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FOR IMMEDIATE RELEASE

MOSAIC CAPITAL CORPORATION
Acquires Kendall's Supply Ltd.

Calgary, Alberta – August 1, 2012. Mosaic Capital Corporation ("Mosaic") (TSX-V Symbols: M and M.PR.A) is pleased to announce that it has completed an acquisition of a material interest in the business of Kendall's Supply Ltd. ("Kendall's"), a leading parts and supplies provider based in Estevan, Saskatchewan and led by Allan Kendall, President. Mosaic has acquired 90% of the business for an acquisition cost of \$9,900,000 which has been funded through a combination of cash and vendor take back financing. For the year ended October 31st, 2011 Kendall's had revenue of approximately \$10 million. The acquisition is expected to be immediately accretive to Mosaic's free cash flow and distributable cash per common share.

Kendall's has serviced southern Saskatchewan since 1944 and is the leading supplier of parts and supplies to companies in the automotive, oil and gas, mining, power generation, construction and agriculture industries. With 68 years in business and over 1000 customers Kendall's name has grown to be synonymous with great service and support. As the number of industries in southern Saskatchewan has grown, Kendall's excellent relationship with its clients and understanding of the need to deliver excellent service has kept it at the forefront of its industry.

Allan Kendall, President of Kendall's stated, "Kendall's has been in my family for three generations and we look forward to continuing to provide excellent service to our customers. I believe that the growth prospects for Saskatchewan are excellent and our partnership with Mosaic will allow us to continue to grow with the industries we support. Our partnership will ensure that we continue to provide the very best in service, parts and supplies to the broad industrial sectors that we service. I look forward to working with Mosaic and moving Kendall's to its next stage of growth."

"I am very excited about our partnership with Kendall's," commented Harold Kunik, President of Mosaic. Mr. Kunik added, "Allan Kendall and his family have created a legacy in southern Saskatchewan of providing exceptional service for his clients and going that extra mile. This transaction will allow us to build on this excellent reputation and look at exciting growth opportunities ranging from additional products and services to expansion into new markets."

"Our partnership with Kendall's follows Mosaic's strategic plan of acquiring established businesses with unique competitive advantages that have a history of generating strong sustainable cash flow," commented John Mackay, Executive Chairman and CEO of Mosaic. Mr. Mackay added, "We welcome the Kendall's staff into Mosaic's operations and look forward to continuing to provide the exceptional support and service for which Kendall's has been known for the past three generations."

ABOUT MOSAIC CAPITAL CORPORATION

Mosaic is an investment company based in western Canada that owns a portfolio of established businesses with unique competitive advantages that have a history of generating strong sustainable cash flow from their operations. Mosaic's objective is to create long term value for our shareholders and business partners and to have that reflected in our share price. We believe that this is achieved by growing free cash flow per share and retained earnings. We do this by acquiring businesses that we understand at attractive prices and we manage our risk through extensive due diligence, creative transaction structuring and working closely with our businesses after acquisition.

We strongly encourage the management teams of our operating companies to continue to look for acquisitions that would facilitate their entry into new markets or increase their product or service offerings. We are actively looking for businesses in a variety of industries that fit our investment model.

Our preferred acquisition criteria for such transactions 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
- The business should have a significant market share in its business area
- A unique competitive advantage
- Ability to grow the business without significant amounts of new capital

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This press release may contain forward-looking statements and forward-looking information, including statements and information which reflect current expectations regarding the future business outlook for Kendall's and Mosaic. The words "believe", "expect", "intend", "estimate", "anticipate", "project", "scheduled", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements and forward-looking information. More particularly, and without limitation, this news release contains forward-looking statements and information concerning the expected impact of the Kendall's acquisition on Mosaic's cash flow and distributable cash. These statements and information are only predictions and reflect the current beliefs of management with respect to future events and are based on information currently available to management. Actual results and events may differ materially from those contemplated by these forward-looking statements and information due to these statements and information being subject to a number of risks and uncertainties. Undue reliance should not be placed on these forward-looking statements and forward-looking information 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 and information involve numerous assumptions and known and unknown risks and uncertainties, both general and specific, that

contribute to the possibility that the predictions, projections and other forward-looking statements and information will not occur. These risks and uncertainties include, but are not limited to, general business and economic conditions in geographic areas where Kendall's has operations; pricing pressures and other competitive factors; third parties failing to honour their contractual obligations with Kendall's; procurement and pricing issues with suppliers; legislative or regulatory developments; the availability and cost of qualified labour; and the continued ability to secure new business. Should any of the risks or uncertainties facing Kendall's materialize, or should assumptions underlying the forward-looking statements or information prove incorrect, actual results, performance, activities or achievements of both Kendall's and Mosaic could vary materially from those expressed or implied by the forward-looking statements or information contained in this document.

Readers are cautioned that the foregoing list of risks is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Mosaic and its subsidiaries are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) under the profile for Mosaic.

Although Mosaic believes that the expectations represented by any forward-looking-statements and forward-looking information contained herein are reasonable based on the information available to them on the date of this document, management cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements or forward-looking information. Any forward-looking statement or information herein contained is made as of the date of this press release and Mosaic does not assume any obligation to update or revise them to reflect new information, events or circumstances, except as required by law.