MOSAIC CAPITAL CORPORATION

MATERIAL CHANGE REPORT

FORM 51-102F3

1. **Name and Address of Issuer:**

   Mosaic Capital Corporation (the "Corporation" or "Mosaic")
   400, 2424 – 4th Street SW
   Calgary, Alberta
   T2S 2T4

2. **Date of Material Change:**

   October 24, 2012 and October 30, 2012

3. **News Release:**

   A press release reporting the material change was issued by Mosaic on October 24, 2012 and October 30, 2012 via Filing Services Canada Inc.

4. **Summary of Material Change:**

   On October 24, 2012 Mosaic announced that it obtained a receipt for a final short form prospectus (the "Final Prospectus") which was filed with the securities regulatory authorities in each of the provinces in Canada, except Quebec, containing the details of Mosaic's previously announced fully marketed short form prospectus offering (the "Offering") of preferred securities of Mosaic (the "Preferred Securities"). Under the Offering Mosaic announced that it intended to issue a total of 2,065,000 Preferred Securities at a price of $10.55 for gross proceeds of $21,785,750 (excluding the over-allotment option granted to the agents in connection with the Offering). This represents an increase in the original size of the Offering over the $20 million previously announced due to strong demand.

   On October 30, 2012 Mosaic announced that the Offering had closed. The Offering was conducted through a syndicate of agents led by Raymond James Ltd. and including Mackie Research Capital Corporation, Macquarie Capital Markets Canada Ltd., Canaccord Genuity Corp. and Global Securities Corporation (the "Agents"). Pursuant to the Offering Mosaic issued a total of 2,374,750 Preferred Securities at a price of $10.55, which included 309,750 Preferred Securities issued pursuant to the exercise of the over-allotment option granted to the Agents (which was exercised by the Agents concurrent with closing of the Offering). Gross proceeds of the Offering were approximately $25 million.

5. **Full Description of Material Change:**

   On October 24, 2012 Mosaic announced that it obtained a receipt for the Final Prospectus which was filed with the securities regulatory authorities in each of the provinces in Canada, except Quebec, containing the details of Mosaic's previously announced Offering of Preferred Securities. Mosaic announced that pursuant to the Offering it intended to issue a total of 2,065,000 Preferred Securities at a price of $10.55 for gross proceeds of $21,785,750. This represents an increase in the original size of the Offering over the $20 million previously announced due to strong demand.

Mosaic further announced that the Offering is being conducted through the Agents. Mosaic has entered into an agency agreement with the Agents which provides for the terms and conditions governing the Agents' agreement to offer the Preferred Securities for sale to the public. Under this agreement Mosaic granted the Agents an over-allotment option (the "Over-Allotment Option") to offer for sale up to approximately $3.3 million of additional Preferred Securities (being 15% of the amount of Preferred Securities which may be sold under the Offering). Such additional Preferred Securities shall be issued on the same terms and at the same price as those otherwise sold under the Offering.

On October 30, 2012 Mosaic announced that the Offering had closed. The Offering was conducted through the Agents and pursuant to the Offering Mosaic issued a total of 2,374,750 Preferred Securities at a price of $10.55, which included 309,750 Preferred Securities issued pursuant to the exercise of the Over-Allotment Option granted to the Agents (which was exercised by the Agents concurrent with closing of the Offering). Gross proceeds of the Offering were 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 the closing of the Offering, Mosaic has 7,441,572 Preferred Securities issued and outstanding. Mosaic further announced that the Preferred Securities issued pursuant to the Offering are expected to begin trading on the TSX Venture Exchange under the symbol M.PR.A on October 31, 2012.

Holders of Preferred Securities of record as of October 31, 2012 (including holders of those Preferred Securities issued pursuant to the Offering who continue to hold their Preferred Securities as at the close of business on October 31, 2012) will be entitled to the previously declared distribution per Preferred Security of $0.0833. The distribution will be paid on November 15, 2012.

Forward-Looking Information

This material change report 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 material change report 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. In particular this material change report contains forward-looking statements regarding the anticipated use of proceeds of the Offering by Mosaic, the payment of a distribution on the Preferred Securities, and the date upon which the Preferred Securities are to begin trading on the TSX Venture Exchange. Such statements or 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 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 and other forward-looking statements will not occur. A number of factors could cause actual results to differ materially from the those expressed or implied by the forward-looking statements, including, but not limited to, unexpected changes in the financial markets (including in the trading price of the securities of Mosaic), unexpected regulatory issues, and changes in the general economic and business conditions of one or more of Mosaic and its subsidiaries. Should any risks or uncertainties which face Mosaic and its subsidiaries materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this material change report.

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 material change report, management cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. Any forward-looking statement herein contained is made as of the date of this material change report and Mosaic does not assume any obligation to update or revise them to reflect new information, events or circumstances, except as required by law.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:**

Not applicable.

7. **Omitted Information:**

No significant facts otherwise required to be disclosed in this report have been omitted.

8. **Executive Officer:**

The following executive officer of the Corporation is knowledgeable about the material change and may be contacted respecting the change:

John Mackay
Executive Chairman and Chief Executive Officer
Phone: (403) 218-6500

9. **Date of Report:**

November 2, 2012