

Form 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of the Issuer

Difference Capital Funding Inc. (the “Company”)
The Exchange Tower
130 King Street West, Suite 2950
Toronto, Ontario
M5X 1C7

2. Date of Material Change

October 3, 2012 and October 4, 2012

3. News Release

A news release was disseminated on October 9, 2012 through Marketwire and was filed on SEDAR with the British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland securities commissions and the TSX Venture Exchange.

4. Summary of Material Change

The Company closed the first tranche (the “First Tranche”) of the previously announced non-brokered private placement offering (the “Offering”) of special warrants (the “Special Warrants”) at a price of \$0.35 per Special Warrant for gross proceeds of \$40,138,738.

5. Full Description of Material Change

Each Special Warrant entitles the holder to receive one unit (a “Unit”) of the Company, for no additional consideration, upon the exercise or deemed exercise of the Special Warrants. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.60 until October 3, 2014.

The Special Warrants will be deemed to be exercised on the earlier of: (a) February 4, 2013 and February 5, 2012, as applicable, and (b) the fifth business day after a receipt is issued for a final prospectus (“Qualification Prospectus”) qualifying the distribution of the Units. The Company will use commercially reasonable efforts to obtain a receipt for the Qualification Prospectus within 75 days of the closing of the First Tranche.

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.

Certain insiders of the Company, including Michael Wekerle, Executive Chairman of the Company, Neil Johnson, Chief Executive Officer of the Company, Paul Sparkes, the Executive Vice Chairman of the Company and Henry Kneis, the Chief Operating Officer and Chief Financial Officer of the Company, subscribed for Special Warrants under the First Tranche for total gross proceeds of approximately \$8.6 million. As such, the closing of the First Tranche constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). In respect of the First Tranche, the relied upon the exemptions from the formal valuation and minority shareholder approval requirements pursuant to sections 5.5(b) and 5.7(1)(a), respectively, of MI 61-101 on the basis that the Company is not listed on a specified stock exchange and at the time the First Tranche was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction insofar as it involves interested parties (within the meaning of MI 61-101) in the First Tranche, exceeded 25% of the Company's market capitalization calculated in accordance with MI 61-101.

Proceeds from the First Tranche will be used for general expenses and to diversify the Company's investment strategy to include mid-market non-resource growth opportunities.

Forward Looking Information

This material change report contains forward-looking statements regarding future growth, results of operations, performance, business prospects and opportunities involving the Company. Words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Company. These statements are not historical facts but instead represent only management's and the board's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve known and unknown risks, assumptions, uncertainties, and other factors that may cause actual results or events to differ materially from what is expressed, implied or forecasted in such forward-looking statements. In addition to the factors the Company currently believes to be material such as, but not limited to, obtaining applicable shareholder approvals for the Second Tranche, its ability to achieve its investment and other strategic business objectives, generally, its dependence on the efforts of management, risks associated with fluctuations in net asset value and valuation of the Company's portfolio, its ability to operate on a profitable basis, changes in interest rates, evaluation of its provision for income and related taxes, and other factors, such as general, economic and business conditions and opportunities available to or pursued by the Company, not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although the Company has attempted to identify important risks and factors that could

cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, shareholders should not place any undue reliance on forward-looking statements as such information may not be appropriate for other purposes. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release except as required by applicable law.

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information, please contact Neil Johnson, the Chief Executive Officer of the Company, at (416) 649-5088.

9. Date of Report

DATED the 15th day of October, 2012.