



FOR IMMEDIATE RELEASE

**Mosaic Capital Corporation
Announces Second Quarter 2017 Earnings**

Calgary, Alberta – August 14, 2017. Mosaic Capital Corporation ("**Mosaic**" or the "**Company**") (TSX–V Symbols: **M** and **M.DB**) has released its financial results for the three and six months ended June 30, 2017. The Company's financial statements and management's discussion and analysis for the three and six months ended June 30, 2017 can be accessed under Mosaic's profile on SEDAR at www.sedar.com and on the Company's website at www.mosaiccapitalcorp.com.

Selected Highlights

	3 Months Ended June 30			6 Months Ended June 30		
	2017	2016	% Change	2017	2016	% Change
<i>All amounts are in thousands except %</i>						
Revenue	\$69,726	\$48,270	44%	\$127,835	\$88,514	44%
Adjusted EBITDA ⁽¹⁾	\$5,350	\$5,175	3%	\$10,612	\$10,127	5%
Operating Income	\$1,290	\$3,167	(59%)	\$3,563	\$6,371	(44%)
Cash Flow Prior to Changes in Non-cash Working Capital	\$3,699	\$5,279	(30%)	\$7,868	\$9,781	(20%)
Free Cash Flow ⁽¹⁾	\$1,695	\$3,548	(52%)	\$3,983	\$6,489	(39%)
Increase (Decrease) In Free Cash Flow per Share (Fully Diluted)	(85%)			(82%)		
Net Income and Comprehensive Income Attributable to Shareholders	\$6,515	\$2,201	196%	\$6,575	\$4,205	56%
Preferred Distribution Payout Ratio ⁽¹⁾	88%	91%		100%	101%	
Combined Payout Ratio ⁽¹⁾	154%	115%		155%	127%	

Note:

1. These non-IFRS financial measures do not have any standardized meaning under IFRS, may not be comparable to similar measures presented by other issuers and are defined and reconciled to their most directly comparable IFRS measure within our Management's Discussion and Analysis for the three and six months ended June 30, 2017 under the sections "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures", which document is available electronically at www.sedar.com under Mosaic's profile.

Q2 2017 Financial and Operational Highlights

- Increased revenue by 44% in Q2 2017 over the same period in 2016 resulting from the acquisition of new portfolio companies which was partially offset from revenue declines in certain western Canadian based companies;
- Increased Adjusted EBITDA by 3% in Q2 2017 over the same period in 2016 as EBITDA contributions from new acquisitions in the Infrastructure segment were impacted by unseasonably wet weather on construction activities and certain western Canadian based businesses continued to face margin pressures in the quarter;
- Closed the acquisition of a 75% interest in Cedar Infrastructure Products on May 1, 2017 for total consideration of \$18.5 million. Cedar represents the Company's second acquisition in the Ontario market and offers strong, sustainable cash flow that will serve to further increase portfolio diversification;
- The Company continues to maintain a healthy balance sheet with \$17.8 million in cash, \$55.5 million in positive working capital and total debt to EBITDA of 1.82 at the end of the second quarter;

- The Company continues to see many attractive acquisition opportunities across a wide range of industries and geographies; and
- On June 30, 2017, Mosaic closed an agreement with its senior lender for a \$15.0 million increase in its revolving acquisition facility to \$50.0 million with the incremental availability subject to the completion of future acquisitions.

Segmented Financial Performance* For the Six Months Ended June 30, 2017

<i>All amounts are in thousands except %</i>	CONSOLIDATED	Infrastructure	Energy	Diversified
Revenue	\$127,835	\$83,195	\$5,186	\$39,163
<i>% of Total</i>	100%	65%	4%	31%
<i>% increase (decrease) year over year</i>	44%	28%	55%	100%
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$10,612	\$5,833	\$834	\$8,009
<i>% increase (decrease) year over year</i>	5%	(30%)	73%	146%

*Revenue and income from operations attributable to the Real Estate segment are immaterial.

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2. Segmented information does not include corporate costs, as such, the segmented amounts presented do not total to the consolidated amount.

Outlook

Management continues to focus on delivering Free Cash Flow growth per share and strong shareholder returns while maintaining a healthy balance sheet. Management's strategy is to grow through the acquisition of majority interests in new portfolio companies while prudently managing its existing portfolio of underlying businesses throughout the economic cycles. Mosaic's pipeline of high quality and economically diverse acquisition opportunities has been and is expected to continue to be robust.

Economic activity in western Canada (Manitoba and west) continues to be weak, as the effects of a persistent low oil and natural gas price environment has adversely impacted virtually all sectors of the economy. In contrast, eastern Canadian (Ontario and east) activity levels have been strong and management is optimistic that this trend will continue. Mosaic believes that its recent significant acquisitions, which have all been oriented to markets outside of western Canada and Energy will continue to provide positive diversification benefits.

Mosaic believes that Free Cash Flow will improve significantly in the second half of fiscal 2017, which will serve to reduce the payout ratios, as certain of its operations were adversely impacted by localized challenges and sustainable capital expenditures were larger than typical norms. Management, with our operating partners, has been focused on addressing certain localized challenges across its portfolio of operations and implementing its overall growth strategy including improving revenue levels and margins, exploring new markets and reducing operating expenses. Furthermore, Mosaic has invested over \$9.0 million in strategic growth capital expenditures during the first half of 2017 and the third quarter is typically a stronger quarter for the Energy segment and construction-oriented businesses within the Infrastructure segment. Positive results have already been observed by management quarter-to-date and this trend is expected to continue through the remainder of the year.

Mark Gardhouse, CEO commented “unfortunately, we were unable to illustrate the full cash flow capabilities of our portfolio in the second quarter due to a later-than-normal start to the construction season in the Ontario market attributed to unseasonably wet weather, normal seasonality influences and only a partial quarterly contribution from Cedar. Despite this, the acquisitions we have completed over the past year are positively offsetting continued softness in certain western Canadian based businesses and should position the Company to deliver solid results in the coming months.”

Given this outlook, Mosaic will continue to pursue its strategy to grow through acquisitions with a focus on building an increasingly diversified portfolio of private, mid-market companies that offer strong free cash flow while maintaining a healthy balance sheet.

Conference Call

Management will hold a conference call to discuss the Q2 2017 results on Tuesday, August 15th, 2017 at 10:00 AM ET. All interested parties are invited to join the conference call by dialing 1-855-353-9183 from within Canada or the U.S. or 403-532-5601 from Calgary or internationally, then entering the participant Code 63121#. A recording of the conference call will be made available on Mosaic's website at www.mosaiccapitalcorp.com.

ABOUT MOSAIC CAPITAL CORPORATION

Mosaic is a Canadian investment company that owns a portfolio of established businesses which span a diverse range of industries and geographies. Mosaic's strategy is to create long-term value for its shareholders through accretive acquisitions, long-term portfolio ownership, sustained cash flows and organic portfolio growth. Mosaic achieves its objectives by maintaining financial discipline, acquiring businesses at attractive valuations, performing extensive acquisition due diligence, utilizing optimal transaction structuring and working closely with subsidiary businesses after acquisition.

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Forward-Looking Information

This news release contains forward-looking information and statements within the meaning of applicable Canadian securities laws (herein referred to as "forward-looking statements") that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All information and statements in this press release which are not statements of historical fact may be forward-looking statements. 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. Forward-looking statements included in this news release include, but are not limited to: the business strategy and objectives of Mosaic; the anticipated economic activity in western and eastern Canada; and management's expectation to see a material improvement in the Company's cash flow and reduction of the Company's combined payout ratio in the second half of 2017. Such statements or information, if any, 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 due to these statements being subject to a number of risks and uncertainties. Undue

reliance should not be placed on these 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 assumptions and 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. 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; the current economic environment in western Canada (including commodity prices, such as oil prices) stabilizing and showing signs of strengthening over the coming year; management's belief that the pipeline of high quality and economically diverse acquisition opportunities will continue to be robust; and the economic environment in Canada not deteriorating due to the influence of international economic developments in the United States, Europe, Asia and elsewhere.

A number of factors could cause actual results to differ materially from the results stated in the forward-looking statements, including, but not limited to, risks related to: general economic and business conditions; the failure of Mosaic to identify acquisition targets or complete announced acquisitions; third parties honouring their contractual obligations with Mosaic and its subsidiaries; results of management's ongoing efforts to sell, re-lease, lease, develop and improve real estate owned and being acquired indirectly by Mosaic through its subsidiaries; the failure to realize the anticipated benefits of Mosaic's recent and future acquisitions; adverse fluctuations in commodity prices; competition for, among other things, capital, equipment and skilled personnel; 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 suitable terms; competition for acquisition targets; supply disruptions; adverse weather conditions; seasonality and fluctuations in results; and limited diversification of Mosaic's subsidiaries. Should any of the risks or uncertainties facing Mosaic and its subsidiaries materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, activities or achievements could vary materially from those expressed or implied by any forward-looking statements contained in this news release.

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 Mosaic's annual information form for the year ended December 31, 2015 which has been filed under Mosaic's profile on SEDAR (www.sedar.com).

Although Mosaic believes that the expectations represented by any forward-looking-statements contained herein are reasonable based on the information available to them on the date of this news release, management cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. Any forward-looking statements herein contained are 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.