

Difference Capital Reports First Quarter 2015 Results

TORONTO, CANADA – May 14, 2015 – Difference Capital Financial Inc. (“DCF” or the “Company”) (TSX:DCF)(TSX:DCF.DB), today reported its financial results for the first quarter ended March 31, 2015.

<i>(figures are in \$'000 except per share amounts and shares outstanding)</i>	Q1 2015	Q4 2014	Q1 2014
Net realized gain (loss) on investments and marketable securities	\$(8,350)	\$227	\$3,053
Net change in unrealized gain (loss) on investments and marketable securities	14,161	(23,407)	1,151
Other income	1,346	1,031	1,979
Total expenses	(3,661)	(3,756)	(3,325)
Net income (loss)	3,496	(25,905)	2,858
Basic and fully diluted earnings per share	\$0.09	(\$0.68)	\$0.07
Total assets	\$113,678	\$114,952	\$169,280
Total liabilities	46,107	49,018	50,884
Net asset value	67,571	65,934	118,396
Shares outstanding	36,328,934	38,197,734	39,132,334
Net asset value per share	\$1.86	\$1.73	\$3.03
Share price	\$0.93	\$1.14	\$2.23

Q1 2015 Highlights

- Net asset value per share increased to \$1.86 from \$1.73 at December 31, 2014
- Net overall gain on investments and marketable securities totalled \$5.8 million during the quarter, due in large part to \$5.2 million in total cash distributions from the sale of Lignol Energy Corporation’s (“Lignol”) assets
- Closed the sale of Chieftain Residential LP (“Chieftain”) for \$12.9 million
- Cash on hand at March 31, 2015 was \$24.2 million
- The Company repurchased 1.9 million common shares at an average cost of \$1.00 per share and \$3.5 million principal amount of the convertible debentures for aggregate consideration of \$2.8 million.

Company Commentary

“Since the announcement of our portfolio review last summer, we have made steady progress re-aligning our holdings as planned,” commented Tom Astle, Managing Partner and Head of Investment Strategy. “Throughout the second half of 2014 we focused on restructuring and refocusing the portfolio and in the first quarter of 2015 we concentrated on monetizing weaker and non-strategic positions while working to transition over half of our portfolio into IPO capable names”

Henry Kneis, DCF’s Chief Financial Officer, added: “Our thesis on the scarcity value of quality growth names is playing out well and we remain encouraged by the potential for growth IPOs in the current market. We believe the Company is well-positioned with a core portfolio of investment assets and look forward to reporting back on our developments over the course of 2015.”

First Quarter Financial Results

Net income for the quarter ended March 31, 2015 was \$3.5 million, or \$0.09 per share compared to a net income of \$2.9 million, or \$0.07 per share for the quarter ended March 31, 2014 and a net loss of \$25.9 million, or \$0.68 per share for the quarter ended December 31, 2014.

During the quarter, the Company recovered approximately \$5.2 million in total cash distributions from the sale of the Lignol assets and assumed a 21% interest in Australian Renewal Fuels Limited, a publicly traded company on the Australian Securities Exchange and a former holding of Lignol's. In Q3 of 2014, the Company had written its holdings in Lignol down to \$1 million due to a lack of visibility to a material recovery of its investment. As a result, the recovery represents a net overall gain for the Company during the quarter, shown as a net change in unrealized appreciation, partially offset by realized capital losses, as further discussed below.

For the three months ended March 31, 2015, the Company had \$8.4 million of net realized capital losses, which resulted primarily from the write-off of the Company's investments in Lignol, net of recoveries from the receivership proceedings, of \$13.0 million. The realized loss from the write-off of the Lignol investments was offset by \$4.9 million of realized gains from sales of investments in Aurinia Pharmaceuticals Inc. ("Aurinia") and Chieftain. During the same period last year, net realized gains on investments and marketable securities were \$3.1 million.

The Company recorded \$14.2 million of net change in unrealized appreciation on investments and marketable securities for the three months ended March 31, 2015, primarily due to the reversal of previously unrealized gains and losses on investments in Lignol, Aurinia and Chieftain that were realized when the positions were sold or written-off, a fair valuation adjustment on the Infraredx, Inc. investment and an unrealized foreign exchange gain on foreign investments. For the three months ended March 31, 2014, the Company recorded \$1.2 million of net change in unrealized appreciation on investments and marketable securities.

Other income decreased from \$2.0 million for the three months ended March 31, 2014 to \$1.3 million for the three months ended March 31, 2015. Included in other income were interest and dividend income totalling \$0.9 million, down from \$1.7 million in the same period of 2014, primarily due to a smaller portfolio of convertible debentures and debentures. Also included in other income was the 40% revenue participation in Difference Capital Management's advisory revenue business of \$0.1 million, compared to \$0.3 million in the first quarter of 2014, and \$0.4 million of gain recognized on the repurchase of the Company's convertible debentures, compared to nil in the same period of 2014.

Total expenses during the quarter ended March 31, 2015 were \$3.7 million compared to \$3.3 million for the quarter ended March 31, 2014.

Please refer to the section regarding forward-looking statements which form an integral part of this release. These results, along with the audited financial statements and the company's MD&A, are available on the company's website at www.differencecapital.com and on SEDAR at www.sedar.com.

Conference Call

DCF will host a conference call Tuesday, May 19, 2015, at 9:00 AM ET to discuss its results. Henry Kneis, CFO and Tom Astle, Head of Investment Strategy will host the call. All interested parties can join the call by dialling (647) 427-7450 or (888) 231-8191. Please dial in 5-10 minutes prior to the call to secure a line. A taped replay will be available at 12:00 noon following the call through to 12:00 midnight (EST) on Tuesday May 26, 2015. The replay can be accessed by dialling either (416) 849-0833 or (855) 859-2056 and entering Reference number: 42222018

About Difference Capital Financial Inc.

Difference Capital Financial Inc. invests in and advises growth companies. We leverage our capital market expertise to help unlock the value in technology, media and healthcare companies as they approach important milestones in their business lifecycle. Difference Capital Financial Inc.'s common shares and convertible debentures are traded on the Toronto Stock Exchange under the symbols "DCF" and "DCF.DB", respectively.

Caution Regarding Forward-Looking Statements

Included in this press release are matters that constitute "forward-looking" information. Such forward-looking include statements regarding future financial results of the Company, potential liquidity events of portfolio investment assets and the ability to recover on secured debt positions. 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, equity market regulatory risks, risk inherent in foreign operations 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. 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.

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