Management's Discussion and Analysis

November 28, 2012

The following provides additional analysis of the operations and financial position of Difference Capital Funding Inc. (formerly TriNorth Capital Inc. "TriNorth") ("Difference Capital" or the "Company") (TSXV: DCF). It is supplementary information and should be read in conjunction with the Company's audited financial statements and accompanying notes as at December 31, 2011 and unaudited interim financial statements and accompanying notes for the period ended September 30, 2012.

Regulatory filings for Difference Capital may be found on SEDAR at www.sedar.com, while other information related to the Company is published on its website at www.differencecapital.com.

FORWARD-LOOKING STATEMENTS

Included in this Management Discussion & Analysis are matters that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. These factors are largely outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

OVERVIEW

Difference Capital Funding Inc. (formerly TriNorth Capital Inc. "TriNorth") ("Difference Capital" or the "Company") (TSXV: DCF) is a Toronto-based merchant bank focused on growth oriented investments.

RECENT EVENTS

The shareholders of the former TriNorth, at a shareholders meeting on May 24, 2012, approved a number of resolutions including, but not limited to the following:

1. A consolidation of the existing common shares on the basis of one post-consolidation share for every ten existing shares.
2. A private placement of post consolidation common shares at an offering price of $0.30 per share.
3. A change in name to Difference Capital Funding Inc.
4. A distribution of 14,913,000 common shares of Feronia Inc. (a majority of the only investment held by the Company at that time) to shareholders of record as of May 11, 2012.

The Company completed, in late May and early June, two tranches of a non-brokered private placement. The funding, totaling $30,078,606 (net of related costs of $202,875) was concluded through the issuance of 100,935,603 common shares at $0.30 per share (taking into account the one-for-ten consolidation described above).

On August 30, 2012, the distribution of 14,912,986 Feronia common shares took place, resulting in each shareholder receiving 0.0988 Feronia common shares for each pre-consolidation common share of the Company. The closing market price per Feronia common share on August 30, 2012 was $0.10. The distribution of Feronia shares has resulted in an increase in the deficit of $1,491,299.

During the second quarter, the Company made two investments. The first was a $19.9 million investment in Virgin Gaming in the form of unsecured convertible debentures bearing an annual interest rate of 5% and maturing on June 15, 2014. The second investment was a US $2 million investment in Appinions Inc. in the form of a secured convertible debenture with a three year-term paying interest at 6% per annum.

During the quarter ended September 30, 2012, the Company added six notable investments to its existing holdings in Virgin Gaming, Appinions Inc. and Feronia Inc. See "Investments" below for a description of the investments and companies.

Subsequent to September 30, 2012, the Company issued 154,349,782 special warrants in two tranches 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. Officers and directors of the Company subscribed for approximately $10.75 million in special warrants.

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").

RESULTS OF OPERATIONS

Net loss for the quarter ending September 30, 2012 was $188,122 compared to a net loss of $3,956,230 for the corresponding quarter in the prior year. During the third quarter, the following significant operating events occurred:

- In the third quarter 2012, change in Realized loss on investments of $1.7 million was due primarily to the distribution of the Feronia shares, offset by an increase in unrealized gain of $1.06 million. The balance of the change in the unrealized gain was due to an increase in fair value of new investments of approximately $0.50 million. Interest earned on the Company's portfolio of convertible debentures was $372,299. In contrast, almost 94% of the $3.9 million loss in the third quarter of 2011 was due to a reduction in the fair value of Feronia shares.

- Management fees increased from nil in 2011 to $147,591 in 2012. The increase resulted from the restructuring of the Company as approved at the shareholders meeting on May 24, 2012 and the subsequent recapitalization of the Company in the second quarter of 2012.

Net loss for the nine months ending September 30, 2012 was $1,477,266 compared to a net loss of $865,732 for the corresponding period in 2011. During the nine months, the following operating events explain the change year over year:

- Interest income on the Company's new portfolio of $373,012 plus unrealized gains of about $504,000 were offset by the realized loss and change in unrealized loss on the Feronia shares in 2012.

- Operating, general and administrative expenses increased from $579,865 in 2011 to $767,040 in 2012. The major reason for the increase was a result of additional legal and other costs related to the restructuring of the Company and the issuance of new shares. Management fees increased from $7,124 in 2011 to $201,879 in 2012 as a result of the larger capital base of the Company.

SUMMARY OF QUARTERLY RESULTS

The selected interim financial information set out below for the eight most recently completed quarters has been derived from the Company's unaudited interim financial statements and accompanying notes posted on www.sedar.com. Readers should read the following financial information in conjunction with those statements and notes.

($000s except per share amounts)

Quarter Ended	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Mar-11	31-Dec-10
Net Investment gains (losses)	(151)	(3,023)	2,296	(1,360)	(3,679)	-	3,400	(197)
Net Income (loss) for the quarter	(188)	(3,495)	2,206	(1,482)	(3,956)	(164)	3,254	66
Earnings (loss) per share	(0.002)	(0.07)	0.15	(0.10)	(0.26)	(0.01)	0.22	0.01

Variances in quarterly results occur due to the timing of disposition of investments and revaluations of marketable securities due to fluctuations in the public markets.

FINANCIAL POSITION AND LIQUIDITY

During the quarter ended September 30, 2012, cash used in operating activities before non-cash working capital balance adjustments was $37,006 ($277,095 for the comparable period in 2011). After reflecting the changes in prepaid expenses and payables, cash used in operations was $201,954 compared to an outflow of $30,243 for the corresponding period in the prior year.

Working capital at September 30, 2012 was $570,022 including cash and cash equivalents of $702,371.

Current liabilities were $3,497,158 as at September 30, 2012, including 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 had an interest rate of 5% p.a. Both demand promissory notes were repaid in full with interest on October 3, 2012 from proceeds of the special warrant financing.

INVESTMENTS

Virgin Gaming ("Virgin")
On June 5, 2012, the Company made a $19.9 million investment in Virgin Gaming, in the form of unsecured convertible debentures (the "Debentures").The Debentures were issued in denominations of $1,000 and will bear interest at the rate of 5% calculated and payable annually, and will mature on June 15, 2014. The Debentures are convertible into common shares of Virgin Gaming at the option of the Company at any time prior to the maturity date at a conversion price of $1.00 per share. Prior to September 5, 2013, Virgin Gaming intends to use its best efforts to complete a liquidity transaction, such as an initial public offering, the sale of the company or a similar transaction providing liquidity. If Virgin Gaming fails to complete a liquidity transaction during this period, the Company will thereafter be entitled to receive an additional 100 common shares for each Debenture held (representing a 10% penalty). Prior to any change of control of Virgin Gaming, or any offering of common shares or convertible debentures at a price/conversion price of less than $1.00 per share, Virgin Gaming shall have the obligation to notify and consult the Company in respect of any such transaction. The Debentures will, at the option of Virgin Gaming, be redeemable by Virgin Gaming at any time at the outstanding principal amount of the Debentures plus accrued and unpaid interest (if any) thereon. On an as-converted, fully-diluted basis, the debentures held by the Company represent approximately 14.3% of the equity of Virgin Gaming.

Appinions Inc. ("Appinions")
On June 29, 2012, the Company made a US $2 million investment in Appinions Inc. ("Appinions"), in the form of secured convertible debentures (the "Appinions Debentures"), with a three year-term, paying interest of 6% per annum and 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.

Appinions' proprietary software, based on a decade of research at Cornell University, identifies social-media influencers who create content and who attract the most attention and media coverage. Using 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 its 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, 14,912,986 common shares of Feronia were distributed to shareholders of record as of May 11, 2012. 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. Feronia has palm oil plantations and other agricultural interests in the Democratic Republic of Congo and other countries in Africa.

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 interest of 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 fibres, typically used in linen production, that can be woven into fabrics that are 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 purchase 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.

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

RELATED PARTY TRANSACTIONS AND CONTRACTUAL OBLIGATION

The Company had 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. Subsequent to the quarter end, the Company repaid the promissory note in full together with total interest of $2,882, on October 3, 2012, with proceeds from the special warrant financing.

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 were 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.

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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company's accounting policies are described in Note 2 to the September 30, 2012 interim financial statements.

Estimated fair value is determined on the basis of the expected realizable value of the investments 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.

IFRS ACCOUNTING

In December 2011, the Accounting Standards Board (AcSB) amended the Introduction to Part 1 of the CICA Handbook – Accounting to allow investment companies to adopt International Financial Reporting Standards (IFRS) for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2014.

The Company is currently in the process of assessing the differences between IFRS and Canadian GAAP, as well as the alternatives available upon adoption. The impact these differences may have on the financial results has not been yet determined and will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations periodically.

RISK FACTORS AND RISK MANAGEMENT

The Company's investment strategy requires assuming risk in exchange for an above average return on investment. Each of Difference's investee companies are subject to the risks inherent in the industry and markets in which they operate. Such risks include currency, market and liquidity risk. Many investee companies are at a mid-stage of development and may continue to require additional capital to develop their business plans and realize their objectives.

Credit Risk, Liquidity Risk and Market Risk
Credit risk is the risk of financial loss when a counterparty defaults on its obligations to the Company. Liquidity risk is the risk that the Company is unable to fulfill its financial obligations as they become due. Market risk occurs when changes in interest rates, foreign exchange rates and commodity prices affect the fair value of, or future cash flows, from the Company's financial instruments. Market risk also creates significantly uncertainty around the ability of the Company to liquidate its investments.

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 above and in Note 3 of the financial statements. 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 risk
The Company is exposed to market 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 above and in Note 3 of the financial statements.

OUTSTANDING SHARE DATA

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, 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. Prior to the financings described below, the number of post-consolidation common shares issued and outstanding was 15,096,353. All prior periods' income (loss) per share have been adjusted to reflect this consolidation of 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 14,912,986 common shares of Feronia Inc. 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.

Based on the special warrants issued subsequent to the end of third quarter, the Company had 230,571,040 basic shares outstanding as at October 3, 2012 and 270,381,738 basic shares outstanding as of November 21, 2012. Also as of November 21, 2012, the Company had issued in connection with its special warrant private placement, 77,174,891 purchase warrants with an exercise price of $0.60 per share and an expiry date of October 3, 2014. Should all such purchase warrants be exercised then shares outstanding would increase to 347,556,629.

Upon completion of the Ethoca Share Exchange, common shares outstanding will increase to 273,177,151 and fully diluted shares will increase to 350,352,042.