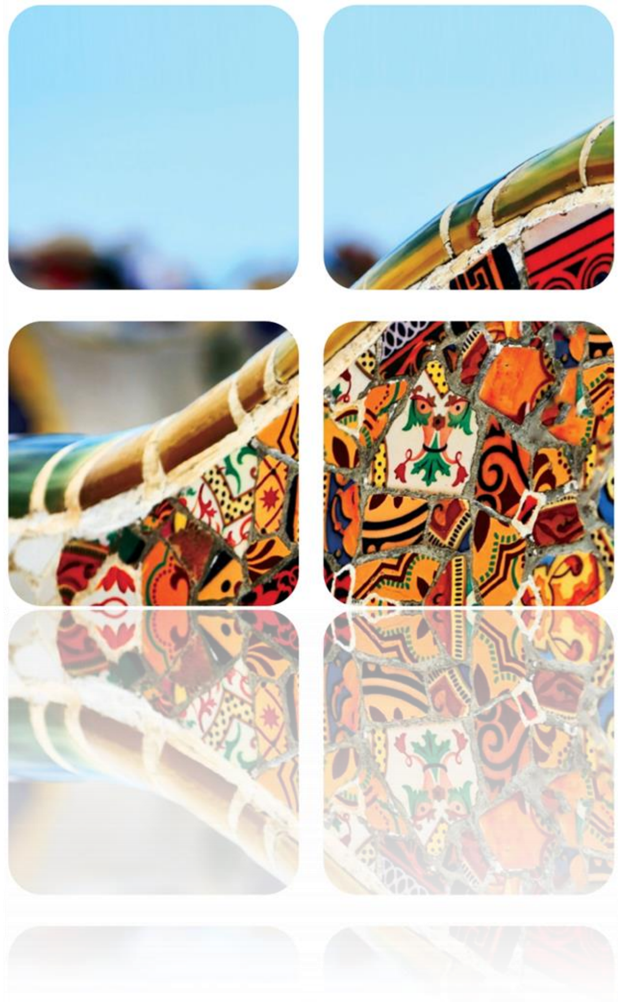

MOSAIC CAPITAL

Mosaic Capital Corporation

Annual Information Form

For the year ended December 31, 2013

April 23, 2014

"Growth through sustainable cash flow"

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CERTAIN REFERENCES AND GLOSSARY

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

DATE OF INFORMATION

The information in this AIF is presented as of December 31, 2013, unless otherwise indicated.

FORWARD LOOKING INFORMATION

This AIF contains forward-looking information and statements within the meaning of applicable Canadian securities laws (herein referred to as "**forward-looking statements**") that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking statements. All information and statements in this AIF which are not statements of historical fact may be forward-looking statements. Such statements and information may be identified by looking for words such as "may", "believe", "could", "expect", "will", "intend", "should", "plan", "objective", "predict", "potential", "project", "anticipate", "estimate", "continuous" or similar words or the negative thereof or other comparable terminology, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements included in this AIF include, but are not limited to, statements with respect to: the intention and ability of Mosaic to make cash distributions on the Preferred Securities and pay quarterly dividends on the Common Shares; the outlook of Mosaic's and its subsidiaries' businesses; the competitive environment in which Mosaic and its business units operate; the business strategy and objectives of Mosaic; development plans, as well as acquisition and disposition plans, of Mosaic; the supply and demand for products and services; Mosaic's ability to meet its current and future obligations; Mosaic's ability to execute its growth strategy; and management's assessment of future plans and operations.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect, including those assumptions listed below and those discussed elsewhere in this AIF. Some of the assumptions made by Mosaic, upon which such forward-looking statements are based, include: the business operations of the operating businesses of Mosaic continuing on a basis consistent with prior years; the ability of Mosaic and its subsidiaries to access financing from time to time on favorable terms; the ability of Mosaic to realize anticipated benefits of acquisitions; the continuation of executive and operating management or the non-disruptive replacement of them on competitive terms; the ability of Mosaic to maintain reasonably stable operating and general administrative expenses; current economic conditions and the strength and persistence of the economic recovery in Canada that may be influenced by international economic developments in the United States, Europe, Asia and elsewhere; and currency, exchange and interest rates and commodity prices being reasonably stable at current rates.

Forward-looking statements reflect current expectations of management regarding future events and operating performance as of the date of this AIF. Such information: involves significant risks and uncertainties; should not be read as guarantees of future performance or results; and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risks related to: general economic and political conditions; competition for acquisition candidates; the failure to identify, acquire and develop suitable acquisition targets, unknown liabilities within acquired businesses; insufficient cash flows from subsidiaries; the loss of key personnel; lack of diversification; changes in laws or regulations or the interpretation thereof; regulatory risk; the inability to generate sufficient cash flow from operations to meet current and future obligations; the inability to obtain required debt and/or equity capital on acceptable terms or at all; legal proceedings against Mosaic; potential conflicts of interest of directors and officers; changes in tax law or other adverse tax consequences; diversion of management to manage issues in Mosaic's operating subsidiaries; shift of management's focus to integration, administration or unforeseen business or operating issues, declining employee morale and employee retention issues; integration of subsidiary administrative systems; lack of sufficient business and financial controls or other procedures or policies within acquired entities; fluctuations in operating performance and seasonality; fluctuations in commodity prices; illiquidity of investments; the speculative nature of Mosaic's investments due to the small size of the acquired businesses; lack of diversity of customer base; adverse weather conditions; uninsured and underinsured losses; competition in industries in which our subsidiaries operate; contractual risks, including indemnity obligations; failure to retain significant customers; damage to brand reputation; failure to attract qualified employees or interruption of the labour supply; competition for, among other things, capital, equipment, materials and personnel; risks inherent in our ownership of real property; inability of tenants to fulfill lease obligations; difficulty in renewing leases as they expire or leasing vacant space; fixed costs of ownership of real property; illiquidity of investments in real property; weakness in commercial property market in target markets; and difficulty in enforcing rights upon default by tenants; and environmental liabilities. A description of these and other factors can be found under the heading "*Risk Factors*".

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

CORPORATE STRUCTURE

Mosaic Capital Corporation

Mosaic was incorporated under the ABCA on February 11, 2011 and is the resulting entity from the combination of the businesses of Mosaic Diversified Income Fund (the "**Fund**") and First West Properties Ltd. ("**FWP**") pursuant to the Arrangement which occurred effective May 1, 2011. Mosaic has two types of securities listed on the TSX-V: Common Shares and Preferred Securities under the symbols "M" and "M.PR.A", respectively.

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

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

During the last half of 2012 the business being carried on by FWP was reorganized and is now being carried on by First West Properties L.P. ("**FWPLP**") and its subsidiary First West Developments L.P. ("**FWDLP**"). On December 31, 2012 FWP was voluntarily dissolved. For purposes of this AIF, reference herein to "First West" means and refers to FWP, for any period prior to completion of the aforementioned internal reorganization, and means and refers to FWPLP and FWDLP, collectively, for any period subsequent to completion of the internal reorganization.

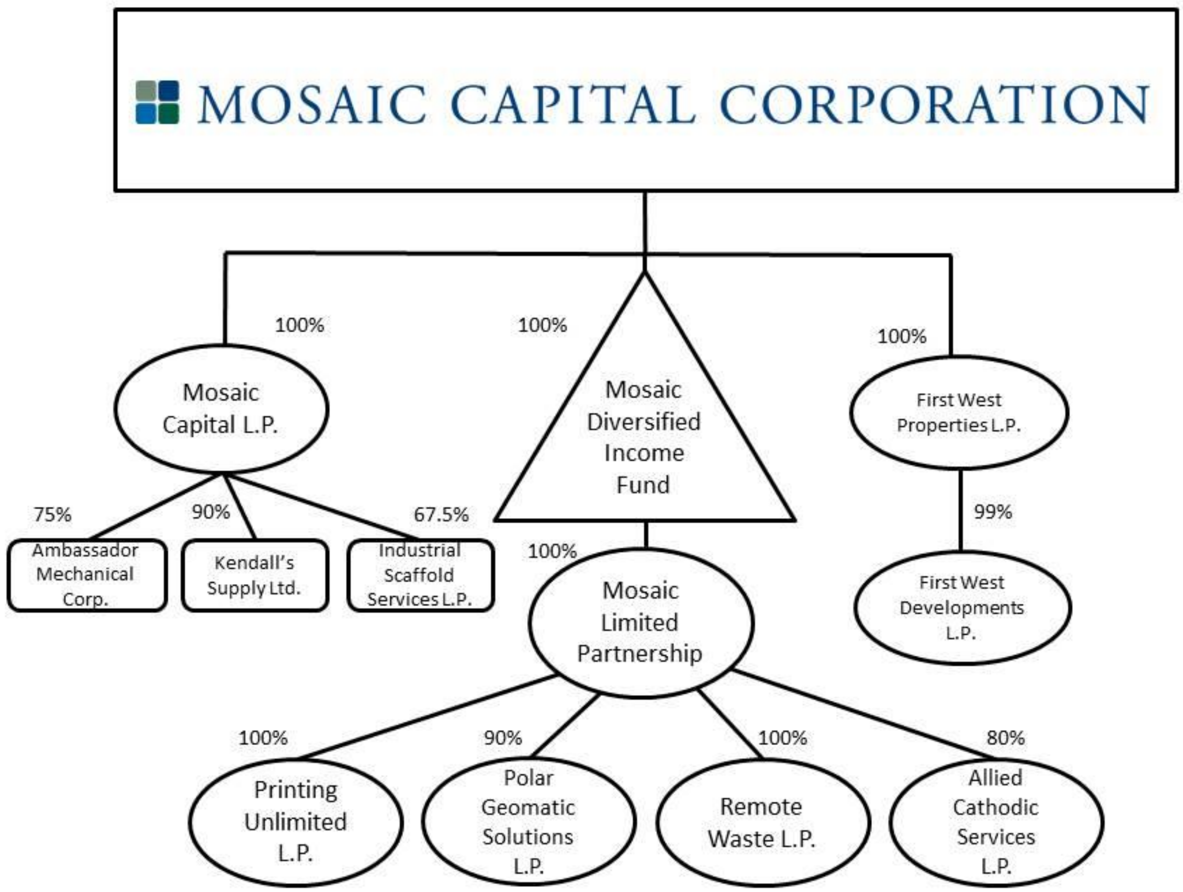
Intercorporate Relationships

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

Name of entity	Percentage of voting securities (directly or indirectly)	Nature of entity	Jurisdiction of Incorporation, Continuance or Formation (as applicable)
Printing Unlimited L.P.	100%	Limited Partnership	Alberta
Allied Cathodic Services L.P.	80%	Limited Partnership	Saskatchewan
Polar Geomatic Solutions L.P.	90%	Limited Partnership	Alberta
Remote Waste L.P.	100%	Limited Partnership	Alberta
Ambassador Mechanical Corp.	75%	Corporation	Manitoba
Kendall's Supply Ltd.	90%	Corporation	Saskatchewan
Industrial Scaffold Services L.P.	67.5%	Limited Partnership	Alberta
First West Properties L.P.	100%	Limited Partnership	Alberta

Name of entity	Percentage of voting securities (directly or indirectly)	Nature of entity	Jurisdiction of Incorporation, Continuance or Formation (as applicable)
Mosaic Diversified Income Fund	100%	Unincorporated open-ended investment trust	Alberta
Mosaic Limited Partnership	100%	Limited Partnership	Alberta
Mosaic Capital L.P.	100%	Limited Partnership	Alberta

The following diagram illustrates the current organizational structure of Mosaic:



Mosaic Diversified Income Fund

The Fund is an unincorporated open-ended investment trust formed under the laws of the Province of Alberta pursuant to the terms of the Fund Indenture. The Fund indirectly holds all of the units of Mosaic Limited Partnership which in turn holds Mosaic's interest in Printing Unlimited L.P. ("**Printing Unlimited**"), Allied Cathodic Services L.P. ("**Allied Cathodic**"), Polar Geomatic Solutions L.P. ("**Polar Geomatic**") and Remote Waste L.P. ("**Remote Waste**"). The Fund is based in Calgary, Alberta. Mosaic directly owns 100% of the outstanding units of the Fund.

Mosaic Limited Partnership

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

Printing Unlimited L.P.

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

Allied Cathodic Services L.P.

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

Polar Geomatic Solutions L.P.

Polar Geomatic is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated December 30, 2009, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 90% of the outstanding limited partnership units of Polar Geomatic and controls the general partner thereof. Polar Geomatic is based in Red Deer, Alberta.

Remote Waste L.P.

Remote Waste is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 21, 2008, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 100% of the outstanding limited partnership units of Remote Waste and controls the general partner thereof. Remote Waste is based in Sexsmith, Alberta.

Mosaic Capital L.P.

Mosaic Capital L.P. is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated December 13, 2011, as amended or restated from time to time. Mosaic directly or indirectly owns 100% of the outstanding limited partnership units of Mosaic Capital L.P. and controls the general partner thereof. The primary activity of Mosaic Capital L.P. is the holding of securities of certain of Mosaic's investees, including Ambassador Mechanical Corp. ("**Ambassador**"), Kendall's Supply Ltd. ("**Kendall's**"), and Industrial Scaffold Services L.P. ("**Industrial Scaffold**"). Mosaic Capital L.P. is based in Calgary, Alberta.

Ambassador Mechanical Corp.

Ambassador is a corporation formed under the laws of the Province of Manitoba on October 21, 2011. Mosaic, through one or more subsidiaries, indirectly owns 75% of the outstanding common shares of Ambassador. Ambassador is based in Winnipeg, Manitoba.

Kendall's Supply Ltd.

Kendall's is a corporation formed under the laws of the Province of Saskatchewan on October 17, 1990. Mosaic, through one or more subsidiaries, indirectly owns 90% of the outstanding common shares of Kendall's. Kendall's is based in Estevan, Saskatchewan.

Industrial Scaffold Services L.P.

Industrial Scaffold Services L.P. is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated September 1, 2013, as amended or restated from time to time. Mosaic, through one or more subsidiaries, indirectly owns 67.5% of the outstanding limited partnership units of Industrial Scaffold and controls the general partner thereof. Industrial Scaffold is based in Crofton, British Columbia.

First West Properties L.P.

First West Properties L.P. is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated November 27, 2012, as amended or restated from time to time. The subsidiary of FWPLP is First West Developments L.P which is a limited partnership formed under the laws of the Province of Alberta pursuant to the terms of a limited partnership agreement dated August 28, 2012, as amended or restated from time to time. Mosaic directly or indirectly owns 100% of the outstanding limited partnership units of FWPLP and FWDLP and controls the general partner of each. Both FWPLP and FWDLP are based in Calgary, Alberta.

OUR BUSINESS

General

Mosaic is an investment company based in western Canada that owns a portfolio of established businesses that have a history of generating cash flow from their operations. Mosaic invests for the purpose of exercising, or seeking to exercise, control of a business or asset. Mosaic manages its acquisition risk through extensive due diligence, transaction structuring and working closely with its businesses after acquisition. Once acquired, Mosaic works with its businesses to grow free cash flow and retained earnings.

Mosaic is focused on positioning its business for improved growth and performance with a view to creating long term value for its shareholders and business partners by pursuing accretive acquisitions, engaging in opportunistic dispositions, and fostering organic growth in existing businesses in a manner that will grow both free cash flow per share and retained earnings. More specifically, this has been, and will be, achieved by: (i) acquiring businesses with capable existing management teams; (ii) providing support and advice to the management teams of Mosaic's operating subsidiaries to build on their core competencies and track record to help improve profitability and foster growth; (iii) looking for, and encouraging the management teams of Mosaic's operating subsidiaries to continue to look for, opportunities to enter new markets, expand the products or services offered, vertically integrate and/or geographically expand; and (iv) selling assets, if and when appropriate.

Mosaic's management team has an extensive breadth and depth of experience gained through many years of involvement in numerous aspects of business, including fund management, public and private merger and acquisition transactions, corporate restructurings, financings, venture capital and private equity investing, and corporate turn-arounds. While Mosaic management possesses a high degree of specialized skill and knowledge required in connection with managing Mosaic, the assessment of Mosaic is that such skill and knowledge is generally available in the marketplace and, accordingly, the loss of any one of the management team would not have a material impact on the business.

Although the business of Mosaic is not seasonal in nature, the business of some of our subsidiaries is. See "*Our Businesses*" and "*Risk Factors*", below.

As at December 31, 2013, Mosaic, inclusive of all its subsidiaries, had 418 employees.

Acquisition Strategy and Investment Criteria

Mosaic actively looks for businesses in a variety of industries that fit our investment criteria. Mosaic currently believes that there continues to be significant opportunities to make accretive acquisitions of businesses satisfying our criteria.

Our preferred acquisition criteria include the following:

- demonstrated history of growing sustainable cash flow and operating in an industry which we believe has good growth potential;
- a capable and experienced management team that is growth oriented;
- a business with significant market share in its business area;
- a business with a competitive advantage; and
- an ability to grow the business without significant amounts of new capital.

Businesses owned by Mosaic operate autonomously and maintain their individual business identities and, accordingly, must have capable management teams. Mosaic management provides support to its operating subsidiaries with strategy development, human resources, accounting, planning and analysis, industry contacts, and focus on operational and financial discipline.

The market for acquiring or investing in the types of businesses and assets which fit Mosaic's acquisition criteria is a competitive one. However, Mosaic believes that its ability to be flexible in its transaction structuring, its "partnership approach" to its investee businesses, and its ability to contribute strategic, business, financial, human resource, accounting and legal expertise to its investee businesses (while at the same time giving the management teams autonomy to operate their business) are attributes considered attractive to potential business partners. These factors have resulted in Mosaic acquiring businesses and assets at attractive prices which fit Mosaic's acquisition criteria. Mosaic believes that its disciplined and structured approach to acquisitions will continue to result in Mosaic identifying opportunities fitting its investment criteria which may then lead to successful completion of acquisition transactions.

Mosaic also benefits from the demographic trend of small and medium sized business owners looking to exit their businesses. A November 2012 report by a large Canadian investment bank indicates that within Canada there is the potential for approximately 550,000 business owners to exit their businesses over the next ten years. These businesses would account for approximately $3.7 trillion in asset value affecting approximately 3.5 million employees and representing approximately 27% of Canada's gross domestic product. This ongoing succession of aging business owners looking for liquidity, often in the form of an exit or a partnership, should provide many opportunities for Mosaic to acquire companies meeting our investment criteria.

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

Alignment of Interests

Mosaic's management believe in the alignment of interests among various stakeholders, including Mosaic, its shareholders and subsidiary company partners as well as Mosaic's management team and its employee group. Mosaic's management team and its employee group own approximately 52% and 3.5% of the outstanding Common Shares and Preferred Securities, respectively as at March 31, 2014.

Our Businesses

Presently Mosaic has two reportable business segments, being (i) industrial and (ii) real estate. On a combined basis within the industrial and real estate segments, Mosaic indirectly owns all of, or a material controlling interest in, eight businesses.

Reportable Business Segments

<u>Industrial</u>

Mosaic holds a portfolio of businesses within its industrial segment, each of which has a history of generating cash flow from their operations.

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

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

- Polar Geomatic (90% ownership) is based in Red Deer, Alberta and principally provides products and services to create, manage and maintain land related stakeholder information. This information is used primarily by pipeline companies to simplify compliance with stakeholder notification and emergency response planning requirements under applicable legislation.

- Remote Waste (100% ownership) is based in Sexsmith, Alberta and manufactures and rents biological wastewater treatment units used for remote work camps.

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

- Kendall's (90% ownership) is based in Estevan, Saskatchewan and is a supplier of parts and supplies to companies in the automotive, oil and gas, mining, power generation, construction and agriculture industries in southeast Saskatchewan.

- Industrial Scaffold (67.5% ownership) is based in Crofton, British Columbia, and has offices in Fort St. John, Kitimat, and Victoria. Industrial Scaffold is a provider of worksite surface and access scaffolding solutions and environmental containment systems to industrial and commercial customers in the pulp and paper, mining and marine, and energy and utilities sectors in western Canada.

Real Estate

Based in Calgary, Alberta, FWPLP is wholly-owned by Mosaic and holds a portfolio of real estate assets in secondary markets in western Canada. FWPLP identifies and acquires, directly or indirectly, real estate with the prospects for stable cash flow and short and medium term price appreciation potential. FWPLP adds value to the properties it acquires through, among other things, leasing vacant space, re-leasing upon renewal at market rates, making capital improvements, and moving land through the land use planning process. FWDLP is indirectly wholly owned by Mosaic and holds real estate assets for development in Regina, Saskatchewan.

Revenue by Reportable Business Segment

With respect to each of the two most recently completed financial years for Mosaic, the following table sets forth, by reportable business segment, the percentage of Mosaic's consolidated revenue which is derived from sales of products or services (with specific identification of the category) to customers outside of the Mosaic group, where such revenue exceeds 15% of Mosaic's consolidated revenue:

Revenue Source(1)	**2013 - Revenue %**	**2012 - Revenue %**
Real Estate Segment(2)	--	--
Industrial Segment		
Oilfield Products/Services	25.1%	27.5%
Non-Oilfield Products/Services	73.7%	67.9%
Other(3)	1.2%	4.6%
Total Consolidated Revenue	100.00%	100.00%

Notes:

(1) Mosaic does not derive any revenue from: (i) sales to joint ventures in which Mosaic is a participant or to entities in which Mosaic has an investment accounted for by the equity method, or (ii) sales or transfers to controlling shareholders of Mosaic.

(2) No source of revenue (product or service) from the real estate segment accounted for 15% or more of Mosaic's total consolidated revenue. Accordingly, such revenue is included in "*Other*" above.

(3) Revenue from each category of product or service that does not account for 15% or more of Mosaic's total consolidated revenue has been aggregated together, irrespective of the reportable business segment it is generated within.

A summary description of each of the operating businesses within the industrial and real estate segments is set forth below:

Printing Unlimited L.P.

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

Printing Unlimited has three departments: printing, reproduction and signs. Operations in the printing department include: (i) pre-press procedures such as graphic design, layout, artwork and typesetting; (ii) full colour offset and digital printing on four presses where images are reproduced onto paper, foil, plastic and other materials; and (iii) bindery or finishing procedures such as folding, stitching, trimming, cutting, punching and perforating. The reproduction department reproduces images on high speed black and white and color photocopiers and manufactures decals, signs, banners and photo images up to 48 inches wide.

As of December 31, 2013, Printing Unlimited had 14 employees, including a general manager, estimators and press operators as well as pre-press, bindery, reproduction, sign manufacturing and administrative personnel. The loss of any one of the managers could impair the ability of Printing Unlimited to operate at its optimum level of performance for a period of time as it is expected that it would be difficult, time-consuming and potentially costly to find a suitable replacement. The assessment of Mosaic is that the skill and knowledge pertaining to the balance of the labour force at Printing Unlimited is generally available in the marketplace. However, due to the current strength and competitiveness of the labour market, combined with Fort McMurray, Alberta being a smaller more remote centre, replacement of qualified personnel may not occur as timely as is optimal for the business. These labour force factors could have an impact on the performance of the business, the effect of which could be material.

Sales in the business are generated through existing relationships as well as from new business developed principally through face to face sales calls. Almost all of the revenue of Printing Unlimited is generated from clients located within a 100 kilometer radius of Fort McMurray, Alberta. Although the commercial printing business is a competitive business, the combination of being located in a fairly remote location, offering superior service and being part of the local community for 28 years with local relationships, all serve to lessen the degree of the competitive pressures which Printing Unlimited is subject to as might otherwise be the case if it were located in other larger centres. Mosaic's assessment is that Printing Unlimited is a market leader in the printing business in the Fort McMurray area.

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

Allied Cathodic L.P.

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

Allied Cathodic has been in operation since 2000 and, as at December 31, 2013, had 13 employees. The business is subject to seasonality with the busiest period for the business being approximately from the beginning of April to the end of November in each year, with the winter months of December through March generating substantially less revenue in comparison.

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

Sales in the business are generated through existing relationships as well as from new business developed principally through face to face sales calls. Allied Cathodic is strategically located in Estevan, Saskatchewan, which is centrally located amongst the major oil producing fields in the region. Although the cathodic protection business is a competitive business, the combination of being located in Estevan, offering superior service and being part of the local community for 13 years with local relationships, all serve to somewhat lessen the degree of the competitive pressures which Allied Cathodic is subject to in its market. Although there are a number of competitors to the services provided by Allied Cathodic, Mosaic's assessment is that Allied Cathodic is one of the market leaders in the cathodic protection business in the southeast Saskatchewan area.

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

Polar Geomatic L.P.

On May 15, 2008, the Fund indirectly acquired the business which is now carried on by Polar Geomatic. Mosaic indirectly owns a 90% interest in Polar Geomatic. Polar Geomatic has been in operation since 2003 and is headquartered in Red Deer, Alberta.

Polar Geomatic principally provides geographic information system related products and services (including a web-based Landowner Information Database) to create, manage and maintain stakeholder information associated with an asset or project. The products and services of Polar Geomatic are primarily used by pipeline companies to facilitate stakeholder notifications and ensure compliance with landowner consultation and emergency response planning requirements under applicable legislation.

As of December 31, 2013, Polar Geomatic had a staff of 23 people comprised of geomatics specialists, software programmers and administrative personnel for data entry and direct stakeholder contact. While certain positions within Polar Geomatic require specialized skill and knowledge (geomatics specialists), the assessment of Mosaic is that such skill and knowledge is generally available in the marketplace. However due to the current strength and competitiveness of the labour market, replacement of qualified personnel may not occur as timely as is optimal for the business which could have an impact on the performance of the business, the effect of which could be material.

Sales in the business are generated through existing relationships as well as from new business developed principally through face to face sales calls. To date, the principal market for Polar Geomatic has been focussed on Alberta based businesses; however, given the nature of the business and services, Polar Geomatic views extra-territorial sales as an opportunity to expand its business.

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

Remote Waste L.P.

Mosaic indirectly owns a 100% interest in Remote Waste. Mosaic originally acquired a 75% interest in Remote Waste in September 2008 and acquired the remaining 25% in December 2013. Remote Waste is based in Sexsmith, Alberta and is principally engaged in the manufacture and rental of modular wastewater treatment systems (the "**Remote Units**") used primarily at temporary work camps. The Remote Units are designed for treatment of sewage in remote areas and will treat wastewater for locations housing from 10 up to 100 people. The Remote Units are installed, maintained and removed from a customer's location by Remote Waste's field technicians. The majority of Remote Waste's business is related to supporting work camps used for oil and natural gas exploration.

As of December 31, 2013, Remote Waste had 29 employees. Remote Waste's business is somewhat subject to seasonality. The busiest period for the business is approximately from the beginning of October through to the end of March in each year.

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

Sales in the business are generated through existing relationships as well as from new business developed principally through face to face sales calls. Remote Waste is strategically located in Sexsmith, Alberta, which is in reasonable proximity to northern Alberta oil and gas exploration and development activities. Remote Waste also provides services to exploration camps in other jurisdictions, including northern British Columbia. Although there are a number of competitors to the services provided by Remote Waste, the assessment of Mosaic is that Remote Waste is one of the market leaders in its niche market.

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

Ambassador Mechanical Corp.

Effective January 1, 2012, Mosaic indirectly acquired a 75% interest in the business now carried on by Ambassador. Ambassador is based in Winnipeg, Manitoba and provides mechanical equipment provisioning and installation services in areas ranging from plumbing and gas fitting to heating, ventilation and air conditioning. Ambassador has been servicing customers in Manitoba and southwest Ontario since 1991 and, as of December 31, 2013, employs 145 tradespeople in its sheet metal, plumbing and hydronic piping divisions and 23 office personnel. Ambassador presently focuses almost exclusively on mechanical contracting work for larger commercial and industrial projects in the Manitoba and southwest Ontario markets; however, management is actively continuing to look for opportunities to expand its service offering and its geographical markets. The assessment of Mosaic is that Ambassador has the ability to continue to grow and expand.

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

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

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

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

Kendall's Supply Ltd.

Effective August 1, 2012, Mosaic indirectly acquired a 90% interest in Kendall's. Kendall's is based in Estevan and is a leading provider of parts and supplies to companies in the automotive, oil and gas, mining, power generation, construction and agriculture industries. Established in 1944, Kendall's is a third generation family business with an excellent reputation for customer service and maintaining a large inventory of supplies.

As of December 31, 2013, Kendall's had 15 employees, including sales staff, delivery personnel, purchasing and office staff. Sales in the business are primarily done face to face or over the phone with one outside travelling salesperson. Kendall's has a large customer base with the top 10 customers accounting for approximately 20% of total sales. Kendall's business has very little seasonality due to its broad customer base and the variety of industries which it serves.

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

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

Industrial Scaffold L.P.

Effective September 1, 2013, Mosaic completed its acquisition of a 67.5% interest in the business now carried on by Industrial Scaffold. Established in 2002, Industrial Scaffold is a preferred provider of worksite surface and access scaffolding solutions to numerous industrial and commercial customers, providing both scaffolding services and environmental containment services (which is the wrapping of structures such as buildings, industrial infrastructure, ships and submarines). Industrial Scaffold's commitment to safety, excellent customer service and the provision of highly qualified field supervisory personnel are key elements which keep it at the forefront of its industry.

As of December 31, 2013, Industrial Scaffold employed 140 trades people. Sales in the business are generated through existing relationships as well as from face to face sales calls, Industrial Scaffold is based in Crofton, BC with offices strategically located in Fort St. John, Kitimat and Victoria. Although there are a number of competitors to the services provided by Industrial Scaffold, the assessment of Mosaic is that Industrial Scaffold is one of the leaders in this niche market.

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

Scaffold is generally available in the marketplace. However, due to the current strength and competitiveness of the labour market, combined with Crofton, British Columbia being a smaller more remote centre, replacement of qualified personnel may not occur as timely as is optimal for the business. These labour force factors could have an impact on the performance of the business, the effect of which could be material.

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

First West®

Mosaic directly or indirectly owns 100% of the outstanding limited partnership units of both FWPLP and FWDLP.

First West identifies and acquires, directly or indirectly, real estate with the prospects for stable cash flow and short and medium term price appreciation potential. First West adds value to the properties it acquires through, among other things, leasing vacant space, re-leasing upon renewal at market rates, making capital improvements, and moving land through the land use planning process. First West's management looks for opportunities to acquire assets which provide income or to which management can conduct activity to provide fundamental value growth. First West primarily focuses on building a portfolio of real estate assets in secondary markets in western Canada (being centres other than Vancouver, Calgary and Edmonton).

The success of First West has largely been a consequence of the specialized skill, knowledge and discipline of First West's senior management in respect to sourcing, identifying and capitalizing on opportunities. Further, as the business of investing in real estate is a competitive one, it is this same management skill and discipline that is an important factor in being able to attract good tenants, negotiate attractive leasing terms, and ultimately secure attractive purchase and sale prices for First West's acquisitions and divestitures, all of which are important factors in the overall returns generated by the business. If First West were to lose its existing senior management (in particular, its President, Eric Wesling), it is expected that it would be difficult, time-consuming and costly to find a suitable replacement. As of December 31, 2013 First West had 2 employees.

First West typically acquires properties of the following nature: (i) commercial, industrial, retail, office and mixed use properties, and (ii) non income-producing assets (vacant land). As of March 31, 2014 FWPLP owned one income-producing property which is located in Fort McMurray, Alberta. The property is approximately 16,800 square feet of rentable space, all of which was leased to tenants as at December 31, 2012 on leases expiring between 2014 and 2019. Management is not anticipating any material adverse changes to the business of First West as a result of renegotiations, terminations or other changes in respect of its lease portfolio. Any changes are presently expected to be in the ordinary course of business.

On October 23, 2012 First West completed the purchase of vacant land in Saskatchewan and has undertaken certain early stage work in connection with land use planning and development in respect of such land.

On November 1, 2013, First West completed the acquisition of 2313 Hanselman Place, Saskatoon, Saskatchewan, a 35,822 sq. ft. suburban office situated on 1.29 acres.

Bankruptcy and Similar Procedures

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

Material Reorganization

Other than the Arrangement, Mosaic has not completed a material reorganization within the three most recently completed financial years or completed during, or proposed for, the current financial year.

Social or Environmental Policies

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

GENERAL DEVELOPMENT OF MOSAIC'S BUSINESS

The following describes how Mosaic's business has developed over the last three completed financial years. Apart from acquisitions and dispositions of businesses and assets in the normal course of its investment business, Mosaic does not anticipate any material changes to its business during the balance of 2014.

2013

On December 20, 2013, Mosaic announced that it had acquired the remaining 25% of Remote Waste LP for an acquisition cost of $2.2 million. The acquisition followed the settlement of litigation between Mosaic and the former owner of Remote Waste LP.

On November 1, 2013, Mosaic's subsidiary FWPLP completed the acquisition of 2313 Hanselman Place, Saskatoon, Saskatchewan, a 35,822 sq. ft. suburban office situated on 1.29 acres, for an acquisition price of $3.264 million.

On October 16, 2013, Mosaic announced that it had doubled the quarterly dividend on its common shares increasing the dividend from $0.03 per share to $0.06 per share (or $0.24 per share on an annualized basis).

On September 3, 2013, Mosaic announced that it completed the acquisition of a majority interest in the business being carried on by Industrial Scaffold Services Limited. The closing of the acquisition resulted in Mosaic becoming the owner of 67.5% of the business with members of management owning the remaining 32.5%. Mosaic's cost of acquisition was $15.86 million, subject to typical post-closing adjustments, and was funded through a combination of cash and vendor take back financing. As of the date of this AIF, $2.55 million remains owing by Mosaic under a 3-year note issued in connection with the vendor take back financing.

On August 30, 2013, Mosaic announced that it entered into an acquisition agreement to acquire a majority interest in the business being carried on by Industrial Scaffold Services Limited.

On February 1, 2013 Mosaic announced that its subsidiary FWPLP had completed the sale of two warehouses, one located at 1820, 31st Street North, Lethbridge, Alberta and the other located at 2930, 9th Avenue North, Lethbridge, Alberta. The two warehouses, comprising 187,200 square feet in total, were sold for aggregate consideration of $14.7 million. Approximately $5.77 million of the proceeds were used to pay down the outstanding balance on Mosaic's credit facility(ies) and the balance of the proceeds was added to Mosaic's working capital.

2012

On December 24, 2012, Mosaic announced that all of the conditions precedent had been satisfied in respect of an agreement for the sale of two warehouses owned by FWPLP, Mosaic's wholly owned subsidiary. The two warehouses comprise 187,200 square feet of rentable space and are both located in Lethbridge, Alberta. The aggregate consideration to be received by FWPLP for the sale of the two properties was to be $14.7 million (subject to typical closing adjustments) and represented a gain over the book value of the properties.

On October 30, 2012, Mosaic announced the closing of its previously announced fully marketed offering of Preferred Securities. Pursuant to the offering, Mosaic issued 2,374,750 Preferred Securities at a price of $10.55, including 309,750 Preferred Securities issued pursuant to the exercise of the over-allotment option granted in connection with the offering, for gross proceeds of approximately $25 million. The net proceeds of the offering will be used for future acquisition opportunities that may arise from time to time and for general corporate purposes. With completion of the offering, Mosaic's Preferred Securities increased to 7,441,572 issued and outstanding.

On October 23, 2012, Mosaic entered into the Agency Agreement under which Mosaic agreed to issue and sell, and the Agents agreed to offer on a best efforts basis, 2,065,000 Preferred Securities at a price of $10.55 per Preferred Security for total gross consideration of $21.785 million. Mosaic agreed to pay the Agents a commission of 5.0% of the gross proceeds from the sale of the Preferred Securities, being an aggregate of $1.089 million. The Agents were also entitled to reimbursement for certain expenses incurred in connection with the offering. Mosaic also granted to the Agents, for a period of 30 days following the closing of the offering, an over-allotment option to offer up to 309,750 additional Preferred Securities at a price of $10.55 per Preferred Security payable in immediately available funds against delivery of such additional Preferred Securities, to cover over-allotments and for market stabilization purposes, if any. The Agents were entitled to receive a commission of 5.0% of the gross proceeds raised pursuant to the exercise of such over-allotment option, if exercised. The terms of the offering were determined by negotiation among Mosaic and the Agents. Mosaic also agreed to indemnify the Agents and each of their directors, officers, employees and agents against certain liabilities including, without limitation, civil liabilities under Canadian provincial securities legislation and to contribute to any payments the Agents may be required to make in respect thereof.

On October 23, 2012, Mosaic completed the purchase of raw land in Saskatchewan for a purchase price of $2.5 million.

On September 24, 2012, Mosaic announced that its subsidiary FWDLP had, after advancing raw development land in Lethbridge, Alberta through the land use process, assigned to a third party FWDLP's right, title and interest in the agreement of purchase and sale relating to the land for an assignment fee of approximately $1.3 million.

On August 1, 2012, Mosaic completed an acquisition through its wholly-owned subsidiary, Mosaic Capital L.P., of a 90% interest in Kendall's pursuant to the Kendall's Acquisition Agreement. The purchase price for the acquisition was $9.9 million and was satisfied as follows: (i) $6,930,000 (less a $150,000 holdback to secure post-closing adjustments) was satisfied by a cash payment at closing, and (ii) $2,970,000 was satisfied by Mosaic Capital L.P. issuing to the vendors a three year promissory note bearing interest at the rate of 8% per annum, compounded annually, with equal monthly payments of principal and interest. As of the date of this AIF, $1.40 million remains owing by Mosaic under a 3-year note issued in connection with the vendor take back financing. As part of the transaction the obligations of Mosaic Capital L.P. under such note were secured by the pledge, in favour of the vendors, of approximately 30% of the common shares held by Mosaic Capital L.P. in the capital stock of Kendall's. Among other things, the Kendall's Acquisition Agreement also: (a) contains fairly typical covenants, representations and warranties for a share purchase transaction of this nature; and (b) provides for an indemnity by the vendors, in favour of Mosaic Capital L.P., in the event of a breach by a vendor of its covenants, representations or warranties. Mosaic Capital L.P. has also agreed to indemnify the vendors in the event of a breach by it of its covenants, representations or warranties under the Kendall's Acquisition Agreement.

On February 29, 2012, Mosaic, through its subsidiary FWP, completed the sale of 3.85 acres of raw industrial land located in Lethbridge, Alberta for a price of $527,000 resulting in a gain of $36,000.

On January 19, 2012, Mosaic announced that the Mosaic Board had adopted a policy regarding the payment of quarterly dividends on the Common Shares in such amount as the Mosaic Board may from time to time determine. Please refer to the section entitled "*Dividends and Distributions*", below, for details as to the dividends on Common Shares which have been declared and paid by Mosaic.

On January 9, 2012, Mosaic announced the completion of its acquisition of a 75% interest in the business now carried on by Ambassador (as previously carried on by Ambassador Mechanical Ltd. ("**AML**")). The cost of such acquisition was $14.625 million which was funded through a combination of cash and vendor take back financing. As of the date of this AIF, $850,000 remains owing by Mosaic under a 3-year note issued in connection with the vendor take back financing.

2011

On December 22, 2011 the Ambassador Acquisition Agreement was entered into in respect of the acquisition, by Ambassador, of the business then being carried on by AML. The purchase price of $19.5 million for the acquisition of the assets by Ambassador was satisfied as follows: (i) $11,025,000 (less a $750,000 holdback to secure post-closing adjustments) was satisfied by a cash payment at closing, (ii) $3,600,000 was satisfied by issuance to AML from Ambassador of a three year promissory note(s) (the "**Ambassador Note**") bearing interest at the rate of 5% per annum, compounded annually, with equal monthly payments of principal and interest, and (iii) $4,875,000 was satisfied by issuance to AML of a 25% common share interest in Ambassador. As part of the transaction the Ambassador Note became owing by Mosaic Capital L.P. to AML and the obligations of Mosaic Capital L.P. under such note were secured by the pledge, in favour of AML, of approximately 25% of the common shares held by Mosaic Capital L.P. in the capital stock of Ambassador. Among other things, the Ambassador Acquisition Agreement also: (a) contains fairly typical covenants, representations and warranties for an asset purchase transaction of this nature; and (b) provides for an indemnity by the vendors, in favour of Ambassador, in the event of a breach by a vendor of its covenants, representations or warranties. Ambassador has also agreed to indemnify the vendors in the event of a breach by Ambassador of its covenants, representations or warranties under the Ambassador Acquisition Agreement.

On November 9, 2011, Mosaic completed the sale of its Eastview shopping centre located at 3010/3020 Arlington Avenue, Saskatoon, Saskatchewan for aggregate consideration of $4,875,000. FWP purchased the Arlington Avenue property in August 2008 for $3,090,000. The proceeds were used to pay out the mortgage on the property of $1,895,000 and $2,980,000 was added to Mosaic's working capital.

On June 22, 2011, Mosaic completed the sale of its Wentz Avenue commercial property located in Saskatoon, Saskatchewan, for $4,932,500. FWP purchased the Wentz Avenue property in December 2007 for $2,630,000. A portion of the proceeds were used to pay the mortgage on the property of $1,542,000.

On May 27, 2011, Mosaic announced a $0.0833 monthly cash distribution in respect of its Preferred Securities to be paid on June 15, 2011 to holders of record as of May 31, 2011. Monthly distributions in the amount of $0.0833 per Preferred Security have continued to be paid. Please refer to the section entitled "*Dividends and Distributions*", below, for details as to the distributions on the Preferred Securities which have been declared and paid by Mosaic.

On May 19, 2011, Mosaic announced that it would commence a normal course issuer bid for its Common Shares on May 26, 2011 and that it would also commence market purchases of Preferred Securities pursuant to the Preferred Securities Indenture. Pursuant to its normal course issuer bid, Mosaic may acquire, over a 12 month period ending May 26, 2012, a maximum of 406,684 Common Shares (which represents approximately 5% of the issued and outstanding Common Shares as at May 19, 2011). With regard to market purchases of Preferred Securities, there is no limit on the amount or number of Preferred Securities to be purchased or a set date upon which purchases of Preferred Securities must cease.

On May 9, 2011, the Common Shares and Preferred Securities commenced trading on the TSX-V.

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

The Arrangement resulted in the exchange of all the issued and outstanding securities of the Fund and FWP for securities of Mosaic. More specifically:

- each common trust unit of the Fund was exchanged for 1,631.7 common shares of Mosaic;
- each preferred trust unit of the Fund was exchanged for one Preferred Security and 0.143 of a Common Share;
- each common share of FWP was exchanged for 0.154 of a Common Share and 0.077 of a Preferred Security;
- the Mosaic DRIP became effective and all existing participants in the distribution reinvestment plan of the Fund who exchanged preferred trust units of the Fund for Preferred Securities became participants in the Mosaic DRIP with regard to such securities;
- all of the common share options of FWP were terminated and cancelled and Unit Options were issued to former holders of options on the basis that, for each common share entitled to be purchased under the FWP options cancelled, the holders received one Unit Option; each Unit Option entitling the holder to purchase 0.154 of a Common Share and 0.077 of a Mosaic Series A Share; and
- Mosaic's share-based compensation plan was implemented.

Following the completion of the Arrangement, the former securityholders of the Fund and FWP became the securityholders of Mosaic.

Mosaic was incorporated under the ABCA on February 11, 2011 for the purpose of participating in the Arrangement. In March 2011, the Fund and FWP announced their intention to ask their securityholders to approve the combination of the Fund and FWP into a new publically traded company, Mosaic, pursuant to the Arrangement. The combination of the Fund and FWP was proposed in order to provide liquidity for securityholders of the Fund and FWP as well as increase the ability to access capital for future transactions.

On February 14, 2011, FWP completed the sale of its industrial warehouse property located at 807/809 50th Street East Saskatoon, Saskatchewan for aggregate consideration of $2,650,000. The property was acquired for $2,000,000 in August 2007.

RISK FACTORS

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

Risk Factors Related to Mosaic Generally

Economic and Political Conditions

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

Competition

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

Acquisition Risk

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

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

Unknown Liabilities

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

Cash Flow from Subsidiaries

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

Failure to Realize Benefits of Acquisitions

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

Dependence on Key Personnel

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

Lack of Diversification

Currently Mosaic holds investments in eight businesses: seven within its industrial business segment and one within its real estate business segment. The businesses and assets are currently concentrated in western Canada - Manitoba, Saskatchewan, Alberta and British Columbia. Three of the businesses are directly oilfield service related. There is no assurance that these current businesses will continue to generate sufficient earnings to pay distributions and dividends to securityholders of Mosaic. Mosaic does not have any specific limits on holdings in businesses in any one industry and Mosaic has not adopted any fixed guidelines for diversification. As a result, Mosaic's portfolio may be subject to more rapid changes in value than would be the case if Mosaic was more broadly diversified by industry and geography.

Regulation and Change in Law

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

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

Liquidity

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

Availability of Financing

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

Legal Proceedings

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

Potential Conflicts of Interest

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

Debt Securities

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

Tax Consequences

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

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

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

Risks Related to Ownership of Mosaic Securities

Ownership of Common Shares

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

No Guarantee of Interest Payments on Preferred Securities

Each Preferred Security bears simple interest at a rate of 10% per annum upon the $10 principal amount thereof which, therefore, gives rise to an entitlement to a monthly distribution in the amount of $0.0833 ($1.00 per annum) which is payable monthly in arrears. Although interest payable on the Preferred Securities will be cumulative and non-compounding, Mosaic may indefinitely defer payment of all or part of any accrued interest otherwise due on an interest payment date in accordance with the terms of the Preferred Securities Indenture. There can be no assurance regarding the amount of income and cash flow generated by Mosaic and its subsidiaries. The ability of Mosaic to pay interest on the Preferred Securities and the actual amount paid are entirely dependent on the operations and assets of Mosaic and its subsidiaries, and are subject to various factors including financial performance, payment obligations under existing agreements, the sustainability of income and cash flow derived from operations and capital expenditure requirements. Mosaic may be required to use part of its debt capacity, or reduce or defer interest payments, in order to address such factors. The market value of the Preferred Securities will significantly deteriorate if Mosaic is unable to make the interest payments on the Preferred Securities.

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

Subordination of Preferred Securities

The obligations under the Preferred Securities constitute unsecured and subordinated obligations of Mosaic. The terms of the Preferred Securities and Preferred Securities Indenture do not restrict the incurring of additional indebtedness by Mosaic, or its subsidiaries or affiliates, whether secured or unsecured and whether ranking senior, *pari passu* or junior to the Preferred Securities. In the event of a bankruptcy, liquidation or reorganization of Mosaic or any of its subsidiaries, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of Mosaic and its subsidiaries before any assets are made available for distribution to Mosaic or its holders of Preferred Securities. The Preferred Securities are and will be subordinated to the debt and other obligations of Mosaic and its subsidiaries. As a result, holders of Preferred Securities may not receive any payment on their Preferred Securities in the event of insolvency or winding-up of Mosaic.

Non-Redeemable Preferred Securities

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

Preferred Securities – No Rights as a Shareholder

The Preferred Securities Indenture does not confer any rights as a shareholder of Mosaic upon the holders of Preferred Securities or entitle the holders of Preferred Securities to any voting privileges or to receive notice of or attend at any meeting of the Mosaic shareholders. Holders of Preferred Securities will not have the statutory rights normally associated with ownership of shares of a corporation, including for example the right to bring "oppression" or "derivative" actions.

Return Not Certain

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

No Assurance of Active or Liquid Market

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

Public Markets and Share Prices

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

Additional Issuances and Dilution

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

Risks Related to the Mosaic Subsidiaries

Investment Risk

Mosaic routinely evaluates and considers a wide array of potential transactions, including joint ventures, business combinations, acquisitions and dispositions of businesses, service or product offerings or acquisitions and other asset transactions. At any given time Mosaic may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to Mosaic's financial condition, results of operations or cash flow. The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. The areas where Mosaic from time to time faces cost, risk and/or difficulty, which may be material in scope and degree, include:

(a) diversion of an excessive amount of Mosaic management time to manage issues in any one or more operating subsidiaries;

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

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

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

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

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

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

Fluctuations in Operating Performance

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

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

(b) the collection of receivables;

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

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

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

Illiquidity of Investments

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

Speculative Nature of Investment

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

Customer Base

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

Dependence on Key Personnel

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

Adverse Weather Conditions

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

Seasonality and Fluctuations in Results

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

Uninsured and Underinsured Losses and Insurance Costs

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

Competition from Competitors Supplying Similar Products and Services

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

Contractual Risks

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

Customer Relationships

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

Brand Reputation

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

Labour Supply

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

Risks Related Specifically to Mosaic's Real Estate Segment

Real Estate Industry

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

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

Development and Construction

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

Capital and Operating Cost Estimates

Capital and operating cost estimates made in respect of commercial real estate development and construction may not prove accurate. Capital and operating costs are estimated based on the interpretation of economic data, environmental studies, anticipated climatic conditions and other factors. Any of the following, among the other events and uncertainties described herein, could affect the ultimate accuracy of such estimates; the accuracy of major equipment and construction cost estimates; failure to meet scheduled construction completion dates due to any of the foregoing events and uncertainties; expenditures in connection with a failure to meet such scheduled dates; unsatisfactory construction quality; capital overrun; unanticipated costs related to commencing operations, ramping up and/or sustaining production; or changes in government regulation.

Economic Conditions

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

Credit Risk Relating to Ownership of Income-Producing Properties

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

Lease Renewal Risk

Lease renewal risk arises from the possibility that Mosaic may experience difficulty renewing leases as they expire or in leasing space vacated by tenants upon early lease termination.

Fixed Costs

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

Illiquidity

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

Demand Risk

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

Tenant Default

In the event of default by a tenant, Mosaic may experience delays in enforcing its rights as lessor and may incur significant costs in protecting its investment. In addition, a tenant may seek the protection of bankruptcy, insolvency or similar laws. In the context of such proceedings a court may authorize a tenant to reject and terminate its lease with Mosaic. In such a case, Mosaic's claim against the tenant for unpaid, future rent would be subject to a statutory limit that might be substantially less than the remaining rent owed under the lease. The loss of rental payments from tenants and costs of re-leasing could adversely affect Mosaic's cash flows and operating results.

Environmental Liabilities

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

DIVIDENDS AND DISTRIBUTIONS

Dividend Policy

Common Shares

In January 2012 the Mosaic Board adopted a dividend policy of paying a regular quarterly dividend on the Common Shares. The amount and payment of future dividends, whether quarterly or otherwise, is subject to the discretion of the Mosaic Board and will be dependent upon Mosaic's results of operations, current and anticipated cash requirements, the satisfaction of solvency tests imposed by the ABCA and other relevant factors.

Series A Preferred Shares

Each Series A Share of Mosaic entitles the holder thereof to a dividend in an amount equal to the interest payment as and when made on a Preferred Security. Currently a monthly dividend equal to $0.0833 is being paid in respect of each Series A Share. For additional details on the terms of the Series A Shares, please refer to the section entitled "*Capital Structure – Series Shares*" below.

Distribution Policy

Preferred Securities

The Preferred Securities bear simple interest at a rate of $1.00 per annum which is currently paid monthly ($0.0833 per Preferred Security) in arrears. Subject to the terms of the Preferred Securities Indenture, interest on the Preferred Securities is generally paid on the 15th day of the month following an Interest Period. The current Interest Period is one month and the monthly interest payment is $0.0833 per Preferred Security. For additional details on the terms of the Preferred Securities, please refer to the section entitled "*Capital Structure – Preferred Securities*" below.

Dividends and Distributions Paid

For each of the completed fiscal years of Mosaic since its formation on February 11, 2011, the following tables set forth the dividends and distributions (as the case may be) which have been declared and paid by Mosaic in respect of its Common Shares, Series A Shares and Preferred Securities.

Dividends - Common Shares

The following table shows the dividends declared by Mosaic on its Common Shares from February 11, 2011 (Mosaic's date of formation) up to December 31, 2013.

Payment Date	Record Date	Amount per Common Share	Number of Common Shares Outstanding	Aggregate Amount
February 15, 2012	January 31, 2012	$0.02	8,137,848	$162,757
May 15, 2012	April 30, 2012	$0.03	8,137,848	$244,135
August 15, 2012	July 29, 2012	$0.03	8,137,848	$244,135
November 15, 2012	October 31, 2012	$0.03	8,137,848	$244,135
February 15, 2013	January 31, 2013	$0.03	8,137,848	$244,135
May 15, 2013	April 30, 2013	$0.03	8,137,848	$244,135
August 15, 2013	July 31, 2013	$0.03	8,170,575	$245,117
November 15, 2013	October 31, 2013	$0.06	8,170,575	$490,234
December 16, 2013	November 29, 2013	$0.02(1)	8,170,575	$163,412

Notes:

(1) The board of directors declared a normalization dividend of $0.02 per common share for the month of November as a result of Mosaic changing the common share dividend declaration and payment dates.

Dividends - Series A Shares

The following table shows the dividends declared by Mosaic on its Series A Share from February 11, 2011 (Mosaic's date of formation) up to December 31, 2013.

Payment Date	Record Date	Amount per Series A Share	Number of Series A Shares Outstanding	Aggregate Amount
July 15, 2011	June 30, 2011	$0.0833	20,790	$1,732
August 15, 2011	July 29, 2011	$0.0833	20,790	$1,732
September 15, 2011	August 31, 2011	$0.0833	20,790	$1,732
October 17, 2011	September 30, 2011	$0.0833	20,790	$1,732
November 15, 2011	October 31, 2011	$0.0833	20,790	$1,732
December 15, 2011	November 30, 2011	$0.0833	20,790	$1,732
January 16, 2012	December 30, 2011	$0.0833	20,790	$1,732
February 15, 2012	January 31, 2012	$0.0833	20,790	$1,732
March 15, 2012	February 29, 2012	$0.0833	20,790	$1,732
April 16, 2012	March 30, 2012	$0.0833	20,790	$1,732
May 15, 2012	April 30, 2012	$0.0833	20,790	$1,732
June 15, 2012	May 31, 2012	$0.0833	20,790	$1,732
July 15, 2012	June 30, 2012	$0.0833	20,790	$1,732
August 15, 2012	July 29, 2012	$0.0833	20,790	$1,732
September 15, 2012	August 31, 2012	$0.0833	20,790	$1,732
October 17, 2012	September 30, 2012	$0.0833	20,790	$1,732
November 15, 2012	October 31, 2012	$0.0833	20,790	$1,732
December 15, 2012	November 30, 2012	$0.0833	20,790	$1,732
January 15, 2013	December 30, 2012	$0.0833	20,790	$1,732
February 15, 2013	January 31, 2013	$0.0833	20,790	$1,732
March 15, 2013	February 28, 2013	$0.0833	20,790	$1,732
April 15, 2013	March 29, 2013	$0.0833	20,790	$1,732
May 15, 2013	April 30, 2013	$0.0833	20,790	$1,732
June 17, 2013	May 31, 2013	$0.0833	20,790	$1,732
July 15, 2013	June 28, 2013	$0.0833	41,580	$3,465
August 15, 2013	July 31, 2013	$0.0833	41,580	$3,465
September 16, 2013	August 30, 2013	$0.0833	41,580	$3,465
October 15, 2013	September 30, 2013	$0.0833	41,580	$3,465
November 15, 2013	October 31, 2013	$0.0833	41,580	$3,465
December 16, 2013	November 29, 2013	$0.0833	41,580	$3,465
January 15, 2014	December 31, 2013	$0.0833	41,580	$3,465

Distributions - Preferred Securities

The following table shows the interest paid by Mosaic on its Preferred Securities from February 11, 2011 (Mosaic's date of formation) up to December 31, 2013.

Period	Payment Date	Record Date	Amount per Preferred Security	Number of Preferred Securities Outstanding	Aggregate Amount
May 2011	June 15, 2011	May 31, 2011	$0.0833	5,088,722	$423,891
June 2011	July 15, 2011	June 30, 2011	$0.0833	5,088,522	$423,874
July 2011	August 15, 2011	July 29, 2011	$0.0833	5,088,522	$423,874
August 2011	September 15, 2011	August 31, 2011	$0.0833	5,066,822	$422,066
September 2011	October 17, 2011	September 30, 2011	$0.0833	5,066,822	$422,066
October 2011	November 15, 2011	October 31, 2011	$0.0833	5,066,822	$422,066
November 2011	December 15, 2011	November 30, 2011	$0.0833	5,066,822	$422,066
December 2011	January 16, 2012	December 30, 2011	$0.0833	5,066,822	$422,066
January 2012	February 15, 2012	January 31, 2012	$0.0833	5,066,822	$422,066
February 2012	March 15, 2012	February 29, 2012	$0.0833	5,066,822	$422,066
March 2012	April 16, 2012	March 30, 2012	$0.0833	5,066,822	$422,066
April 2012	May 15, 2012	April 30, 2012	$0.0833	5,066,822	$422,066
May 2012	June 15, 2012	May 31, 2012	$0.0833	5,066,822	$422,066
June 2012	July 15, 2012	June 30, 2012	$0.0833	5,066,822	$422,066
July 2012	August 15, 2012	July 29, 2012	$0.0833	5,066,822	$422,066
August 2012	September 15, 2012	August 31, 2012	$0.0833	5,066,822	$422,066
September 2012	October 17, 2012	September 30, 2012	$0.0833	5,066,822	$422,066
October 2012	November 15, 2012	October 31, 2012	$0.0833	7,441,572	$619,883
November 2012	December 15, 2012	November 30, 2012	$0.0833	7,441,572	$619,883
December 2012	January 15, 2013	December 30, 2012	$0.0833	7,441,572	$619,883
January 2013	February 15, 2013	January 31, 2013	$0.0833	7,441,572	$619,883
February 2013	March 15, 2013	February 28, 2013	$0.0833	7,441,572	$619,883
March 2013	April 15, 2013	March 29, 2013	$0.0833	7,441,572	$619,883
April 2013	May 15, 2013	April 30, 2013	$0.0833	7,441,572	$619,883
May 2013	June 17, 2013	May 31, 2013	$0.0833	7,441,572	$619,883
June 2013	July 15, 2013	June 28, 2013	$0.0833	7,441,572	$619,883
July 2013	August 15, 2013	July 31, 2013	$0.0833	7,441,572	$619,883
August 2013	September 16, 2013	August 30, 2013	$0.0833	7,441,572	$619,883
September 2013	October 15, 2013	September 30, 2013	$0.0833	7,441,572	$619,883
October 2013	November 15, 2013	October 31, 2013	$0.0833	7,441,572	$619,883
November 2013	December 16, 2013	November 29, 2013	$0.0833	7,441,572	$619,883
December 2013	January 15, 2014	December 31, 2013	$0.0833	7,441,572	$619,883

Dividends and Distributions - 2014 - Common Shares, Series A Shares and Preferred Securities

As of April 21, 2014, Mosaic has made monthly interest payments of $0.0833 per Preferred Security and declared and paid a dividend of $0.0833 per Series A Share for each of the months of January, February, and March, 2014 for total distributions of approximately $1,859,649 on the Preferred Securities and $10,395 on the Series A Shares. Mosaic has also declared and paid a dividend of $0.06 per Common Share to common shareholders of record on February 28, 2014 for an aggregate dividend of $490,234.

Distribution Reinvestment Plan

Under the Mosaic DRIP, holders of Preferred Securities who are residents of Canada and are participating in the plan have interest payments relating to their Preferred Securities reinvested into Preferred Securities. The Mosaic DRIP allows Mosaic to elect to have the Preferred Securities which are required in order to satisfy the obligations under the Mosaic DRIP purchased on the open market or issued from treasury with or without a discount of up to 3%. Holders of Preferred Securities may elect to participate or cease to participate in the Mosaic DRIP by contacting the plan agent.

The Fund

With regard to distribution payments made by the Fund for each of the three most recently completed financial years (but only up until such time as it became a wholly-owned subsidiary of Mosaic pursuant to the Arrangement effective May 1, 2011): (i) distributions were declared and paid in the amount of $3,550,000 to holders of preferred trust units of the Fund and in the amount of $990,000 to holders of common trust units of the Fund, in each case in respect of the fiscal year ended December 31, 2010; and (ii) distributions were declared and paid in the amount of $1,181,551 to holders of preferred trust units of the Fund and nil to holders of common trust units of the Fund in respect of the period from January 1, 2011 to April 30, 2011.

FWP

With regard to dividends paid by FWP for each of the three most recently completed financial years (but only up until such time as it became a wholly-owned subsidiary of Mosaic pursuant to the Arrangement effective May 1, 2011): (i) dividend payments in the aggregate of $633,000 were paid to common shareholders of FWP in the fiscal year ended June 30, 2010; and (iii) dividend payments in the aggregate of $511,695 were paid to common shareholders of FWP for the period from July 1, 2010 to April 30, 2011.

CAPITAL STRUCTURE

General

The authorized capital of Mosaic consists of an unlimited number of Common Shares and an unlimited number of Series Shares. Under the Preferred Securities Indenture, Mosaic also has the ability to issue an unlimited number of Preferred Securities. As of March 31, 2014, Mosaic had: (i) 8,170,575 Common Shares issued and outstanding, (ii) 41,580 Series A Shares issued and outstanding, (iii) 7,441,572 Preferred Securities issued and outstanding, (iv) Common Share Options issued and outstanding entitling the holders thereof to purchase an aggregate of 221,760 Common Shares at a weighted average exercise price of $3.52 per share (the majority of such options expire in 2017), and (v) Series A Share Options issued and outstanding entitling the holders thereof to purchase an aggregate of 69,300 Series A Shares at a weighted average exercise price of $7.16 per share (the majority of such options expire in 2017).

Common Shares

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

Series Shares

The Series Shares are issuable in series. The Series Shares of each series rank on a parity with the Series Shares of every other series with respect to dividends and return of capital and are entitled to a preference over the Common Shares and any other shares ranking junior to the Series Shares with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Mosaic.

The Mosaic Board is empowered to fix the number of shares and the rights to be attached to the Series Shares of each series, including the amount of dividends and any conversion, voting and redemption rights. Subject to the articles of incorporation or Mosaic and to applicable law, the Series Shares as a class are not entitled to receive notice of or attend or vote at meetings of Mosaic shareholders.

The Series A Shares are the first series of Mosaic's Series Shares which have been created. The Series A Shares were created for the sole purpose of facilitating the transfer of common share options of FWP to options of Mosaic in connection with the

Arrangement. Each Mosaic option received in exchange for a FWP common share option entitles the holder thereof to purchase 0.154 of a Common Share and 0.077 of a Series A Share. A Series A Share is, generally speaking, the economic equivalent of a Preferred Security. These Mosaic options were intended to provide the holders of the FWP common share options with equivalent value in Mosaic securities, as of the date of exchange, as they would have received had they instead held the underlying FWP common shares at the date of completion of the Arrangement.

The Series A Shares are non-voting and each such share entitles the holder thereof to a dividend equal to the interest payment made on a Preferred Security. Each Series A Share is exchangeable by the holder thereof for one Preferred Security. In the event that Mosaic chooses to redeem any Preferred Securities in accordance with the terms of the Preferred Securities Indenture, then Mosaic shall be obligated to also redeem that proportion of the Series A Shares as is equal, on a percentage basis, to the proportion of the outstanding Preferred Securities being redeemed. Each Series A Share shall be redeemed at a price equal to the redemption price being paid for each Preferred Security being redeemed. In the event of the liquidation, dissolution or winding-up of Mosaic, the holders of the Series A Shares (subject to the rights of any shareholders of Mosaic ranking senior to the Series A Shares in the event of a liquidation, dissolution or winding-up) shall receive, before any distribution of any part of the assets of Mosaic among the holders of the Preferred Securities or the Common Shares, one Preferred Security together with an entitlement to the receipt of a payment equal to any accrued and unpaid Series A Share dividends for each Series A Share held. Upon payment of such entitlements, the holders of Series A Shares shall not be entitled to share in any further distribution of the property or assets of Mosaic in their capacity as a holder of Series A Shares.

Preferred Securities

The Preferred Securities are created and issued under the Preferred Securities Indenture. The Preferred Securities are issuable in denominations of $10 and integral multiples thereof, as well as in fractional interests.

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

Voting Rights

The Preferred Securities do not carry any voting rights.

Maturity

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

Security and Rank of Preferred Securities

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

Right of Redemption by Mosaic

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

Interest Rate

Each Preferred Security bears simple interest at a rate of 10% per annum from the date of issuance upon the $10 principal amount thereof which, therefore, gives rise to an entitlement to a monthly distribution in the amount of $0.0833 ($1.00 per annum) which is payable monthly in arrears on or about the 15th day of the succeeding month. Interest payable on the Preferred Securities is cumulative and non-compounding. Each period from and including the first day of a month to and including the last day of the month is herein referred to as an "**Interest Period**". The current Interest Period is one month. Subject to the terms of the Preferred Securities Indenture, Mosaic may change the Interest Period in its discretion provided that it shall be no greater than six months in duration.

Record and Payment Date for Interest Payments

Subject to the right of Mosaic to defer interest payments, accrued and unpaid interest on the Preferred Securities for each Interest Period is payable, on the interest payment date immediately following that Interest Period, to holders of Preferred Securities of record as of the last Business Day (for the purposes of this section, "**Business Day**" shall have the meaning set forth in the Preferred Securities Indenture) of the Interest Period. The interest payment date in respect of each Interest Period shall be the 15th day of the month immediately following such Interest Period, unless such day is not a Business Day in which event the interest payment date shall be the immediately next following Business Day unless earlier paid by Mosaic.

Deferral of Interest

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

Payment of Deferred Interest - Voluntary

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

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

Mandatory Payment of Deferred Interest

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

(a) no later than the Business Day immediately prior to the date on which Mosaic declares the payment of any dividend, interest or other distribution in any form or amount, or makes a payment of any nature, in respect of any securities of Mosaic or other obligations of Mosaic which rank junior to the Preferred Securities (including the Common Shares);

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

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

In the event that either of the following events occurs:

(a) Mosaic declares the payment of any dividend, interest or other distribution in any form or amount, or makes a payment of any nature, in respect of any securities or other obligations of Mosaic which rank *pari passu* with the Preferred Securities; or

(b) Mosaic redeems, purchases or otherwise acquires any of its own securities or other obligations which rank *pari passu* with the Preferred Securities;

then mandatory partial payment of the outstanding and unpaid deferred interest on the Preferred Securities shall be made forthwith in such amount as is calculated in accordance with the terms of the Preferred Securities pertaining to calculation of such mandatory partial payment amounts.

Default on Interest Payment

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

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

Other Covenants

Among other things, Mosaic covenants in the Preferred Securities Indenture substantially to the effect that:

(a) Mosaic will furnish or cause to be furnished to the Preferred Securities Trustee, or its duly authorized agent or attorney, such information relating to the business of Mosaic as the Preferred Securities Trustee may reasonably require for the performance of its duties thereunder;

(b) Mosaic will pay the Preferred Securities Trustee's reasonable remuneration for services thereunder, and such remuneration will continue to be payable until the trusts thereof are finally wound up and whether or not the trusts of the Preferred Securities Indenture will be in the course of administration by or under the direction of the court; and

(c) Mosaic will observe and comply with all governing laws relating to its business and operations.

Further Issuances

Additional Preferred Securities having the same terms and conditions as those presently issued under the Preferred Securities Indenture may be issued under the Preferred Securities Indenture from time to time in such aggregate principal amount as Mosaic determines in its discretion. The terms of the Preferred Securities and Preferred Securities Indenture do not restrict the issuance by Mosaic of any securities of any kind or nature whatsoever.

Additional Indebtedness

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

Amendment to Indenture

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

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Common Shares are listed and posted for trading on the TSX-V under the symbol "M". The Common Shares were listed and posted for trading on the TSX-V on May 9, 2011. The following table sets forth certain trading information for the Common Shares on the TSX-V for the most recently completed financial year:

Month (2013)	High	Low	Close	Volume
January	$6.40	$5.82	$6.35	230,983
February	$8.15	$6.31	$7.75	250,142
March	$9.79	$7.16	$8.2	258,921
April	$8.60	$7.68	$7.98	79,407
May	$8.35	$6.70	$7.60	132,065
June	$8.00	$7.25	$7.80	118,864
July	$8.94	$8.15	$8.80	93,019
August	$9.65	$8.80	$9.60	109,787
September	$11.95	$9.26	$11.00	195,433
October	$14.25	$10.95	$13.23	141,108
November	$14.26	$12.05	$12.25	109,577
December	$12.84	$11.25	$11.75	149,524

Preferred Securities

The Preferred Securities are listed and posted for trading on the TSX-V under the symbol "M.PR.A". The Preferred Securities were listed and posted for trading on the TSX-V on May 9, 2011. The following table sets forth certain trading information for the Preferred Securities on the TSX-V for the most recently completed financial year:

Month (2013)	High	Low	Close	Volume
January	$12.26	$11.20	$11.79	157,961
February	$12.24	$11.60	$11.95	116,349
March	$12.24	$11.90	$11.90	142,877
April	$12.10	$11.70	$11.85	93,072
May	$12.09	$11.72	$12.00	65,592
June	$12.35	$11.71	$11.71	155,580
July	$12.01	$11.70	$11.76	50,092
August	$11.85	$11.05	$11.44	91,912
September	$11.68	$10.83	$11.31	120,073
October	$11.81	$11.16	$11.55	81,759
November	$11.80	$11.00	$11.31	65,327
December	$11.49	$10.55	$11.10	65,705

Prior Sales

During the most recently completed financial year Mosaic, on January 10, 2013, conditionally issued, as part of its variable compensation incentive program for the 2013 year (the "**Plan**"), 265,528 restricted securities units ("RSUs") to its executive officers and certain consultants and employees. The terms of the Plan provide that the RSUs issued are subject to cancellation in whole or in part to the extent that specified performance criteria are not met. The RSUs held by a grantee will vest yearly in three equal tranches starting on the date on which the board makes its determination as to the degree of success in attaining the performance criteria, which determination (to be determined in 2014) will determine the corresponding number of RSUs to remain available for vesting and those to be cancelled (if any) for each grantee. Under the Plan each grantee is put to an election to choose between RSUs for Mosaic common shares, Mosaic preferred securities or a combination thereof. Mosaic has reserved a maximum of 265,528 common shares (each at a price of $6.02) and 140,094 preferred securities (each at a price of $11.41) to be issued upon settlement of the RSUs and receipt of the underlying securities by the grantees.

During the most recently completed financial year Mosaic, on June 19, 2013, issued 20,790 Series A Shares at a price of $6.49 per share pursuant to the exercise of certain Series A Share Options.

DIRECTORS AND OFFICERS

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

Name, Province or State, and Country of Residence	Position(s) of Office	Principal Occupation[1]	Director Since
John Mackay Calgary, Alberta, Canada	Director, Executive Chairman and Chief Executive Officer	Executive Chairman and Chief Executive Officer of Mosaic	February 11, 2011
Harold Kunik Calgary, Alberta, Canada	Director, President and Chief Financial Officer	President and Chief Financial Officer of Mosaic	February 11, 2011
William H. Smith Calgary, Alberta, Canada[2]	Director and Vice Chairman	Principal of William H. Smith Professional Corporation, a law firm	February 11, 2011
Michael F. Hill Calgary, Alberta, Canada[2]	Director and Chief Operating Officer	Chief Operating Officer of Mosaic	February 11, 2011
Roger Giovanetto Calgary, Alberta, Canada	Director	President of R & H Engineering (1986) Ltd., an engineering services company	June 27, 2012
Gary Bentham Calgary, Alberta, Canada[2]	Director	President of BTM Advisory Group, an advisory firm.	June 11, 2013
Barclay Laughland Calgary, Alberta, Canada	Vice President, Corporate Affairs and Corporate Secretary	Vice-President, Corporate Affairs of Mosaic	N/A

Notes:

(1) Please see information under the heading "*Background of Directors and Executive Officers*", below, for the principal occupations, businesses or employments of each director and executive officer within the five preceding years.

(2) Member of the Audit Committee

(3) As of March 31, 2014, based solely on reports filed on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca, the directors and executive officers of Mosaic, as a group, collectively beneficially owned, or exercised control or direction over, directly or indirectly, 4,058,184 Common Shares representing approximately 51% of the issued and outstanding Common Shares.

The directors of Mosaic will hold office until the next following annual general meeting of shareholders or until their respective successors have been duly elected or appointed.

Backgrounds of Directors and Executive Officers

John Mackay
Director, Executive Chairman and Chief Executive Officer

John (age 48) has over 25 years experience in public markets transactions and as a private equity fund manager. He is Executive Chairman, Chief Executive Officer and a director of Mosaic, and has been a trustee of Mosaic Diversified Income Fund since October, 2005, Chairman of FWP or its successors since August 2006, and a partner of Agcapita Partners L.P., an agricultural investment firm since December 2007. John began his career as a lawyer and was a partner in the Corporate Finance and Mergers and Acquisition practice group at McCarthy Tétrault LLP until June 30, 2004. John has advised public and private companies, venture capitalists, private equity funds and underwriters with respect to the structuring and securities law implications of domestic and international private placements, public offerings, corporate reorganizations, mergers and acquisitions. John was Chair of the Securities Law Subsection of the Canadian Bar Association and past member of the Securities Advisory Committee to the Alberta Securities Commission. John received a Bachelor of Laws (Honours) from the University of Durham in the United Kingdom in 1993 and has practiced law in Alberta since 1994.

Harold M. Kunik
Director, President and Chief Financial Officer

Harold (age 53) has over 20 years experience as a private equity and venture capital fund manager and in corporate turn-arounds and restructurings. He is President, Chief Financial Officer and a director of Mosaic and has been a trustee of Mosaic Diversified Income Fund since October, 2005. Harold has served as a director of FWP, or its successors, since August 2006. Since December 2007 Harold has been a partner of Agcapita Partners L.P., an agricultural investment fund. Harold began his career with KPMG Peat Marwick and practiced in both its domestic and international offices. During his nine year tenure he was involved in corporate restructurings and acted as a corporate consultant and business planner to clients in a broad range of industries and with revenues ranging in size from $1 million to $750 million. In 1994, Harold joined Western New Ventures Capital Corporation, a private equity firm located in Edmonton, Alberta. He became a partner with New Ventures and played a key role as Chief Financial Officer and as a director of several of the investee companies. In 2001, Harold joined Avenir Capital Corporation, a Calgary based private equity fund as Managing Director, Investments and later managed the Avenir Growth Fund. Harold possesses two professional accounting designations, having obtained his Certified Management Accountant designation in Alberta in 1986 and his Chartered Accountant designation in New Zealand in 1992.

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

Bill (age 61) is Vice Chairman and a director of Mosaic. He is the principal of William H. Smith Professional Corporation (a law firm). Until June 2010, Bill practised in the Corporate and Securities group of a major Canadian law firm for more than 20 years as advisor to public and private companies, individuals and corporate boards involved in a wide variety of businesses, including technology, manufacturing, finance, resources and services. He is a director and corporate secretary of several public and private companies. Bill was formerly Executive Vice President and General Counsel of Velo Energy Inc. (a TSXV listed oil and gas company) from August 2009 to January 2010 and Executive Vice President and General Counsel of Oilexco Incorporated (Toronto Stock Exchange and London Stock Exchange listed oil and gas exploration and production company) from October 2007 to July 2009. Bill received a Bachelor of Arts (1973) and a Bachelor of Laws (1976), both from the University of Alberta. He has served as Executive Director of the Alberta Securities Commission (1990) and was Chair of the Securities Advisory Committee for 10 years. Bill co-presented seminars for the Institute of Chartered Accountants (Alberta) on "The CFO and the Board of Directors" in the CFO Leadership course and "The Effective Director" as well as participating in various commercial seminars. Bill is active in the community and serves on the boards of not-for-profit companies.

Michael Hill
Director

Michael (age 50) is the Chief Operating Officer and a director of Mosaic. From 2003 until March 2013 Mr. Hill, as President of MISSION Capital Inc., advised public and private companies in the areas of corporate development, mergers and acquisitions, financing strategies, shareholder communications and strategic and financial planning. From 1996 to 2003, Mr. Hill was a founding partner of Acumen Capital Finance Partners, a Calgary-based investment dealer specializing in providing financing and financial advisory services to small market capitalization technology and manufacturing companies. While at Acumen, Mr. Hill assisted public and private companies raise equity and debt capital. In addition, he also assisted companies in various advisory capacities including mergers and acquisitions, shareholder maximization, fairness opinions and valuations. Prior to joining Acumen Capital Finance Partners, Mr. Hill worked for Nova Corporation where he was involved in a start-up of a new business unit, corporate strategic planning, technology management, engineering and research and development. From January 2010 to December 2010 Mr. Hill was the Chief Executive Officer of Evoco Inc. Mr. Hill holds an MBA from the University of Western Ontario and BSc. in Civil Engineering from the University of Alberta.

Roger Giovanetto
Director

Roger (age 78) is a director of Mosaic. From 2001 to April 2006 Mr. Giovanetto served as President of King Energy Inc., a public company specializing in the development, acquisition and production of oil and gas reserves in Alberta. Since April, 2006 Mr. Giovanetto's principal occupation has been as President of R&H Engineering (1986) Ltd., a metallurgical, materials and corrosion engineering services company which specializes in the areas of chemical and materials engineering with a focus on oilfield optimization, completions and chemical treatments. Mr. Giovanetto has been instrumental in developing business operations in Siberia, where he specialized in renovating existing oilfields. He has also assisted in establishing several chemical manufacturing facilities in Siberia and Iran. During his career, Mr. Giovanetto has served as a director for several publically listed companies. Mr. Giovanetto holds a Bachelor of Science in Metallurgical Engineering from the University of Alberta.

Gary Bentham
Director

Gary (age 60) is a director of Mosaic. Mr. Bentham is President of the BTM Advisory Group ("BTM"), an advisory firm established in 2005 that provides business restructuring, corporate finance, and executive management services to privately-owned companies in Canada and the United States. Through BTM, Mr. Bentham has served as both advisor and executive to companies in the energy services, manufacturing, real estate development and financial services industries. Prior to 2005, he was a corporate recovery and audit partner with KPMG Canada for twenty years where he served public and private companies primarily in Western Canada. Mr. Bentham is a member of the Board of Governors of SAIT Polytechnic and serves as a director on several public and private companies based in Calgary. He is a graduate of the University of Saskatchewan, a Chartered Accountant and a member of the Institute of Corporate Directors.

Barclay Laughland
Vice President, Corporate Affairs and Corporate Secretary

Barclay (age 44) is Vice-President, Corporate Affairs and Corporate Secretary of Mosaic. Barclay has over 18 years experience in public markets transactions, corporate finance, structuring and business management. He is also a partner with Agcapita Partners L.P., an agricultural investment fund. From July 2007 to December 2008, Barclay was President of a private technology development company focussed on hydrocarbon extraction technology. Barclay began his career as a lawyer and left private practice in June, 2007 as a partner in the Corporate Finance and Mergers and Acquisitions practice group in the Calgary office of McCarthy Tétrault LLP where he had practiced since August of 2000. During that time Barclay advised public and private companies, venture capitalists and private equity funds covering a broad range of matters related to commercial contracts, business transactions, corporate finance, reorganizations, mergers and acquisitions, including a focus on alternative transaction and investment structures involving trusts, partnerships, joint ventures and unlimited liability companies. Barclay has been a speaker and special lecturer on various issues related to business and finance. He received a Bachelor of Commerce (1991) and Juris Doctor (1994), both from the University of Saskatchewan.

Corporate Cease Trade Orders

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

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

In July 2000, a cease trade order was issued by the Alberta and Saskatchewan Securities Commissions against Niaski Environmental Inc. ("**Niaski**"), of which Mr. Giovanetto was then a director, for failure to file and send to its shareholders annual and interim financial statements. The deficiencies were rectified and the cease trade orders lifted in November 2002. On January 30, 2002, the British Columbia Securities Commission issued a cease trade order against Niaski for failure to file and send to its shareholders annual and interim financial statements. On April 12, 2002, Niaski was involuntarily delisted from the Canadian Venture Exchange. On April 14, 2004, the cease trade order against Niaski imposed by the British Columbia Securities Commission was lifted.

Penalties or Sanctions

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

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

Bankruptcies

Except as otherwise disclosed herein, to the knowledge of Mosaic, no director or executive officer of Mosaic or shareholder holding a sufficient number of Common Shares to affect materially the control of Mosaic: (i) is, at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Mr. Harold M. Kunik, a director and executive officer of Mosaic, was a senior officer of Electromec Manufacturing Solutions Inc. ("**Electromec**") from November 2003 to August 2005. After efforts to assist with the turn-around of the operations and financial performance of the business, Mr. Kunik resigned from Electromec in late August 2005. Shortly thereafter, in the last half of September 2005, a receiver-manager was brought in to take over management of Electromec. In approximately February 2006, Electromec was formally placed into bankruptcy. The business of Electromec was ultimately sold.

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

Conflicts of Interest

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

AUDIT COMMITTEE

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On or about March 6, 2012 Remote Waste and its general partner, Remote Waste Ltd. ("**RWL**"), commenced a court action, and Remote Waste also served a contractual claim notice for damages against the former owner of Remote Waste. On December 20, 2013 a settlement of all litigation between Mosaic and the former owner of Remote Waste was completed whereby Mosaic acquired the remaining 25% of Remote Waste, for an acquisition cost of $2.2 million, to own 100% of Remote Waste.

Mosaic is not aware of any penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority during Mosaic's financial year ended December 31, 2013 or any other penalties or sanctions imposed by a court or regulatory body against Mosaic that would likely be considered important to a reasonable investor in making an investment decision, and Mosaic has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during its financial year ended December 31, 2013.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below, none of the directors or executive officers of Mosaic or any person or company that is the direct or indirect owner of, or exercise control or direction over, more than 10% of any class or series of Mosaic's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Mosaic.

Pursuant to the Arrangement completed May 1, 2011 the Fund and FWP became wholly-owned subsidiaries of Mosaic and the former securityholders of the Fund and FWP became the securityholders of Mosaic. Both John Mackay (Director, Executive Chairman and Chief Executive Officer of Mosaic) and Harold Kunik (Director, President and Chief Financial Officer of Mosaic) were directly or indirectly securityholders of each of the Fund (each at the time holding in excess of 30% of the common trust units, as well as a small number of preferred trust units) and FWP (each at the time holding approximately 4% of the common shares). They also held common share options of FWP. In connection with the completion of the Arrangement, all securities held by Mr. Mackay and Mr. Kunik were exchanged for securities of Mosaic upon the same terms and conditions as all other holders of common trust units of the Fund, holders of preferred trust units of the Fund, holders of common shares of FWP and holders of common share options of FWP, as the case may be.

TRANSFER AGENT AND REGISTRAR

Olympia Trust Company at its office in Calgary, Alberta is the transfer agent and registrar for the Common Shares and the Preferred Securities as well as being the trustee under the Preferred Securities Indenture.

MATERIAL CONTRACTS

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

(1) the Industrial Scaffold Acquisition Agreement, the key terms of which are summarized under the heading "*General Development of Mosaic's Business – 2013*" within this AIF;

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

INTEREST OF EXPERTS

The auditors of Mosaic are Deloitte LLP, Chartered Accountants, of 700, 850 – 2nd Street SW Calgary, Alberta T2P 0R8. Deloitte LLP has prepared the audit report attached to Mosaic's audited consolidated financial statements for the financial year ended December 31, 2013. Deloitte LLP is independent from Mosaic within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

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

GLOSSARY OF TERMS

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

"**Agency Agreement**" means the agency agreement dated October 23, 2012 between Mosaic and the Agents;

"**Agents**" mean Raymond James Ltd., as lead agent, and Mackie Research Capital Corporation, Macquarie Capital Markets Canada Ltd., Canaccord Genuity Corp. and Global Securities Corporation;

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

"**Ambassador Acquisition Agreement**" means the asset purchase agreement dated December 22, 2012 between Ambassador Mechanical Ltd., Oak Ridge Real Estate Ltd., Claude Cloutier and Ambassador Mechanical Corp. pursuant to which Mosaic purchased a 75% interest in the commercial and industrial mechanical contractors business which is now carried on by Ambassador Mechanical Corp.;

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

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

"**Common Share Options**" means options to purchase Common Shares issued to persons entitled to Unit Options pursuant to the Arrangement, with each Common Share Option exercisable for 0.154 of a Common Share provided that any fractional interest upon exercise shall be rounded down to the nearest whole number of Common Shares;

"**FWDLP**" means First West Developments L.P., an Alberta limited partnership which is an indirect wholly-owned subsidiary of Mosaic;

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

"**FWPLP**" mean First West Properties L.P., an Alberta limited partnership which is a wholly-owned subsidiary of Mosaic;

"**First West**" means and refers, collectively, to FWPLP and FWDLP and their respective businesses carried on thereby;

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

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

"**Industrial Scaffold Acquisition Agreement**" means the asset purchase agreement dated September 1, 2013 between Industrial Scaffold Services Limited, Alvin Brown and Brian Parton pursuant to which Mosaic purchased a 67.5% interest in the commercial and industrial mechanical contractors business which is now carried on by Industrial Scaffold Services L.P.;

"**Interest Period**" has the meaning ascribed thereto in the section of this AIF titled, "*Capital Structure – Preferred Securities – Interest Rate*";

"**Kendall's Acquisition Agreement**" means the share purchase agreement dated August 1, 2012 between Mosaic Capital L.P., Allan Kendall, Annette Kendall, Kendall Family Trust, and Kendall's Auto Electric Co. (1990) Limited, pursuant to which Mosaic Capital L.P. purchased a 90% interest in Kendall's;

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

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

"**Mosaic DRIP**" means Mosaic's distribution reinvestment plan in respect of interest payments on the Preferred Securities;

"**Preferred Securities**" means the preferred securities created and issued under the Preferred Securities Indenture;

"**Preferred Securities Indenture**" means the securities indenture dated April 29, 2011 between Mosaic and the Preferred Securities Trustee;

"**Preferred Securities Trustee**" means Olympia Trust Company or a similar trust company as may then be serving as the trustee under the Preferred Securities Indenture;

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

"**Series A Share Options**" means options to purchase Series A Shares issued to persons entitled to Unit Options pursuant to the Arrangement, with each Series A Share Option exercisable for 0.077 of a Series A Share provided that any fractional interest upon exercise shall be rounded down to the nearest whole number of Series A Shares;

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

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

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

"**Unit Options**" means options to purchase Common Shares and Series A Shares issued to holders of common share purchase options of FWP pursuant to the Arrangement, with each Unit Option having given rise to the holder thereof being issued: (i) one Common Share Option exercisable for 0.154 of a Common Share, and (ii) one Series A Share Option exercisable for 0.077 of a Series A Share, with any fractional interest (in each case) being rounded down to the nearest whole number of securities upon exercise.