

MOSAIC CAPITAL CORPORATION

MATERIAL CHANGE REPORT

FORM 51-102F3

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

Mosaic Capital Corporation (“**Mosaic**”)
400, 2424 – 4th Street SW
Calgary, Alberta T2S 2T4

2. **Date of Material Change:**

June 20, 2014

3. **News Release:**

On June 20, 2014, Mosaic issued a news release reporting the material change through Filing Services Canada Inc. A copy of this news release is attached hereto as Schedule A.

4. **Summary of Material Change:**

On June 20, 2014, Mosaic completed its previously announced public offering (“**Offering**”) of 2,524,240 units (“**Units**”), at a price of \$11.40 per Unit, for total gross proceeds of \$28,776,336. Included in the closing were 329,240 Units (\$3,753,336) from the exercise of the over-allotment option described in Mosaic’s short form prospectus dated June 13, 2014 (the “**Prospectus**”), which is available on SEDAR at www.sedar.com.

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

On June 20, 2014, Mosaic completed its previously announced Offering of 2,524,240 Units, at a price of \$11.40 per Unit, for total gross proceeds of \$28,776,336. Included in the closing were 329,240 Units (\$3,753,336) from the exercise of the over-allotment option described in the Prospectus.

Each Unit was comprised of one preferred security (a “**Preferred Security**”) in the capital of Mosaic and one-quarter (0.25) of one common share purchase warrant (a “**Warrant**”). Each full Warrant entitles the holder to purchase one common share (a “**Common Share**”) in the capital of Mosaic at an exercise price of \$15.50 for 18 months following completion of the Offering. At any time the 20-day volume weighted average price of a Common Share listed on the TSX Venture Exchange is equal to or above \$18.00, the expiry date of the Warrants may, at the election of Mosaic, be accelerated to a date that is 30 days after notice is provided by Mosaic to holders of the Warrants, all as more particularly described in a Warrant indenture between Mosaic and Olympia Trust Company dated June 20, 2014 (which is available on SEDAR at www.sedar.com).

The Offering was conducted through a syndicate of agents co-led by Clarus Securities Inc. and Canaccord Genuity Corp. and including Raymond James Ltd., National Bank Financial Inc. and Mackie Research Capital Corporation.

Mosaic intends to use the net proceeds from the Offering to fund future acquisitions that fit Mosaic's acquisition criteria and for general corporate purposes, all as more particularly described in the Prospectus.

The Preferred Securities and Warrants which comprise the Units sold pursuant to the Offering have been listed and now trade on the TSX Venture Exchange under the trading symbol M.PR.A and M.WT, respectively.

The Units have not, nor are they expected to be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This material change report does not constitute an offer for sale or the solicitation of an offer to buy securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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, forward-looking statements in this material change report include, but are not limited to, statements regarding the anticipated use of proceeds of the Offering by Mosaic. 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. Some of the assumptions made by Mosaic, upon which such forward-looking statements are based, include, but are not limited to: future market conditions will not be different than anticipated by Mosaic; there will be no material changes to government and

environmental regulations affecting Mosaic's operations; and the business operations of the operating businesses of Mosaic will continue on a basis consistent with prior years.

A number of factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements, including, but not limited to: inability to source suitable acquisitions on suitable terms; 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. 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 the Prospectus and Mosaic's annual information form for the year ended December 31, 2013, a copy of each of which is available under Mosaic's profile on SEDAR at 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 it 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 statements herein contained are 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:**

June 26, 2014

SCHEDULE A

**NEWS RELEASE
DATED JUNE 20, 2014**



Mosaic Capital Corporation
400, 2424 – 4th Street SW
Calgary, Alberta T2S 2T4

FOR IMMEDIATE RELEASE

THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT AUTHORIZED FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

**MOSAIC CAPITAL CORPORATION
ANNOUNCES CLOSING OF \$28.8 MILLION OFFERING**

Calgary, Alberta – June 20, 2014. Mosaic Capital Corporation (“**Mosaic**”) (TSX-V Symbols: **M**, **M.PR.A** and **M.WT**) announced today the closing of its previously announced public offering (“**Offering**”) of 2,524,240 units (“**Units**”), at a price of \$11.40 per Unit, for total gross proceeds of \$28,776,336. Included in the closing were 329,240 Units (\$3,753,336) from the exercise of the over-allotment option described in Mosaic’s short form prospectus dated June 13, 2014 (the “**Prospectus**”), which is available on SEDAR at www.sedar.com.

Each Unit is comprised of one preferred security (a “**Preferred Security**”) in the capital of Mosaic and one-quarter (0.25) of one common share purchase warrant (a “**Warrant**”). Each full Warrant entitles the holder to purchase one common share (a “**Common Share**”) in the capital of Mosaic at an exercise price of \$15.50 for 18 months following completion of the Offering. At any time the 20-day volume weighted average price of a Common Share listed on the TSX Venture Exchange is equal to or above \$18.00, the expiry date of the Warrants may, at the election of Mosaic, be accelerated to a date that is 30 days after notice is provided by Mosaic to holders of the Warrants, all as more particularly described in a Warrant indenture between Mosaic and Olympia Trust Company dated June 20, 2014 (which is available on SEDAR at www.sedar.com).

The Offering was conducted through a syndicate of agents co-led by Clarus Securities Inc. and Canaccord Genuity Corp. and including Raymond James Ltd., National Bank Financial Inc. and Mackie Research Capital Corporation.

Mosaic intends to use the net proceeds from the Offering to fund future acquisitions that fit Mosaic's acquisition criteria and for general corporate purposes, all as more particularly described in the Prospectus.

The Preferred Securities and Warrants which comprise the Units sold pursuant to the Offering have been listed and now trade on the TSX Venture Exchange under the trading symbol M.PR.A and M.WT, respectively.

The Units have not, nor are they expected to be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer for sale or the solicitation of an offer to buy securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT MOSAIC CAPITAL CORPORATION

Mosaic is an investment company based in western Canada that owns a portfolio of established businesses with competitive advantages that have a history of generating 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Tim Taylor, Vice President
Mosaic Capital Corporation
400, 2424 – 4th Street SW
Calgary, Alberta T2S 2T4
Tel: (403) 270-4658

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 news release.

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 news 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. In particular, forward-looking statements in this news release include, but are not limited to, statements regarding the anticipated use of proceeds of the Offering by Mosaic. 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.

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