573	656	236	-	3	1,468
Leased assets	557	699	251	-	22	1,529
Intangible assets	1,602	1,483	197	-	-	3,282
Loss (gain) on disposal of property and equipment	16	(24)	(80)	22	-	(66)
Gain on termination of lease obligations	(28)	-	-	-	-	(28)
Equity-based compensation	-	-	-	-	220	220
Operating income (loss)	1,571	877	(6)	(86)	(1,542)	814
Net finance costs	282	271	54	29	1,738	2,374
Foreign exchange gain	27	258	-	-	-	285
Share of joint venture loss	-	-	-	18	-	18
Income (loss) before change in fair value and income taxes	1,262	348	(60)	(133)	(3,280)	(1,863)
Change in fair value	221	(603)	-	-	2,602	2,220
Income (loss) before taxes	1,041	951	(60)	(133)	(5,882)	(4,083)
Provision for income tax:						
Current	4	86	-	-	(7)	83
Deferred (reduction)	(360)	(478)	(72)	66	(258)	(1,102)
	(356)	(392)	(72)	66	(265)	(1,019)
Net income (loss)	**$ 1,397**	**$ 1,343**	**$ 12**	**$ (199)**	**$ (5,617)**	**$ (3,064)**
Purchase of property, plant and equipment	$ 421	$ 105	$ 14	$ -	$ 3	$ 543

(unaudited) (in thousands of Canadian dollars, except for per share amounts)

24. SEGMENTED INFORMATION *(continued)*

For the three months ended March 31, 2018	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Revenue	$ 42,706	$ 22,532	$ 2,655	$ 69	$ -	$ 67,962
Operating expenses	41,361	19,306	2,546	183	1,593	64,989
	1,345	3,226	109	(114)	(1,593)	2,973
Amortization:						
Property, plant and equipment	559	758	295	-	5	1,617
Leased assets	570	652	180	-	25	1,427
Intangible assets	1,573	1,604	200	-	4	3,381
(Gain) loss on disposal of property and equipment	(1)	(6)	(11)	-	15	(3)
Gain on termination of lease obligations	(1)	(2)	(9)	-	-	(12)
Equity-based compensation	-	-	-	-	174	174
Operating (loss) income	(1,355)	220	(546)	(114)	(1,816)	(3,611)
Net finance costs	286	334	62	29	1,831	2,542
Foreign exchange loss (gain)	5	(163)	(62)	-	-	(220)
Share of joint venture loss	-	-	-	13	-	13
(Loss) income before change in fair value and income taxes	(1,646)	49	(546)	(156)	(3,647)	(5,946)
Change in fair value	306	(1,242)	-	-	(8,983)	(9,919)
(Loss) income before taxes	(1,952)	1,291	(546)	(156)	5,336	3,973
Provision for income tax:						
Current	-	73	-	-	122	195
Deferred (reduction)	(85)	(244)	(127)	16	(1,434)	(1,874)
	(85)	(171)	(127)	16	(1,312)	(1,679)
Net income (loss)	**$ (1,867)**	**$ 1,462**	**$ (419)**	**$ (172)**	**$ 6,648**	**$ 5,652**
Purchase of property, plant and equipment	$ 1,338	$ 612	$ 806	$ -	$ -	$ 2,756

As at March 31, 2019	**Infra-structure**	**Diversified**	**Energy**	**Real Estate**	**Corporate**	**Total**
Total assets	**$ 193,285**	**$ 130,686**	**$ 12,249**	**$ 3,327**	**$ 14,233**	**$ 353,780**
Total liabilities	**$ 84,699**	**$ 28,163**	**$ 3,264**	**$ 425**	**$ 118,010**	**$ 234,561**

As at December 31, 2018	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Total assets	$ 174,726	$ 145,111	$ 17,587	$ 10,823	$ 10,586	$ 358,833
Total liabilities	$ 69,135	$ 47,060	$ 5,273	$ 2,554	$ 109,376	$ 233,398

25. SUBSEQUENT EVENT

Subsequent to March 31, 2019, Mosaic sold one of the properties classified as held for sale. The property had a carrying value of $561 and Mosaic realized net proceeds of $517. A portion of the net proceeds was used to retire $404 of liabilities associated with assets held for sale.

26. COMPARATIVE FIGURES

Certain comparative period amounts have been reclassified to conform with current period presentation.