

Difference Capital Reports Third Quarter 2016 Results and Announces Details of Special Shareholders' Meeting and Share Consolidation

TORONTO, CANADA – November 9, 2016 – Difference Capital Financial Inc. (“DCF” or the “Company”) (TSX:DCF) (TSX:DCF.DB), today reported its financial results for the third quarter ended September 30, 2016.

Q3 2016 Highlights

- Net asset value per share of \$1.79 as at September 30, 2016 compared to \$2.00 at June 30, 2016;
- Net loss for the quarter of \$6.3 million, or \$0.21 per share compared to net income of \$3.8 million or \$0.11 per share in the third quarter of 2015; and
- Cash on hand at September 30, 2016 was approximately \$15.0 million.

<i>(figures are in \$'000 except per share amounts and shares outstanding)</i>	Q3 2016	Q2 2016	Q3 2015
Net realized gain (loss) on investments and marketable securities	\$(2,863)	\$(8,655)	\$(19,248)
Net unrealized gain (loss) on investments and marketable securities	(2,002)	13,582	26,650
Net gain (loss) on investments and marketable securities	(4,865)	4,927	7,402
Other income	290	465	625
Total expenses	(1,736)	(1,768)	(4,204)
Net income (loss)	(6,311)	3,624	3,823
Basic and fully diluted earnings per share	\$(0.21)	\$0.12	\$0.11
Total assets	84,018	90,561	\$111,243
Total liabilities	31,475	31,788	45,426
Net asset value	52,543	58,773	65,817
Shares outstanding	29,334,984	29,361,984	35,940,934
Net asset value per share	\$1.79	\$2.00	\$1.83
Share price	\$1.04	\$1.02	\$0.76

Third Quarter Financial Results

Net loss for the quarter ended September 30, 2016 was \$6.3 million or \$0.21 per share compared to net income of \$3.8 million, or \$0.11 per share, for the quarter ended September 30, 2015 and net income of \$3.6 million, or \$0.12 per share, for the quarter ended June 30, 2016.

During the quarter ended September 30, 2016, the Company recorded \$4.9 million net loss on investments and marketable securities, compared to a net gain of \$7.4 million during the quarter ended September 30, 2015. The net loss during the most recent quarter was primarily attributed to fair value adjustments of three private holdings totalling \$5.6 million. These losses were offset by net gain on disposals of investments of \$0.7 million,

Other income decreased from \$0.6 million for the three months ended September 30, 2015 to \$0.3 million for the three months ended September 30, 2016, primarily due to lower interest and dividend income generated from a smaller portfolio of convertible debentures and debentures.

Total expenses during the quarter ended September 30, 2016 were \$1.7 million compared to \$4.2 million during the quarter ended September 30, 2015. The significant components of expenses were as follows:

- Compensation expense for the three months ended September 30, 2016 was \$0.5 million versus \$0.7 million during the same period in 2015.
- Financing costs were \$0.9 million compared to \$1.2 million during the same period in 2015, as the Company continues to take steps to reduce its outstanding convertible debentures through buybacks.
- Included in transaction costs during the quarter ended September 30 2015 was a non-recurring \$1.4 million transaction cost related to the WG Ltd. (World Gaming) sale.

“We believe our portfolio of later stage technology and media private companies continues to give our investors quality exposure to the asset class of private growth equity, where much of the opportunity exists for growth investors,” said Tom Astle, Chief Investment Officer.

“We continue to prudently manage the liquidity of the Company with our 2018 convertible debenture maturity in mind. And our portfolio is well positioned to take advantage of an opening in the Canadian IPO window when it appears,” added Henry Kneis, Chief Executive Officer.

Please refer to the section regarding forward-looking statements which form an integral part of this release. These results, along with the unaudited 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.

Special Shareholders' Meeting

At a special meeting of DCF's shareholders (the “Shareholder Meeting”) to be held on November 30, 2016, shareholders will be asked to pass a special resolution approving an amendment to the Company's articles to consolidate its common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares outstanding (which is also subject to the approval of the Toronto Stock Exchange). Details of the Shareholder Meeting are contained in the management information circular that was mailed to shareholders on November 3, 2016 and which is also available on DCF's profile at www.sedar.com.

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. is traded under the Toronto Stock Exchange under the symbol “DCF”.

Caution Regarding Forward-Looking Statements

Included in this press release are matters that constitute “forward-looking” information. Forward-looking statements may be identified by words such as “plans”, “proposes”, “anticipates”, “estimates”, “intends”, “expects”, “believes”, “may”, “will”, “potential”, “eventual”, “explore”, “could”, “should”, “seek”, “take advantage”, “appears”, “when”, “within” or words of a similar

nature. Forward looking statements in this press release include statements relating to future financial results of the Company. Factors that could cause actual results to differ materially include among others, equity market regulatory risks, risk inherent in foreign operations, competition, real estate market risks, and macro-economic risk. 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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