MOSAIC CAPITAL CORPORATION

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company:

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

2. Date of Material Change:

February 20, 2015

3. News Release:

A news release announcing the closing of the Offering referred to below was issued and disseminated on February 20, 2015 through the facilities of Filing Services Canada Inc. A copy of this news release is attached hereto as Schedule A.

4. Summary of Material Change:

On February 20, 2015 Mosaic completed its previously announced initial private placement ("**Offering**") of units of Mosaic ("**Units**") with each Unit consisting of one private yield security of Mosaic (a "**Private Yield Security**") and one private yield security purchase warrant (a "**Warrant**") for total gross proceeds of $21.3 million (collectively, the Units, Private Yield Securities and the Warrants are referred to herein as the "**Securities**").

5. Full Description of Material Change:

On February 20, 2015 Mosaic completed its previously announced Offering by issuing 21,320 Units at a price of $1,000 per Unit for aggregate gross proceeds of $21.3 million. Each Unit is comprised of one Private Yield Security and one Warrant, with each Warrant entitling the holder thereof to purchase one additional Private Yield Security at an exercise price of $1,000 per security at any time on or before January 31, 2020.

Each Private Yield Security entitles the holder to receive a monthly distribution of $7.7083 or $92.50 per year, representing a yield of 9.25%. The Private Yield Securities are issuable in series and are unsecured and subordinated obligations of Mosaic ranking senior to the common shares of Mosaic but *pari passu* with the outstanding Mosaic preferred securities (the "**Preferred Securities**"). Neither the Units, nor the underlying Private Yield Securities or Warrants, are to be listed on any exchange or quotation system. However, at any time following the first anniversary of the date of issuance of the Private Yield Securities, a holder is entitled to redeem some or all of the Private Yield Securities and for each such security so redeemed the holder shall receive, at the option of Mosaic, payment of the redemption price (being $1,000 together with all accrued and unpaid interest on such security) by way of either cash payment or delivery of 92.5 Preferred Securities. A copy of the indenture governing the Private Yield Securities is filed under Mosaic's profile on SEDAR (www.sedar.com).

Mosaic entered into an engagement agreement with Westcourt Capital Corporation, an Ontario based dealer, in connection with the Offering and paid a fee to such dealer equal to approximately 3% of the gross proceeds of the Offering.

The net proceeds from the Offering are anticipated to be used for Mosaic's future acquisitions and for general corporate purposes.

Mosaic anticipates an additional private placement of Units to close at or around the end of February, 2015.

The Securities offered have not been, nor will they 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 the sale of, or the solicitation of an offer to buy, the 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 the net proceeds of the Offering by Mosaic; and the timing and completion of the additional private placement of Units. 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: that there will be no material changes in market conditions affecting Mosaic's ability to complete the anticipated additional private placement of Units; the ability of Mosaic to obtain all required regulatory approvals in connection with the anticipated additional private placement of Units; that there will be no material changes to laws, policies and regulations affecting Mosaic and its 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 the those expressed or implied by the forward-looking statements, including, but not limited to, unexpected changes in the financial markets prior to closing of the anticipated additional private placement of Units, unexpected regulatory issues, and changes in the general economic and business conditions pertaining to 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 Mosaic's annual information form for the year ended December 31, 2013 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 in this material change report are reasonable based on the information available to Mosaic 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) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

For further information, please contact:

Barclay Laughland
Vice President
Telephone: (403) 218-6500

9. Date of Report:

February 26, 2015

SCHEDULE A

NEWS RELEASE
DATED FEBRUARY 20, 2015

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

FOR IMMEDIATE RELEASE

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MOSAIC CAPITAL CORPORATION
ANNOUNCES CLOSING OF $21.3 MILLION PRIVATE PLACEMENT

Calgary, Alberta - February 20, 2015. Mosaic Capital Corporation ("**Mosaic**") (TSX-V Symbols: **M**, **M.PR.A** and **M.WT**) is pleased to confirm the closing today of its previously announced initial private placement ("**Offering**") of units of Mosaic ("**Units**") with each Unit consisting of one private yield security of Mosaic (a "**Private Yield Security**") and one private yield security purchase warrant (a "**Warrant**"), as further detailed in Mosaic's news release dated February 18, 2015 (collectively, the Units, Private Yield Securities and the Warrants are referred to herein as the "**Securities**").

Under the Offering 21,320 Units have been issued for total gross proceeds of $21.3 million and Mosaic will pay a fee equal to approximately 3% of the gross proceeds to Westcourt Capital Corporation. Mosaic anticipates an additional private placement of Units to close at or around the end of February, 2015.

The net proceeds from the Offering are anticipated to be used for Mosaic's future acquisitions and for general corporate purposes.

The Securities being offered have not been, nor will they 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 release does not constitute an offer for the sale of, or the solicitation of an offer to buy, the 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

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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: that there will be no material changes in market conditions affecting Mosaic's ability to complete the anticipated additional private placement of Units; the ability of Mosaic to obtain all required regulatory approvals in connection with the anticipated additional private placement of Units; that there will be no material changes to laws, policies and regulations affecting Mosaic and its 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 the those expressed or implied by the forward-looking statements, including, but not limited to, unexpected changes in the financial markets prior to closing of the anticipated additional private placement of Units, unexpected regulatory issues, and changes in the general economic and business conditions pertaining to 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 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, 2013 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 news 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.