Interim Financial Statements

Difference Capital Funding Inc.
(formerly TriNorth Capital Inc.)

Unaudited
September 30, 2012

Difference Capital Funding Inc.
(formerly TriNorth Capital Inc.)
September 30, 2012
Unaudited - in Canadian dollars, except for per share amounts

INTERIM BALANCE SHEET

	As at September 30, 2012	As at December 31, 2011
	$	$
ASSETS		
Cash and cash equivalents	**702,371**	83,383
Prepaid expenses and other assets	**—**	11,340
Marketable securities *[note 3]*	**3,364,809**	—
Investments *[notes 3 and 12]*	**29,428,191**	3,131,010
Total assets	**33,495,371**	3,225,733
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	**485,649**	335,616
Demand promissory notes *[notes 4 and 8]*	**3,011,509**	—
Total liabilities	**3,497,158**	335,616
Shareholders' equity		
Share capital *[note 5]*	**85,601,692**	55,525,029
Contributed surplus	**40,746,790**	40,746,790
Deficit	**(96,350,267)**	(93,381,702)
Total shareholders' equity	**29,998,215**	2,890,117
	33,495,371	3,225,733

See accompanying notes

On behalf of the Board:

Director　　　　Director

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INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	$	$	$	$
REVENUE				
Realized gain (loss) on disposal of investments	**(1,716,484)**	32,375	**(1,662,217)**	32,375
Change in unrealized gain (loss) on investments	**1,565,369**	(3,711,510)	**783,926**	(311,510)
Interest	**372,299**	78	**373,012**	1,327
	221,184	(3,679,057)	**(505,279)**	(277,808)
EXPENSES				
Management fee *[note 8]*	**147,591**	—	**201,879**	7,124
Operating, general and administrative	**261,715**	276,238	**767,040**	579,865
Transaction costs	—	935	**3,068**	935
	409,306	277,173	**971,987**	587,924
Net loss for the period	**(188,122)**	(3,956,230)	**(1,477,266)**	(865,732)
Deficit, beginning of period	**(94,670,846)**	(87,942,874)	**(93,381,702)**	(91,033,372)
Distribution of Feronia shares *[note 5]*	**(1,491,299)**	—	**(1,491,299)**	—
Deficit, end of period	**(96,350,267)**	(91,899,104)	**(96,350,267)**	(91,899,104)
Basic and diluted loss per share	**$(0.002)**	$(0.0262)	**$(0.025)**	$(0.057)

See accompanying notes

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INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Nine months ended September 30, 2012	**Nine months ended September 30, 2011**
	$	$
Share capital		
Balance, beginning of period	**55,525,029**	55,518,529
Issuance of share capital *[note 5]*	**30,076,663**	6,500
Balance, end of period	**85,601,692**	55,525,029
Contributed surplus		
Balance, beginning of period	**40,746,790**	40,746,790
Balance, end of period	**40,746,790**	40,746,790
Deficit		
Balance, beginning of period	**(93,381,702)**	(91,033,372)
Net loss for the period	**(1,477,266)**	(865,732)
Distribution of Feronia shares *[note 5]*	**(1,491,299)**	—
Balance, end of period	**(96,350,267)**	(91,899,104)
Net change in shareholders' equity during the period	**27,108,098**	(859,232)
Shareholders' equity, beginning of period	**2,890,117**	5,231,947
Shareholders' equity, end of period	**29,998,215**	4,372,715

See accompanying notes

Difference Capital Funding Inc.
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Unaudited - in Canadian dollars, except for per share amounts

INTERIM STATEMENTS OF CASH FLOWS

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	$	$	$	$
OPERATING ACTIVITIES				
Net loss for the period	**(188,122)**	(3,956,230)	**(1,477,266)**	(865,732)
Items not affecting cash				
Realized gain on disposal of investments	**1,716,484**	(32,375)	**1,662,217**	(32,375)
Change in unrealized (gain) loss on investments	**(1,565,369)**	3,711,510	**(783,926)**	311,510
Net change in non-cash working capital balances	**(164,948)**	246,852	**161,373**	238,561
Cash used in operating activities	**(201,954)**	(30,243)	**(437,602)**	(348,036)
INVESTING ACTIVITIES				
Proceeds from disposal of investments	—	64,750	**176,015**	64,750
Purchase of investments	**(7,011,113)**	—	**(28,930,356)**	—
Purchase of marketable securities	**(3,277,239)**	—	**(3,277,239)**	—
Cash provided by (used in) investing activities	**(10,288,352)**	64,750	**(32,031,580)**	64,750
FINANCING ACTIVITIES				
Issuance of common shares	**(1,945)**	—	**30,076,661**	6,500
Demand promissory notes	**3,011,509**	—	**3,011,509**	—
Cash provided by financing activities	**3,009,564**	—	**33,088,170**	6,500
Net increase (decrease) in cash during the period	**(7,480,742)**	34,507	**618,988**	(276,786)
Cash and cash equivalents, beginning of period	**8,183,113**	37,453	**83,383**	348,746
Cash and cash equivalents , end of period	**702,371**	71,960	**702,371**	71,960

See accompanying notes

1. DESCRIPTION OF BUSINESS

Difference Capital Funding Inc. (formerly TriNorth Capital Inc. “TriNorth”) (“Difference Capital” or the “Company”) is a Toronto-based merchant bank focused on growth oriented investments. The Company’s common shares are listed on the TSX Venture Exchange under the symbol “DCF”.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”), however, these statements do not include all GAAP disclosures required for annual financial statements. These financial statements should be read in conjunction with the audited financial statements of TriNorth for the year ended December 31, 2011.

Investments

The Company is considered an Investment Company and consequently investments are carried at their fair value. Any changes in the fair value are recognized in the Interim Statements of Operations and Deficit as changes in unrealized gain (loss) on investments.

Fair value is determined on the basis of the expected realizable value of the investments as if they were disposed of in an orderly manner over a reasonable period of time. The Company uses estimation techniques to determine fair value, which may include arm’s length transactions, discounted cash flows, multiples of earnings or production, the movement in economic and sector indicators such as market indices and comparison with other securities of similar companies. Specific techniques listed above or a combination of these techniques maybe be employed by the Company based on its best estimate and judgment under the applicable circumstance.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments in the portfolio.

Marketable securities

Marketable securities are carried at their fair value. Any changes in the fair value are recognized in the Interim Statements of Operations and Deficit as a change in unrealized gain (loss) on investments. Marketable securities held long which are listed on an exchange are valued at the bid price as at the Balance Sheet dates. Short positions in marketable securities which are listed on an exchange are valued at the ask price as at the Balance Sheet dates.

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Foreign currency translation
The value of securities quoted in foreign currencies are translated into Canadian currency at the exchange rate at noon on the relevant balance sheet date as announced by the Bank of Canada.

Liabilities
Demand promissory notes issued by the Company are valued at the principal amount thereof plus accrued and unpaid interest.

3. INVESTMENTS

The Company's investments are as follows:

Name	**Description**	**September 30, 2012 $**	December 31, 2011 $
Feronia Inc.	common shares	80,000	3,131,010
Virgin Gaming	convertible debentures	20,200,250	-
Appinions Inc.	convertible senior debentures	1,996,462	-
Gotham Analytics LLC	common membership units	737,400	-
QuickPlay Media Inc.	common shares	2,364,880	-
Lignol Energy Corporation	common shares	1,502,760	-
FemMED Formulas LLP	secured convertible debentures	2,516,438	-
2339498 Ontario Inc.	common shares	30,000	-
		29,428,191	3,131,010

Virgin Gaming ("Virgin")
On June 5, 2012, the Company made a $19.9 million investment in Virgin Gaming in the form of convertible debentures, with a maturity date of June 15, 2014, paying interest of 5% per annum and convertible into common shares of Virgin at $1.00 per share. If Virgin fails to complete a liquidity transaction by September 5, 2013, the Company will thereafter be entitled to receive an additional 100 common shares for each $1,000 par value debenture held (representing a 10% penalty). On an as-converted, fully-diluted basis, the debentures held by the Company represent a 14.3% ownership stake in the equity of

Virgin. Virgin is a destination for competitive console gamers to meet, challenge and play in tournament challenges for cash, points and prizes.

Appinions Inc. ("Appinions")
On June 29, 2012, the Company made a US $2 million investment in Appinions in the form of convertible senior debentures, with a three year-term, paying interest of 6% per annum, convertible into common shares of Appinions at the option of the Company at US $0.06103 per share. On an as-converted, fully-diluted basis, the debentures held by the Company represent a 15.4% ownership stake in the equity of Appinions. Appinons' Influencer Exchange service allows public relations agencies and brand owners to identify the influencers for any topic, brand, issue or person.

Gotham Analytics LLC ("Gotham")
On August 7, 2012, the Company made a US $750,000 investment in Gotham in the form of common membership units. The Company purchased 48 million units at US $0.015625 per unit representing 48% of the equity of Gotham. Gotham specializes in the delivery of systems and solutions that leverage satellite communications for mission critical remote monitoring applications.

QuickPlay Media Inc. ("QuickPlay")
On August 8, 2012, the Company made a $2.4 million investment in QuickPlay in the form two purchases of common shares, representing an aggregate 2.25% stake in QuickPlay. In July 2012, a private equity investment firm purchased the majority of the equity in QuickPlay and also agreed to fund QuickPlay's continued expansion. The investment firm's total investment in QuickPlay will be approximately $100 million. The Company received permission from the investment firm and QuickPlay to acquire ownership interests. QuickPlay is a provider of cloud-based infrastructure for premium media services used by large communication companies.

Lignol Energy Corporation ("Lignol")
On August 22, 2012, the Company purchased 12.5 million common shares at $0.08 per common share for a total consideration of $1 million as part of a non-brokered private placement undertaken by Lignol. Subsequently, the Company purchased in the secondary market an additional 2,381,000 common shares at an average price of $0.1185 per common share, which is included in marketable securities. As at September 30, 2012, the Company held 14,881,000 shares representing 15.5% of Lignol shares outstanding. Lignol is a technology company in the advanced biofuels and renewable chemicals sector, undertaking the development of bio-refining technologies for the production of advanced biofuels,

including fuel-grade ethanol, and other renewable chemicals from non-food cellulosic biomass feedstocks.

Fem MED Formulas Limited Partnership ("Fem MED")
On August 30, 2012, the Company made a $2.5 million investment in Fem MED in the form of secured convertible debentures, with a three-year term, accruing interest at 8% per annum and payable on maturity. The debentures are convertible into limited partnership units of Fem MED at a price of $2.50 per unit. The debentures are secured under the *Personal Property Security Act* (Ontario) by all of the real property and assets of Fem MED. Fem MED is a mass channel retail brand of doctor-formulated, condition-specific supplements designed specifically to address women's most common health concerns.

Feronia Inc. ("Feronia")
On August 30, 2012, 14,912,984 common shares of Feronia were distributed to shareholders of record as of May 11, 2012. The closing price of Feronia shares on the distribution date was $0.10 per common share. The distribution has resulted in each shareholder of record receiving 0.0988 Feronia common shares for each pre-consolidation common share of the Company. The Company has retained 1,000,014 shares (0.70% of total Feronia shares outstanding) to offset certain liabilities. Feronia creates large-scale sustainable agriculture through oil palm plantations, arable farming and environmental management.

Marketable securities include the following investments:

Crailar Technologies Inc. ("Crailar")
On September 20, 2012, the Company made a $2.5 million investment in Crailar (formerly Naturally Advanced Technologies Inc.) in the form of listed convertible secured debentures, with a five-year term, paying 10% per annum payable semi-annually and convertible into common shares of Crailar at a price of $2.90 per common share. The debentures held by the Company represent approximately 1.8% of the shares of Crailar on an as-converted fully diluted basis. Crailar has developed proprietary technologies for the production of flax fibers, typically used in linen production that can be woven into fabrics indistinguishable from cotton, but in a process that drastically reduces chemical and water usage.

Neulion, Inc. ("Neulion")
On September 25, 2012, the Company made a $500,000 investment in Neulion in the form of 2,500,000 units at a price of $0.20 per unit. Each unit consists of one common share and one-half of one purchase warrant. Each warrant entitles the holder to purchase one

common share at $0.30 until February 25, 2015. The Company's holding represents 1.5% of Neulion's shares outstanding. Neulion delivers live and on-demand sports content to Internet-enabled devices.

4. PROMISSORY NOTES

The Company has two demand promissory notes outstanding in the principal amount of $1.5 million each. The first note had an interest rate of 1.5% p.a. from May 29, 2012 to September 19, 2012 and 5% thereafter. The second note has an interest rate of 5% p.a. Both demand promissory notes were repaid in full with interest on October 3, 2012 from proceeds of a special warrant financing described in Note 12.

5. SHARE CAPITAL

The Company has two authorized classes of shares: an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The Company's common shares are traded on the TSX Venture Exchange ("TSXV"), stock symbol "DCF".

Pursuant to a shareholders' meeting on May 24, 2012, the existing common shares were consolidated on the basis of one post-consolidation share for every ten existing common shares.

71,776,270 common shares issued on May 29, 2012 under a private placement became freely tradable on September 30, 2012, and 29,159,333 common shares issued on June 8, 2012 under the second tranche of the private placement became freely tradable on October 9, 2012.

The distribution to shareholders of 14,912,984 common shares of Feronia on August 30, 2012 has resulted in an increase in the deficit of $1,491,299.

As at September 30, 2012, there were 116,031,956 outstanding common shares with a stated capital of $85,601,692. There are no outstanding preference shares. Costs of $1,945 were incurred in the three months ended September 30, 2012 with respect to the issuance of shares on June 8, 2012.

6. INCOME TAXES

The Company has capital losses of approximately $154,500,000 and non-capital losses of approximately $11,812,594 that may be carried forward to reduce income taxes in future years. If not utilized, the non-capital losses will expire as follows:

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2014	442,399
2015	367,041
2026	801,603
2027	1,673,226
2028	2,982,447
2029	3,447,337
2030	1,120,101
2031	978,440
	$11,812,594

The Company has recorded a valuation allowance for the full amount of its future income tax assets related to capital and non-capital losses carried forward because it is uncertain that these tax losses will be utilized in the foreseeable future, and accordingly, the Company has not recognized any tax recoveries in its interim financial statements. The value of unused tax losses and deductible temporary differences for which no future income tax assets have been recognized, is approximately $23.4 million.

7. FINANCIAL INSTRUMENTS

The Company is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. These risks and related risk management practices employed by the Company are discussed below:

Interest rate risk
As at September 30, 2012, the Company holds $26.8 million, or approximately 80% of total assets, in convertible debentures earning a weighted average yield of about 5.8% and having a weighted average term to maturity of approximately 2.2 years. Should interest rate levels rise, then the bond components of these convertible debentures will decline in value. Such risk is mitigated to a certain extent by the fact that the Company's primary intention is to either convert the debentures into their underlying equities or to hold the debentures to maturity.

Currency risk
As at September 30, 2012, the Company is exposed to foreign exchange risk on its investments in Appinions and Gotham. The aggregate exposure of USD 2.75 million

represents approximately 8% of total assets. The Company does not currently hedge its foreign currency exposure.

Credit risk

The Company is exposed to credit risk associated with certain cash equivalents, marketable securities, and investments. Credit risk associated with cash equivalents is substantially minimized by ensuring that such assets are limited, where possible to government securities, well capitalized financial institutions and other credit worthy entities. The company is exposed to credit risk of the issuers of the convertible debentures it holds. A description of investments is provided in Note 3. The Company seeks to mitigate such credit exposure by, where possible, obtaining security over the assets of the issuer and limiting the investment sizes to an amount such that the Company's debentures could be repaid through the liquidation of a defaulting issuer.

Other price risk

The Company is exposed to other price risk with respect to its cash equivalents, marketable securities, and investments. The fair value of these financial instruments will fluctuate due to changes in market prices. A description of investments is provided in Note 3.

Fair value hierarchy

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the highest level input that is significant to the fair value measurement in its entirety.

Fair Value of Financial Instruments
As at September 30, 2012

Classification	Level 1 (i) ($000s)	Level 2 (ii) ($000s)	Level 3 (iii) ($000s)	Total ($000s)
Financial Assets				
Equities	963	1,503	3,132	5,598
Convertible Debentures	-	2,419	24,713	27,132
Warrants	-	63	-	63
Total Financial Assets	963	3,985	27,845	32,793

(i) Quoted prices in active markets for identical assets
(ii) Significant other observable inputs
(iii) Significant unobservable inputs

Level 3 financing assets

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains (losses) are recognized in the Interim Statements of Operations and Deficit.

	Financial Assets ($000s)
Opening balance, January 1, 2012	—
Purchases	27,900
Sales	—
Net transfers	—
Realized gains (losses)	—
Change in unrealized appreciation (depreciation)	(55)
Balance, end of period	27,845
Total change in unrealized appreciation (depreciation) for assets held at September 30, 2012	(55)

8. RELATED PARTY TRANSACTIONS

The Company has one demand promissory note due to a corporation which is 50% owned by a director of the Company. Interest on this note of $2,260 was accrued as at September 30, 2012. In a subsequent event, the Company repaid the promissory note in full together with total interest of $2,882, on October 3, 2012.

The Company has concluded the terms of a management agreement with Difference Capital Management Inc. and expects the final contract to be executed in the fourth quarter of 2012. At this time, the Company is accruing and paying management fees on the basis of 2% per annum of the Company's monthly net asset value. For the three-month period ended September 30, 2012, management fees of $164,000 were paid and $49,924 was accrued.

The Company had a management contract with a previous manager to manage the undertakings of the Company. The Company had agreed to pay such manager a 2% management fee per annum, based on the Company's net asset value, and a performance fee, based upon the increase in the Company's net asset value above a benchmark. The contract with the previous manager terminated effective January 25, 2011. For the nine months ended September 30, 2011, a management fee of $7,124 was recorded.

Two of the officers and directors of the Company are shareholders of Virgin and an officer of the Company is also a shareholder of Crailar. Subsequent to September 30, 2012, an officer of the Company that is a shareholder of Ethoca is taking part in the Share Exchange defined in Note 12 below. The conflicts of interest were disclosed to the Board of Directors prior to the Company making its investments in these companies.

As part of its investment process and where the Company is making a significant investment relative to the total outstanding equity of an investee, the Company typically seeks representation on the Board of Directors of such investee companies, or rights to attend and observe board meetings. A director of the Company acts as a director for Gotham and Fem MED.

Officers and directors of the Company subscribed for approximately $10.75 million in special warrants of the Company subsequent to September 30, 2012. See Note 12 for a description of the special warrant financing.

These transactions occurred in the normal course of operations and were recorded at the exchange amount that had been established and agreed to by the related parties.

9. CAPITAL AND RISK MANAGEMENT

The Company's capital is comprised of shareholders' equity. The Company's objective for its capital is to maximize shareholder value. In this regard, the Company invests in growth oriented companies that have the potential of providing an above average return on investments. The Company does not have any externally imposed capital requirements and believes that it has sufficient working capital for ongoing operations.

10. DIRECTORS STOCK OPTION PLAN

The Company has implemented a stock option plan which permits the Company to issue stock options to employees, directors and consultants of the Company. Each option granted under the plan is for a maximum term of seven years with an exercise price equal to the greater of the Company's net asset value or closing share price on the last day of the applicable quarter and vests immediately. The Company permits directors to receive their quarterly fees either in cash or stock options. A director electing to exercise an option is required to provide funds to purchase the shares for the exercise price.

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All amounts in this note have been adjusted for a one post-consolidation share for every ten pre-consolidation shares approved by shareholders at a meeting on May 24, 2012.

There were no options issued for the nine month periods ended September 30, 2012 and 2011. During the nine month period ended September 30, 2011, 21,667 of the $0.30 options were exercised for proceeds of $6,500. No options were exercised for the nine month period ended September 30, 2012.

At September 30, 2012, the number of options outstanding and exercisable is as follows:

Exercise Price	Quantity	Expiry Date
$1.90	3,470	May 12, 2015
$3.00	2,880	June 30, 2015
$1.10	5,870	September 30, 2015

11. COMPARATIVE FIGURES

Certain comparative figures from the prior period have been reclassified to conform with the current year's presentation.

12. SUBSEQUENT EVENTS

The Company, subsequent to September 30, 2012, has issued 154,349,782 special warrants at $0.35 per special warrant for gross proceeds of $54,022,438. Each special warrant is exercisable, for no additional consideration, into a unit that consists of one common share and one-half of one common share purchase warrant. Each whole purchase warrant entitles the holder to purchase one common share at an exercise price of $0.60 per share on or prior to October 3, 2014. The special warrants were distributed as a non-brokered private placement.

The special warrants will be deemed to be exercised on the earlier of: (a) February 4, 2013 for tranche one in the amount of 114,539,084 special warrants, and March 20, 2013 for tranche two in the amount of 39,810,698 special warrants; and (b) the fifth business day after a receipt is issued for a final prospectus ("Qualification Prospectus") qualifying the distribution of the units. Pursuant to applicable Canadian securities laws, until a receipt is issued for the Qualification Prospectus the special warrants and any underlying securities issuable on exercise thereof will be subject to a four-month and one-day hold period from the applicable issue dates expiring on February 4, 2013 and February 5, 2013, respectively for tranche one units and March 20, 2013 and March 21, 2013 respectively for tranche two units.

Also subsequent to the end of the third quarter, the Company has entered into share exchange agreements (the "Share Exchange") with certain shareholders of Ethoca Solutions Inc. ("Ethoca"), to acquire 35,578 shares of Ethoca, for total consideration of $978,395, in exchange for the issuance of 2,795,413 common shares of the Company at price of $0.35 per share. Closing of the Share Exchange is subject to the approval of the TSX Venture Exchange (the "TSXV").

Both demand promissory notes described in Note 8 were repaid in full with interest on October 3, 2012 from proceeds of tranche one of the special warrant financing described above.

Also subsequent to September 30, 2012, the Company has invested a net amount of approximately $11.5 million in listed equity securities. The Company also purchased approximately US $8 million in United States real estate assets in two separate transactions.