MOSAIC CAPITAL CORPORATION

Condensed Interim Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 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		June 30, 2019		December 31, 2018		January 1, 2018
				restated (note 3)		*restated (note 3)*
ASSETS						
Current assets:						
Cash and cash equivalents	$	**13,382**	$	14,766	$	9,400
Trade, accrued and other receivables		**99,291**		96,595		77,328
Accrued contract revenue *(note 5)*		**27,560**		24,725		17,286
Inventories		**12,612**		12,799		9,577
Deposits and prepaid expenses		**1,945**		1,314		1,386
Risk management contracts *(note 11)*		**32**		-		-
Assets held for sale *(note 6)*		**425**		3,687		8,115
		155,247		153,886		123,092
Non-current assets:						
Investment in joint venture		**2,201**		2,238		2,382
Property, plant & equipment *(note 7)*		**27,535**		28,741		32,202
Leased assets *(note 8)*		**18,210**		19,081		20,947
Intangible assets *(note 9)*		**54,776**		61,347		80,734
Goodwill		**90,748**		90,748		85,638
Deferred income tax asset		**3,463**		2,794		-
TOTAL ASSETS	$	**352,180**	$	358,835	$	344,995
LIABILITIES AND EQUITY						
Liabilities						
Current liabilities:						
Operating loans *(note 10)*	$	**2,990**	$	798	$	-
Trade, accrued and other payables		**65,367**		62,811		41,755
Distributions payable		**1,496**		1,512		1,512
Risk management contracts *(note 11)*		**-**		754		-
Income taxes payable		**45**		550		1,361
Deferred contract revenue *(note 5)*		**8,647**		6,187		3,603
Current portion of contingent consideration		**-**		177		625
Current portion of notes payable *(note 12)*		**11,077**		7,613		3,241
Current portion of lease obligations *(note 13)*		**5,300**		5,486		5,139
Liabilities associated with assets held for sale *(note 6)*		**-**		2,392		2,521
		94,922		88,280		59,757
Non-current liabilities:						
Credit facility *(note 10)*		**27,817**		27,402		19,357
Notes payable *(note 12)*		**5,283**		11,167		11,115
Contingent consideration		**-**		-		1,085
Lease obligations *(note 13)*		**14,520**		15,314		17,109
Debentures		**47,633**		47,424		47,001
Convertible debentures		**12,252**		11,957		11,384
Common share purchase warrants *(note 14)*		**3,976**		917		15,792
Redeemable non-controlling interest		**19,707**		19,615		19,430
Non-controlling interest put options		**11,774**		11,324		18,644
Deferred income tax liability		**-**		-		534
Total liabilities		**237,884**		233,400		221,208
Equity						
Common shares		**35,141**		34,955		35,052
Preferred securities		**82,395**		82,395		82,395
Contributed surplus		**2,168**		2,205		1,791
Convertible debentures		**848**		838		816
Retained earnings:						
Cumulative earnings		**52,732**		57,407		39,933
Cumulative translation adjustment		**187**		239		(278)
Cumulative dividends/distributions		**(109,401)**		(104,184)		(93,727)
Total shareholders' equity		**64,070**		73,855		65,982
Non-controlling interests		**50,226**		51,580		57,805
TOTAL LIABILITIES AND EQUITY	$	**352,180**	$	358,835	$	344,995

Contingent liabilities *(note 23)*
Subsequent events *(note 27)*
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)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
		restated (note 3)		*restated (note 3)*
REVENUE *(note 16)*	**$ 116,854**	$ 91,054	**$ 212,991**	$ 159,016
OPERATING EXPENSES	**107,060**	83,699	**195,978**	148,688
OPERATING INCOME BEFORE AMORTIZATION	**9,794**	7,355	**17,013**	10,328
EXPENSES				
Amortization of property, plant and equipment *(note 7)*	**1,504**	1,724	**2,972**	3,341
Amortization of leased assets *(note 8)*	**1,478**	1,478	**3,007**	2,905
Amortization of intangible assets *(note 9)*	**3,292**	3,755	**6,574**	7,136
Loss (gain) on disposal of equipment	**15**	(58)	**(51)**	(61)
Gain on early termination of lease obligations	**(21)**	(1)	**(49)**	(13)
Equity-based compensation *(note 15)*	**139**	207	**359**	381
	6,407	7,105	**12,812**	13,689
Operating income (loss)	**3,387**	250	**4,201**	(3,361)
Net finance costs *(note 17)*	**2,551**	2,459	**4,925**	5,001
Foreign exchange loss (gain)	**249**	149	**534**	(71)
Share of joint venture loss (income)	**19**	(187)	**37**	(174)
Other income	**(184)**	-	**(184)**	-
Income (loss) before change in fair value and income taxes	**752**	(2,171)	**(1,111)**	(8,117)
Change in fair value *(note 18)*	**503**	(1,221)	**2,723**	(11,140)
Income (loss) before income taxes	**249**	(950)	**(3,834)**	3,023
Provision for income taxes:				
Current	**55**	365	**138**	560
Deferred (reduction)	**433**	(223)	**(669)**	(2,097)
	488	142	**(531)**	(1,537)
NET (LOSS) INCOME	**(239)**	(1,092)	**(3,303)**	4,560
Other comprehensive loss (income):				
Items that may be subsequently reclassified:				
Exchange differences on translating foreign operations	**24**	(304)	**52**	(381)
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME	**$ (263)**	$ (788)	**$ (3,355)**	$ 4,941
Net (loss) income and comprehensive (loss) income attributable to:				
Equity holders of Mosaic Capital Corporation	**$ (2,811)**	$ (3,223)	**$ (7,702)**	$ 3,351
Preferred dividends/distributions	**1,496**	1,496	**2,975**	2,975
Non-controlling interests	**1,052**	939	**1,372**	(1,385)
	$ (263)	$ (788)	**$ (3,355)**	$ 4,941
(Loss) earnings per common share *(note 19)*:				
Basic	**$ (0.26)**	$ (0.30)	**$ (0.73)**	$ 0.32
Diluted	**$ (0.26)**	$ (0.30)	**$ (0.73)**	$ 0.30

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)*	-	-	-	-	212	-	-	212	(188)	24
Balance, January 1, 2018, *(restated)*	**35,052**	**82,395**	**1,791**	**816**	**39,933**	**(278)**	**(93,727)**	**65,982**	**57,805**	**123,787**
Distributions declared on preferred shares	-	-	-	-	-		(2,975)	(2,975)	-	(2,975)
Dividends declared on common shares	-	-	-	-	-		(2,228)	(2,228)	-	(2,228)
Distributions to non-controlling interest	-	-	-	-	-	-	-	-	(1,967)	(1,967)
Equity-based compensation *(note 15)*	-	-	381	-	-		-	381	-	381
Amortization of issue costs	-	-	-	11	-		-	11	-	11
Restricted share unit purchases	(411)	-	-	-	-	-	-	(411)	-	(411)
Exercise of stock options *(note 15)*	36	-	(24)	-	-	-	-	12	-	12
Settlement of non-controlling interest put option	-	-	-	-	5,670		-	5,670	(6,951)	(1,281)
Net income and comprehensive income (restated)	-	-	-	-	6,707	(381)	-	6,326	(1,385)	4,941
Balance, June 30, 2018, *(restated)*	**$ 34,677**	**$ 82,395**	**$ 2,148**	**$ 827**	**$ 52,310**	**$ (659)**	**$ (98,930)**	**$ 72,768**	**$ 47,502**	**$ 120,270**
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	-	-	-	-	-	-	(2,975)	(2,975)	-	(2,975)
Dividends declared on common shares	-	-	-	-	-	-	(2,242)	(2,242)	-	(2,242)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(3,773)	(3,773)
Equity-based compensation *(note 15)*	-	-	359	-	-	-	-	359	-	359
Amortization of issue costs	-	-	-	10	-	-	-	10	-	10
Exercise of stock options *(note 15)*	48	-	(65)	-	-	-	-	(17)	-	(17)
Settlement of restricted share units *(note 15)*	138		(331)	-	-	-	-	(193)	-	(193)
Contribution from NCI	-	-	-	-	-	-	-	-	1,047	1,047
Net (loss) income and comprehensive (loss) income	-	-	-	-	(4,675)	(52)	-	(4,727)	1,372	(3,355)
Balance, June 30, 2019	**$ 35,141**	**$ 82,395**	**$ 2,168**	**$ 848**	**$ 52,732**	**$ 187**	**$ (109,401)**	**$ 64,070**	**$ 50,226**	**$ 114,296**

See accompanying notes to the condensed interim consolidated financial statements.

Mosaic Capital Corporation

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited) (in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
		restated (note 3)		*restated (note 3)*
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) income	**$ (239)**	$ (1,092)	**$ (3,303)**	$ 4,560
Adjustments for:				
Amortization of property, plant & equipment *(note 7)*	**1,504**	1,724	**2,972**	3,341
Amortization of leased assets (note 8)	**1,478**	1,478	**3,007**	2,905
Amortization of intangible assets *(note 9)*	**3,292**	3,755	**6,574**	7,136
Loss (gain) on sale of equipment	**15**	(58)	**(51)**	(61)
Gain on early termination of lease obligations	**(21)**	(1)	**(49)**	(13)
Equity-based compensation *(note 15)*	**139**	207	**359**	381
Accretion expense *(note 17)*	**302**	282	**601**	633
Amortization of borrowing costs *(note 17)*	**143**	145	**287**	271
Foreign exchange loss (gain)	**249**	149	**534**	(71)
Share of joint venture loss (income)	**19**	(187)	**37**	(174)
Other income	**(184)**	-	**(184)**	-
Change in fair value *(note 18)*	**503**	(1,221)	**2,723**	(11,140)
Deferred income tax reduction	**433**	(223)	**(669)**	(2,097)
Cash provided before non-cash working capital	**7,633**	4,958	**12,838**	5,671
Net change in non-cash working capital *(note 20)*	**(3,366)**	(6,207)	**(839)**	2,683
Net cash provided by (used in) operating activities	**4,267**	(1,249)	**11,999**	8,354
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment *(note 7)*	**(1,608)**	(1,378)	**(2,151)**	(3,120)
Proceeds on disposal of property, plant & equipment	**133**	198	**268**	337
Proceeds on disposal of assets held for sale *(note 6)*	**118**	-	**810**	-
Distributions received from joint venture	**-**	-	**-**	371
Payment of contingent consideration	**-**	-	**-**	(477)
Net cash (used in) provided by investing activities	**(1,357)**	(1,180)	**(1,073)**	(2,889)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds (draws) from operating loans *(note 10)*	**1,711**	(970)	**2,192**	954
Proceeds from credit facility *(note 10)*	**1,422**	8,210	**5,822**	10,810
Repayment of credit facility *(note 10)*	**(2,875)**	-	**(5,475)**	(500)
Credit facility transaction costs	**-**	(92)	**-**	(103)
Proceeds from notes payable *(note 12)*	**1,091**	425	**1,261**	1,106
Repayment of notes payable *(note 12)*	**(923)**	(1,004)	**(3,882)**	(1,931)
Payment of lease obligations *(note 13)*	**(1,463)**	(1,463)	**(2,953)**	(2,834)
Exercise of stock options *(note 15)*	**(16)**	75	**(16)**	75
Restricted share option purchase	**-**	(411)	**-**	(411)
Settlement of restricted share option *(note 15)*	**(193)**	(63)	**(193)**	(63)
Dividends paid to common shareholders	**(1,127)**	(1,115)	**(2,242)**	(2,228)
Distributions paid to preferred security holders	**(1,479)**	(1,479)	**(2,991)**	(2,991)
Distributions paid to non-controlling interests	**(1,971)**	(776)	**(3,773)**	(1,967)
Net cash (used in) provided by financing activities	**(5,823)**	1,337	**(12,250)**	(83)
Net change in cash and cash equivalents	**(2,913)**	(1,092)	**(1,324)**	5,382
Cash and cash equivalents, beginning of period	**16,325**	15,928	**14,766**	9,400
Effect of translation on foreign cash	**(30)**	20	**(60)**	74
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 13,382**	$ 14,856	**$ 13,382**	$ 14,856
Supplementary cash flow information				
Interest received	**$ 56**	$ 94	**$ 97**	$ 122
Interest paid	**$ 2,140**	$ 2,154	**$ 3,687**	$ 3,609
Income taxes paid	**$ 77**	$ 145	**$ 558**	$ 508

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 August 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	
	June 30, 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 payments. 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 and 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		Previously reported		IFRS 16 adjustments		As restated
Trade, accrued and other receivables	$	76,777	$	551	$	77,328
Inventories	$	9,399	$	178	$	9,577
Property, plant & equipment	$	37,816	$	(5,614)	$	32,202
Leased assets	$	-	$	20,947	$	20,947
Current portion of notes payable	$	4,634	$	(1,393)	$	3,241
Current portion of lease obligations	$	-	$	5,139	$	5,139
Notes payable	$	15,158	$	(4,043)	$	11,115
Leases	$	-	$	17,109	$	17,109
Deferred income tax liability	$	1,308	$	(774)	$	534
Cumulative earnings	$	39,721	$	212	$	39,933
Non-controlling interests	$	57,993	$	(188)		57,805

As at December 31, 2018		Previously reported		IFRS 16 adjustments		As restated
Trade, accrued and other receivables	$	96,045	$	550	$	96,595
Inventories	$	12,719	$	80	$	12,799
Property, plant & equipment	$	33,945	$	(5,204)	$	28,741
Leased assets	$	-	$	19,081	$	19,081
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	$	(2,965)	$	11,167
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 June 30, 2018	Previously reported	IFRS 16 adjustments	As restated
Revenue	$ 91,089	$ (35)	$ 91,054
Operating expenses	$ 84,948	$ (1,249)	$ 83,699
Amortization of property, plant & equipment	$ 1,976	$ (252)	$ 1,724
Amortization of leased assets	$ -	$ 1,478	$ 1,478
Gain on early termination of lease obligations	$ -	$ (1)	$ (1)
Net finance costs	$ 2,218	$ 241	$ 2,459
Foreign exchange loss	$ 142	$ 7	$ 149
Net loss	$ (833)	$ (259)	$ (1,092)
Net loss and comprehensive loss	$ (529)	$ (259)	$ (788)
attributable to equity holders	$ (3,015)	$ (208)	$ (3,223)
attributable to non-controlling interests	$ 990	$ (51)	$ 939
Loss per common share:			
Basic	$ (0.28)	$ (0.02)	$ (0.30)
Diluted	$ (0.28)	$ (0.02)	$ (0.30)

For the six months ended June 30, 2018	Previously reported	IFRS 16 adjustments	As restated
Revenue	$ 159,089	$ (73)	$ 159,016
Operating expenses	$ 151,165	$ (2,477)	$ 148,688
Amortization of property, plant & equipment	$ 3,883	$ (542)	$ 3,341
Amortization of leased assets	$ -	$ 2,905	$ 2,905
Gain on early termination of lease obligations	$ -	$ (13)	$ (13)
Net finance costs	$ 4,542	$ 459	$ 5,001
Foreign exchange (gain) loss	$ (87)	$ 16	$ (71)
Net income (loss)	$ 4,981	$ (421)	$ 4,560
Net income (loss) and comprehensive income (loss)	$ 5,362	$ (421)	$ 4,941
attributable to equity holders	$ 3,697	$ (346)	$ 3,351
attributable to non-controlling interests	$ (1,310)	$ (75)	$ (1,385)
Earnings per common share:			
Basic	$ 0.35	$ (0.03)	$ 0.32
Diluted	$ 0.33	$ (0.03)	$ 0.30

Consolidated statement of cash flows

For the three months ended June 30, 2018	Previously reported	IFRS 16 adjustments	As restated
Net loss	$ (833)	$ (259)	$ (1,092)
Amortization of property, plant & equipment	$ 1,976	$ (252)	$ 1,724
Amortization of leased assets	$ -	$ 1,478	$ 1,478
Gain on early termination of lease obligations	$ -	$ (1)	$ (1)
Foreign exchange gain	$ 142	$ 7	$ 149
Repayment of notes payable	$ (1,455)	$ 451	$ (1,004)
Repayment of leases	$ -	$ (1,463)	$ (1,463)

For the six months ended June 30, 2018	Previously reported	IFRS 16 adjustments	As restated
Net income	$ 4,981	$ (421)	$ 4,560
Amortization of property, plant & equipment	$ 3,883	$ (542)	$ 3,341
Amortization of leased assets	$ -	$ 2,905	$ 2,905
Gain on early termination of lease obligations	$ -	$ (13)	$ (13)
Foreign exchange gain	$ (87)	$ 16	$ (71)
Repayment of notes payable	$ (2,785)	$ 854	$ (1,931)
Repayment of leases	$ -	$ (2,834)	$ (2,834)

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.

(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.

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

4. DETERMINATION OF FAIR VALUES *(continued)*

(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 June 30, 2019		**Face value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Risk management contracts	$	6,085	$ -	$ 32	$ -
Total financial assets	**$**	**6,085**	**$ -**	**$ 32**	**$ -**
Financial liabilities					
Common share purchase warrants	$	20,555	$ -	$ -	$ 3,976
Non-controlling interests put option		14,363	-	-	11,774
Total financial liabilities	**$**	**34,918**	**$ -**	**$ -**	**$ 15,750**

			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

5. CONTRACT BALANCES

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

As at	**June 30, 2019**	December 31, 2018	January 1, 2018
Accrued contract revenue	**$ 27,560**	$ 24,725	$ 17,286
Deferred contract revenue	**$ 8,647**	$ 6,187	$ 3,603

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.

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

5. CONTRACT BALANCES *(continued)*

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	4,682	2,568
Contracts completed	(11,233)	(1,862)
New contracts entered	9,622	1,818
Foreign exchange adjustment	(236)	(64)
Balance at June 30, 2019	**$ 27,560**	**$ 8,647**

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	$ 118,953	$ 31,476	$ 2,490	$ -	$ 152,919

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	(3,262)
Balance at June 30, 2019	**$ 425**

(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	-	61	92	1,370	590	38	2,151
Disposals	-	(11)	(4)	(188)	(266)	-	(469)
Foreign exchange adjustment	-	(1)	(9)	(273)	(31)	(10)	(324)
Balance at June 30, 2019	**$ 1,978**	**$ 1,250**	**$ 1,014**	**$ 38,035**	**$ 8,809**	**$ 1,512**	**$ 52,598**
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	33	73	54	2,126	604	82	2,972
Disposals	-	(10)	(2)	(125)	(175)	-	(312)
Foreign exchange adjustment	-	-	(1)	(79)	(14)	(2)	(96)
Balance at June 30, 2019	**$ 166**	**$ 777**	**$ 447**	**$ 18,055**	**$ 4,926**	**$ 692**	**$ 25,063**
Carrying value							
At January 1, 2018	$ 1,945	$ 703	$ 449	$ 24,436	$ 3,805	$ 864	$ 32,202
At December 31, 2018	$ 1,845	$ 487	$ 539	$ 20,993	$ 4,005	$ 872	$ 28,741
At June 30, 2019	**$ 1,812**	**$ 473**	**$ 567**	**$ 19,980**	**$ 3,883**	**$ 820**	**$ 27,535**

(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	$ 18,711	$ 212	$ 87	$ 8,337	$ 4,026	$ 31,373
Additions	1,517	-	-	1,418	1,177	4,112
Disposals	(699)	-	(28)	(1,348)	(385)	(2,460)
Foreign exchange adjustment	64	-	-	33	43	140
Balance at December 31, 2018	19,593	212	59	8,440	4,861	33,165
Additions	1,027	-	21	153	1,450	2,651
Disposals	(260)	-	(12)	(1,494)	(958)	(2,724)
Foreign exchange adjustment	(31)	-	-	(38)	(34)	(103)
Balance at June 30, 2019	**$ 20,329**	**$ 212**	**$ 68**	**$ 7,061**	**$ 5,319**	**$ 32,989**
Accumulated amortization						
Balance at January 1, 2018	$ 5,627	$ 126	$ 33	$ 3,163	$ 1,477	$ 10,426
Amortization	2,667	32	20	2,046	1,218	5,983
Disposals	(699)	-	(22)	(1,324)	(319)	(2,364)
Foreign exchange adjustment	15	-	-	13	11	39
Balance at December 31, 2018	7,610	158	31	3,898	2,387	14,084
Amortization	1,420	16	9	886	676	3,007
Disposals	(235)	-	(12)	(1,371)	(641)	(2,259)
Foreign exchange adjustment	(22)	-	-	(16)	(15)	(53)
Balance at June 30, 2019	**$ 8,773**	**$ 174**	**$ 28**	**$ 3,397**	**$ 2,407**	**$ 14,779**
Carrying value						
At January 1, 2018	$ 13,084	$ 86	$ 54	$ 5,174	$ 2,549	$ 20,947
At December 31, 2018	$ 11,983	$ 54	$ 28	$ 4,542	$ 2,474	$ 19,081
At June 30, 2019	**$ 11,556**	**$ 38**	**$ 40**	**$ 3,664**	**$ 2,912**	**$ 18,210**

(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
Fully amortized assets derecognized	-	-	-	-	-	(483)	(483)
Foreign exchange adjustment	-	-	-	-	-	(7)	(7)
Balance at June 30, 2019	**$ -**	**$ 12,159**	**$ 75,322**	**$ -**	**$ 6,837**	**$ -**	**$ 94,318**
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	-	-	5,596	-	931	47	6,574
Fully amortized assets derecognized	-	-	-	-	-	(483)	(483)
Foreign exchange adjustment	-	-	-	-	-	(10)	(10)
Balance at June 30, 2019	**$ -**	**$ -**	**$ 33,760**	**$ -**	**$ 5,782**	**$ -**	**$ 39,542**
Carrying value							
At January 1, 2018	$ 5,110	$ 12,159	$ 58,048	$ 941	$ 4,262	$ 214	$ 80,734
At December 31, 2018	$ -	$ 12,159	$ 47,158	$ -	$ 1,986	$ 44	$ 61,347
At June 30, 2019	**$ -**	**$ 12,159**	**$ 41,562**	**$ -**	**$ 1,055**	**$ -**	**$ 54,776**

10. CREDIT FACILITY AND OPERATING LINES

(a) Credit facility

Mosaic has a $50,000 revolving credit facility agreement with a Canadian financial institution (the "**Credit Facility**"), bearing interest at rates ranging from prime plus 0.50% - 1.50% with maturity of May 31, 2021.

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 must not breach without prior consent:

(i) Total Debt 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 June 30, 2019, Mosaic was in compliance with these covenants.

Refer to Note 27 for additional details.

(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 June 30, 2019	December 31, 2018	January 1, 2018
Ambassador	Revolving demand	$ 3,000	AR & Inv	AA	**$ -**	$ -	$ -
Bassi	Revolving demand	2,000(6)	75% of AR	GSA & AA	**-**	-	-
Cedar	Revolving demand	1,800	75% of AR	GSA	**-**	-	-
Circle 5	Revolving demand	5,000	AR & Inv	GSA	**581**	-	-
Industrial Scaffold	Revolving term	7,500(7)	75% of AR	GSA & AA	**2,261**	-	-
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	**148**	798	-
SECON	5-year term	4,000	CAPEX	GSA & AA	**-**	-	-
Total		$ 37,100			**$ 2,990**	$ 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*
(6) Bulges to $3,000 for July 1 to January 31 each year
(7) Bulges from $3,500 for May 1 to December 31 each year

11. RISK MANAGEMENT CONTRACTS

Mosaic uses foreign exchange products to manage the exposure of a portion of its future foreign denominated receipts and payments 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, through change in fair value as detailed in Note 18.

The carrying values of risk management contracts are as follows:

Notional amount sold	Notional amount purchased	Maturity	Fair value
$ 6,800 United States	$ 5,785 Canadian	2019	$ 26
$ 600 United States	$ 300 Canadian	2020	$ 6
$ 7,400 United States	$ 6,085 Canadian		$ 32

(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:

					Balance Outstanding		
	Facility type	Term	Interest	Security	**June 30, 2019**	December 31, 2018	January 1, 2018
Bassi	VTB note	Nov 2019	5.5%	Bassi GSA & MG	**$ 3,000**	$ 3,000	$ 3,000
Cedar	VTB note	Apr 2020	5.0%	Cedar GSA	**4,333**	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	**609**	1,766	4,059
Place-Crete	Promissory note	Jan 2020	5.0%	Place-Crete GSA	**139**	215	335
Printing Unlimited	Term loan	Oct 2020	P + 0.75%	Mortgage	**558**	564	574
SECON	Term loan	5 years	3.2%	Mortgage	**648**	667	705
All subsidiaries	Equipment and leasehold	< 5 years	< P + 0.5%	GSA & FC	**3,237**	2,498	1,830
All subsidiaries	Unamortized discount				**(311)**	(484)	(480)
Total notes payable					**16,360**	18,780	14,356
Current portion					**(11,077)**	(7,613)	(3,241)
Non-current portion					**$ 5,283**	**$ 11,167**	**$ 11,115**

(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
July 2019 – June 2020	$ 11,341
July 2020 – June 2021	3,486
July 2021 – June 2022	1,184
July 2022 – June 2023	382
July 2023 and after	278
Less: unamortized discount	(311)
	$ 16,360

(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:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Short-term leases	**$ 2,504**	$ 1,081	**$ 4,262**	$ 1,850
Low value leases	**$ 62**	$ 136	**$ 149**	$ 215

Details of lease obligations are as follows:

As at	**June 30, 2019**	December 31, 2018	January 1, 2018
Building leases	**$ 12,825**	$ 13,133	$ 14,190
Computer hardware leases	**41**	58	93
Furniture & fixtures leases	**39**	27	90
Production & rental equipment leases	**3,780**	4,821	5,123
Vehicle leases	**3,135**	2,761	2,752
Total leases	**19,820**	20,800	22,248
Current portion	**(5,300)**	(5,486)	(5,139)
Non-current portion	**$ 14,520**	**$ 15,314**	**$ 17,109**

Payments of principal amounts owing are scheduled as follows:

	Principal repayments
July 2019 – June 2020	$ 5,300
July 2020 – June 2021	4,292
July 2021 – June 2022	3,394
July 2022 – June 2023	1,455
July 2023 and after	5,379
	$ 19,820

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 dollars eighty-one cents) 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 June 30, 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 4.50 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		June 30, 2019		December 31, 2018		January 1, 2018
Principal amount	$	**20,555**	$	20,555	$	20,555
Unamortized discount		**(16,579)**		(19,638)		(4,763)
	$	**3,976**	$	917	$	15,792

15. EQUITY-BASED COMPENSATION

(a) Share options

The Company has adopted an incentive stock option plan (the "**SO Plan**") in accordance with the policies of the Exchange for the benefit of its directors, officers, employees and other key personnel. A maximum of 10.0% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the SO and restricted share unit (the "**RSU**") Plans. The SO Plan provides that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by the Exchange.

	Number of share options	Weighted average exercise price
Balance, January 1, 2018	393.593	$ 6.54
Granted	371,797	5.79
Exercised	(17,739)	4.23
Forfeited	(23,189)	6.5
Balance, December 31, 2018	724,462	6.21
Exercised	(49,640)	4.80
Forfeited	(83,998)	7.17
Balance, June 30, 2019	**590,824**	**$ 6.19**

	Share options outstanding June 30, 2019			Share options exercisable June 30, 2019	
Exercise price	**Number of share options**	**Remaining contractual life**	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
$ 4.23	**113,987**	**1.92 years**	**$ 4.23**	**113,987**	**$ 4.23**
$ 6.07	**42,683**	**2.09 years**	**6.07**	**42,683**	**6.07**
$ 8.74	**136,981**	**2.78 years**	**8.74**	**91,325**	**8.74**
$ 5.78	**287,780**	**3.79 years**	**5.78**	**95,930**	**5.78**
$ 6.00	**9,393**	**3.91 years**	**6.00**	**3,131**	**6.00**
Total	**590,824**	**3.07 years**	**$ 6.19**	**347,056**	**$ 6.09**

	Share options outstanding December 31, 2018			Share options exercisable December 31, 2018	
Exercise price	Number of share options	Remaining contractual life	Weighted average exercise price	Number of share options	Weighted average exercise price
$ 4.23	145,456	2.42 years	$ 4.23	87,649	$ 4.23
$ 6.07	42,683	5.59 years	6.07	28,456	6.07
$ 8.74	176,368	3.28 years	8.74	58,794	8.74
$ 5.78	350,562	4.29 years	5.78	-	-
$ 6.00	9,393	4.41 years	6.00	-	-
Total	724,462	3.57 years	$ 6.21	174,899	$ 6.05

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

15. EQUITY-BASED COMPENSATION *(continued)*

(a) Share options *(continued)*

The following assumptions were used to calculate the estimated fair value of share options issued:

	May 29, 2018	Apr 16, 2018
Exercise price	$ 6.00	$ 5.78
Risk-free rate	2.02%	2.02%
Expected life	5 years	5 years
Volatility	48.9%	48.9%
Forfeiture rate	20.0%	20.0%
Dividend yield	7.6%	7.6%
Weighted average fair value per share option	$ 1.33	$ 1.33

(b) Restricted share units

The Company has an incentive RSU Plan in accordance with the policies of the Exchange for the benefit of its directors, officers, employees and other key personnel. A maximum of 10.0% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the SO and RSU Plans. The RSUs vest equally over 3 years. The RSU Plan provides that the terms of the RSUs shall be determined by the directors subject to requirements imposed by the Exchange.

	Number of restricted share units
Balance, January 1, 2018	282,089
Granted	90,144
Vested and released	(54,994)
Forfeited	(6,778)
Balance, December 31, 2018	310,461
Granted	155,279
Vested and released	(60,287)
Forfeited	(16,887)
Balance, June 30, 2019	**388,566**

16. REVENUE

For the three months ended June 30, 2019	Infra-structure	Diversified	Energy	Real Estate	Total
Type of revenue					
Product sales	$ 6,838	$ 11,339	$ 703	$ -	$ 18,880
Services (including equipment rental)	4,529	14,762	2,836	-	22,127
Construction services	70,749	5,096	-	-	75,845
Real estate rentals	-	-	-	2	2
	$ 82,116	**$ 31,197**	**$ 3,539**	**$ 2**	**$ 116,854**
Timing of revenue recognition					
At a point in time	$ 6,838	$ 16,435	$ 3,539	$ 2	$ 26,814
Over a period of time	75,278	14,762	-	-	90,040
	$ 82,116	**$ 31,197**	**$ 3,539**	**$ 2**	**$ 116,854**

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

16. REVENUE *(continued)*

For the three months ended June 30, 2018	Infra-structure	Diversified	Energy	Real Estate	Total
Type of revenue					
Product sales	$ 5,166	$ 11,099	$ 513	$ -	$ 16,778
Services (including equipment rental)	8,268	11,314	1,599	-	21,181
Construction services	48,954	4,040	-	-	52,994
Real estate rentals	-	-	-	101	101
	$ 62,388	$ 26,453	$ 2,112	$ 101	$ 91,054
Timing of revenue recognition					
At a point in time	$ 5,165	$ 15,108	$ 2,112	$ 101	$ 22,486
Over a period of time	57,223	11,345	-	-	68,568
	$ 62,388	$ 26,453	$ 2,112	$ 101	$ 91,054

For the six months ended June 30, 2019	Infra-structure	Diversified	Energy	Real Estate	Total
Type of revenue					
Product sales	$ 8,443	$ 23,225	$ 969	$ -	$ 32,637
Services (including equipment rental)	12,202	23,752	6,273	-	42,227
Construction services	128,190	9,909	-	-	138,099
Real estate rentals	-	-	-	28	28
	$ 148,835	**$ 56,886**	**$ 7,242**	**$ 28**	**$ 212,991**
Timing of revenue recognition					
At a point in time	$ 8,443	$ 33,134	$ 7,242	$ 28	$ 48,847
Over a period of time	140,392	23,752	-	-	164,144
	$ 148,835	**$ 56,886**	**$ 7,242**	**$ 28**	**$ 212,991**

For the six months ended June 30, 2018	Infra-structure	Diversified	Energy	Real Estate	Total
Type of revenue					
Product sales	$ 6,670	$ 21,492	$ 718	$ -	$ 28,880
Services (including equipment rental)	12,340	19,070	4,049	-	35,459
Construction services	86,085	8,422	-	-	94,507
Real estate rentals	-	-	-	170	170
	$ 105,095	$ 48,984	$ 4,767	$ 170	$ 159,016
Timing of revenue recognition					
At a point in time	$ 6,670	$ 29,914	$ 4,767	$ 170	$ 41,521
Over a period of time	98,425	19,070	-	-	117,495
	$ 105,095	$ 48,984	$ 4,767	$ 170	$ 159,016

17. NET FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Interest				
Expense related to debt instruments	**$ 1,884**	$ 1,903	**$ 3,581**	$ 3,771
Expense related to lease obligations	**277**	247	**561**	472
Income on cash and cash equivalents	**(55)**	(118)	**(105)**	(146)
Accretion expense	**302**	282	**601**	633
Amortization of borrowing costs	**143**	145	**287**	271
	$ 2,551	$ 2,459	**$ 4,925**	$ 5,001

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

18. CHANGE IN FAIR VALUE

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Common share purchase warrants	**$ 457**	$ (1,540)	**$ 3,059**	$ (10,523)
Non-controlling interest put options	**229**	319	**450**	(617)
Risk management contracts	**(183)**	-	**(786)**	-
	$ 503	$ (1,221)	**$ 2,723**	$ (11,140)

19. (LOSS) EARNINGS PER SHARE

(Loss) earnings per share is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Net (loss) income for common shareholders – Basic	**$ (2,811)**	$ (3,223)	**$ (7,702)**	$ 3,351
Effect of dilutive securities	**-**	-	**-**	361
Net (loss) income for common shareholders – Diluted	**$ (2,811)**	$ (3,223)	**$ (7,702)**	$ 3,712
Weighted average number of common shares – Basic	**10,617,235**	10,606,183	**10,612,672**	10,590,015
Weighted average number of common shares – Diluted	**10,617,235**	10,606,183	**10,612,672**	12,189,667
Basic earnings per share	**(0.26)**	(0.30)	**(0.73)**	0.32
Diluted earnings per share	**(0.26)**	(0.30)	**(0.73)**	0.30

For the three months ended June 30, 2019, the Company excluded 590,824 stock options, 13,124 convertible debentures and 17,026,106 warrants, as their inclusion would be anti-dilutive (2018 – 511,613 stock options, 13,124 convertible debentures and 17,026,106 warrants). For the six months ended June 30, 2019, the Company excluded 590,824 stock options, 13,124 convertible debentures and 17,026,106 warrants, as their inclusion would be anti-dilutive (2018 – 370,168 stock options and 17,026,106 warrants).

20. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Trade, accrued and other receivables	**$ (7,418)**	$ (12,917)	**$ (2,037)**	$ 148
Accrued contract revenue	**1,453**	(2,254)	**(2,836)**	(2,225)
Inventories	**(457)**	(1,546)	**233**	(2,716)
Deposits and prepaid expenses	**(129)**	(38)	**(625)**	(106)
Trade, accrued and other payables	**2,720**	10,267	**2,472**	7,330
Income taxes payable	**(25)**	167	**(505)**	(2)
Deferred contract revenue	**490**	114	**2,459**	254
	$ (3,366)	$ (6,207)	**$ (839)**	$ 2,683

21. COMPENSATION

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Personnel and personnel related expenses	**$ 42,740**	$ 29,195	**$ 73,485**	$ 54,339
Equity-based compensation	**139**	207	**359**	381
	$ 42,879	$ 29,402	**$ 73,844**	$ 54,720

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

22. 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		(630)
Lease obligation at June 30, 2019	**$**	**8,493**

Lease interest of $98 was paid on these lease obligations for the three months ending June 30, 2019 (June 30, 2018 - $112) and lease interest of $200 was paid on these lease obligations for the six months ending June 30, 2019 (June 30, 2018 - $228).

23. 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.

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

24. 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.

(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 June 30, 2019 for its financial liabilities:

	Carrying amount	Contractual cash flow	Less than 12 months	1 – 2 years	2 -3 years	Thereafter
Operating loans	**$ 2,990**	$ 3,054	$ 3,054	$ -	$ -	$ -
Trade, accrued, and other payables	**65,367**	65,367	65,367	-	-	-
Distributions payable	**1,496**	1,496	1,496	-	-	-
Credit facility	**27,817**	30,043	1,113	28,930	-	-
Notes payable	**16,360**	17,066	11,531	3,577	1,234	724
Lease obligations	**19,820**	22,718	6,143	4,889	3,777	7,909
Debentures	**47,633**	61,437	2,500	2,500	2,500	53,937
Convertible debentures	**12,252**	2,072	921	919	232	-
Common share purchase warrants	**3,976**	-	-	-	-	-
Redeemable non-controlling interest	**19,707**	22,450	1,400	21,050	-	-
Non-controlling interests put options	**11,774**	14,363	2,030	4,583	4,583	3,167
	$ 229,192	$ 240,066	$ 95,555	$ 66,448	$ 12,326	$ 65,737

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 10.3% (2018 – 15.2%) 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 commodity price risk or other price risk. The Company manages currency risk by using foreign exchange forward contracts to manage the exposure of future denominated receipts and expenses using foreign exchange forward contracts and cross-currency swaps. 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 June 30, 2019, a 1% movement in the prime rate would change the interest expense by approximately $139 (2018 - $299).

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

25. 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 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 June 30, 2019	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Revenue	$ 82,116	$ 31,197	$ 3,539	$ 2	$ -	$ 116,854
Operating expenses	75,993	26,626	3,261	8	1,172	107,060
	6,123	4,571	278	(6)	(1,172)	9,794
Amortization:						
Property, plant and equipment	588	675	237	-	4	1,504
Leased assets	556	652	246	-	24	1,478
Intangible assets	1,607	1,489	196	-	-	3,292
Loss (gain) on disposal of property and equipment	30	(20)	(33)	38	-	15
Gain on termination of lease obligations	(7)	(3)	(11)	-	-	(21)
Equity-based compensation	-	-	-	-	139	139
Operating income (loss)	3,349	1,778	(357)	(44)	(1,339)	3,387
Net finance costs	260	292	52	4	1,943	2,551
Foreign exchange (gain) loss	(47)	296	-	-	-	249
Share of joint venture loss	-	-	-	19	-	19
Other income	(184)	-	-	-	-	(184)
Income (loss) before change in fair value and income taxes	3,320	1,190	(409)	(67)	(3,282)	752
Change in fair value	229	(183)	-	-	457	503
Income (loss) before taxes	3,091	1,373	(409)	(67)	(3,739)	249
Provision for income tax:						
Current	-	55	-	-	-	55
Deferred (reduction)	337	28	(24)	8	84	433
	337	83	(24)	8	84	488
Net income (loss)	**$ 2,754**	**$ 1,290**	**$ (385)**	**$ (75)**	**$ (3,823)**	**$ (239)**
Purchase of property, plant and equipment	$ 327	$ 1,171	$ 67	$ -	$ 43	$ 1,608

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

25. SEGMENTED INFORMATION *(continued)*

For the six months ended June 30, 2019	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Revenue	$ 148,835	$ 56,886	$ 7,242	$ 28	$ -	$ 212,991
Operating expenses	138,217	48,830	6,365	97	2,469	195,978
	10,618	8,056	877	(69)	(2,469)	17,013
Amortization:						
Property, plant and equipment	1,161	1,331	473	-	7	2,972
Leased assets	1,113	1,351	497	-	46	3,007
Intangible assets	3,209	2,972	393	-	-	6,574
Loss (gain) on disposal of property and equipment	46	(44)	(113)	60	-	(51)
Gain on termination of lease obligations	(35)	(3)	(11)	-	-	(49)
Equity-based compensation	-	-	-	-	359	359
Operating income (loss)	5,124	2,449	(362)	(129)	(2,881)	4,201
Net finance costs	542	563	106	33	3,681	4,925
Foreign exchange (gain) loss	(20)	554	-	-	-	534
Share of joint venture loss	-	-	-	37	-	37
Other income	(184)	-	-	-	-	(184)
Income (loss) before change in fair value and income taxes	4,786	1,332	(468)	(199)	(6,562)	(1,111)
Change in fair value	450	(786)	-	-	3,059	2,723
Income (loss) before taxes	4,336	2,118	(468)	(199)	(9,621)	(3,834)
Provision for income tax:						
Current	4	141	-	-	(7)	138
Deferred (reduction)	(23)	(450)	(96)	74	(174)	(669)
	(19)	(309)	(96)	74	(181)	(531)
Net income (loss)	**$ 4,355**	**$ 2,427**	**$ (372)**	**$ (273)**	**$ (9,440)**	**$ (3,303)**
Purchase of property, plant and equipment	$ 748	$ 1,276	$ 81	$ -	$ 46	$ 2,151

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

25. SEGMENTED INFORMATION *(continued)*

For the three months ended June 30, 2018	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Revenue	$ 62,388	$ 26,453	$ 2,112	$ 101	$ -	$ 91,054
Operating expenses	56,898	22,927	2,319	78	1,477	83,699
	5,490	3,526	(207)	23	(1,477)	7,355
Amortization:						
Property, plant and equipment	642	781	296	-	5	1,724
Leased assets	568	685	199	-	26	1,478
Intangible assets	1,609	1,935	211	-	-	3,755
Gain on disposal of property and equipment	(18)	(27)	(13)	-	-	(58)
Gain on termination of lease obligations	(1)	-	-	-	-	(1)
Equity-based compensation	-	-	-	-	207	207
Operating income (loss)	2,690	152	(900)	23	(1,715)	250
Net finance costs	283	288	50	26	1,812	2,459
Foreign exchange loss	21	66	62	-	-	149
Share of joint venture income	-	-	-	(187)	-	(187)
Income (loss) before change in fair value and income taxes	2,386	(202)	(1,012)	184	(3,527)	(2,171)
Change in fair value	319	-	-	-	(1,540)	(1,221)
Income (loss) before taxes	2,067	(202)	(1,012)	184	(1,987)	(950)
Provision for income tax:						
Current	-	-	11	-	354	365
Deferred (reduction)	(131)	(354)	(48)	19	291	(223)
	(131)	(354)	(37)	19	645	142
Net income (loss)	**$ 2,198**	**$ 152**	**$ (975)**	**$ 165**	**$ (2,632)**	**$ (1,092)**
Purchase of property, plant and equipment	$ 1,010	$ 229	$ 139	$ -	$ -	$ 1,378

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

25. SEGMENTED INFORMATION *(continued)*

For the six months ended June 30, 2018	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Revenue	$ 105,095	$ 48,984	$ 4,767	$ 170	$ -	$ 159,016
Operating expenses	98,259	42,233	4,865	261	3,070	148,688
	6,836	6,751	(98)	(91)	(3,070)	10,328
Amortization:						
Property, plant and equipment	1,201	1,539	591	-	10	3,341
Leased assets	1,136	1,337	381	-	51	2,905
Intangible assets	3,182	3,539	411	-	4	7,136
(Gain) loss on disposal of property and equipment	(19)	(33)	(24)	-	15	(61)
Gain on termination of lease obligations	(2)	(2)	(9)	-	-	(13)
Equity-based compensation	-	-	-	-	381	381
Operating (loss) income	1,338	371	(1,448)	(91)	(3,531)	(3,361)
Net finance costs	569	622	112	55	3,643	5,001
Foreign exchange loss (gain)	26	(97)	-	-	-	(71)
Share of joint venture income	-	-	-	(174)	-	(174)
Income (loss) before change in fair value and income taxes	743	(154)	(1,560)	28	(7,174)	(8,117)
Change in fair value	625	(1,242)	-	-	(10,523)	(11,140)
Income (loss) before taxes	118	1,088	(1,560)	28	3,349	3,023
Provision for income tax:						
Current	-	73	11	-	476	560
Deferred (reduction)	(216)	(598)	(175)	35	(1,143)	(2,097)
	(216)	(525)	(164)	35	(667)	(1,537)
Net income (loss)	**$ 334**	**$ 1,613**	**$ (1,396)**	**$ (7)**	**$ 4,016**	**$ 4,560**
Purchase of property, plant and equipment	$ 1,375	$ 1,633	$ 112	$ -	$ -	$ 3,120

As at June 30, 2019	**Infra-structure**	**Diversified**	**Energy**	**Real Estate**	**Corporate**	**Total**
Total assets	**$ 195,314**	**$ 133,530**	**$ 12,091**	**$ 2,712**	**$ 8,533**	**$ 352,180**
Total liabilities	**$ 84,258**	**$ 34,011**	**$ 3,528**	**$ -**	**$ 116,087**	**$ 237,884**

As at December 31, 2018	Infra-structure	Diversified	Energy	Real Estate	Corporate	Total
Total assets	$ 174,726	$ 145,111	$ 17,587	$ 10,823	$ 10,588	$ 358,835
Total liabilities	$ 69,135	$ 47,060	$ 5,273	$ 2,554	$ 109,378	$ 233,400

26. COMPARATIVE FIGURES

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

27. SUBSEQUENT EVENTS

On July 31, 2019, the Company extended the expiry of its Credit Facility by one year to May 31, 2022, refer to Note 10 for further details.

Subsequent to June 30, 2019, Mosaic agreed to the terms of a put option with a non-controlling interest of SECON. It is estimated that Mosaic will acquire approximately 8% of SECON for $1,600 with an effective date of July 31, 2019.