

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1. Reporting Issuer

Northern Financial Corporation ("Northern")
Commerce Court North, Suite 1450
25 King Street West
P.O. Box 223
Toronto, ON M5L 1E8

ITEM 2. Date of Material Change

June 20, 2013.

ITEM 3. Press Releases

Press release in the form of Schedule A attached hereto was disseminated on June 20 2013, via Filing Services Canada news service.

ITEM 4. Summary of Material Change

Northern has announced an update on its financial restructuring which is designed to restructure its debt, with the exception of its \$300,000 credit facility, in order to restore the Company's balance sheet to a position that will allow the Company to carry out its stated business plan.

Further to the previously announced agreement, the Company paid Jaguar Financial Corporation ("Jaguar") \$108,865 on June 17 in settlement of the \$541,328 debt plus accrued interest owed to Jaguar. The settlement payment represented 20% of the principal amount of the debt. Jaguar was also offered the option of receiving common shares of the Company to satisfy all of the principal amount owing plus the accrued interest. The decision to elect to receive the 20% principal repayment in cash was determined by the independent directors of Jaguar.

In the second of the two options, issuance of the common shares was to have been conditional on regulatory approval and shareholder approval of both the issuance and a share consolidation expected to be one new share for every 20 old shares. The shareholder approval for any future debt holders that take this second option will be sought at the annual and special shareholders meeting to be held in August 2013. The share consolidation is necessary in order to increase the market price of the Company's shares to a value of at least \$0.05, which is the minimum issue price of common shares for the settlement of debt permitted by the TSX Venture Exchange.

The Company will offer the same cash and share options to the holders of approximately \$1,403,000 in debt plus accrued interest, which total amount does not include a secured loan of \$240,000 and the \$300,000 credit facility. It is anticipated that the secured loan of \$240,000 will be retired in full in cash.

\$504,000 of the \$1,403,000 in debt is a previously disclosed settlement liability owing to a plaintiff arising from the fiscal year ended March 31, 2010. The terms of the settlement liability required Northern Financial to pay the plaintiff a total of \$800,000 in monthly

payments over a period of nine years beginning in March 2010. The Company has failed to make monthly payments since March 2013, resulting in the plaintiff obtaining a judgment against the Company for \$504,000. The plaintiff will be offered the same cash and share options referred to above. As previously disclosed, the Company is currently experiencing financial difficulties, which is the reason for the non-payment of this settlement liability.

The settlement payment to Jaguar was financed by a loan of \$150,000 provided to the Company by Vic Alboini, Chairman and Chief Executive Officer of the Company. The \$150,000 loan will be settled by the acquisition of 6,000,000 Jaguar shares owned by the Company at \$0.025 per share being the recent market price for Jaguar shares, subject to regulatory approval and disinterested shareholder approval at the shareholders meeting to be held in August 2013. Mr. Alboini is also the Chairman and Chief Executive Officer of Jaguar. The terms of the loan were approved by the independent director. The Company relied upon the financial hardship exemptions from the valuation and minority approval requirements in Multi-Lateral Instrument 61-101 in connection with this loan.

The report was filed less than 21 days prior to the loan being advanced due to the fact that the financial situation of the Company did not permit it to wait the 21 days.

As previously disclosed, the Company's former carrying broker, Penson Financial Services Canada Inc. ("Penson"), terminated its carrying broker agreement with Northern Securities Inc. ("NSI"), a wholly owned subsidiary of the Company, as a result of Penson's decision to exit the carrying brokerage business in Canada. Penson is currently liquidating its business with Ernst & Young having been appointed as liquidator. Despite the carrying broker agreement between Penson and NSI requiring 180 days' notice of termination, Penson provided NSI only 90 days' notice with the last 30 days being the holiday month of December. NSI has filed a Proof of Claim in the liquidation of Penson proceedings in the amount of \$3,547,559 plus interest, which includes a claim in damages for a wrongful termination of the carrying broker agreement, a claim in damages for the conversion of Penson's back office system to Broadridge and a return of its comfort deposit. Ernst & Young has refused to pay NSI its segregated comfort deposit.

In the Company's financial restructuring, there is no assurance that any of the lenders will accept either the cash option or the share option, or that the proof of claim filed by NSI will be successful.

ITEM 5. Full Description of Material Change

See Schedule A attached.

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

Not applicable.

ITEM 7. Omitted Information

Not applicable.

ITEM 8. Executive Officer

For additional information on this material change report or related press release, please contact:

Vic Alboini
Chairman & Chief Executive Officer
Northern Financial Corporation
T: 647-352-8180
valboini@northernfi.com

ITEM 9. Date of Report

This report is dated this 24th day of June, 2013.

Schedule A



Northern Financial Corporation **NFC**

6/20/2013 6:00:00 PM ET

NORTHERN FINANCIAL PROVIDES UPDATE ON FINANCIAL RESTRUCTURING

TORONTO, ONTARIO, June 20, 2013 – Northern Financial Corporation (TSX-V: NFC) (“**Northern Financial**” or the “**Company**”) provided an update on its financial restructuring which is designed to restructure its debt, with the exception of its \$300,000 credit facility, in order to restore the Company’s balance sheet to a position that will allow the Company to carry out its stated business plan.

Further to the previously announced agreement, the Company paid Jaguar Financial Corporation (“**Jaguar**”) \$108,865 on June 17 in settlement of the \$541,328 debt plus accrued interest owed to Jaguar. The settlement payment represented 20% of the principal amount of the debt. Jaguar was also offered the option of receiving common shares of the Company to satisfy all of the principal amount owing plus the accrued interest. The decision to elect to receive the 20% principal repayment in cash was determined by the independent directors of Jaguar.

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The Company will offer the same cash and share options to the holders of approximately \$1,403,000 in debt plus accrued interest, which total amount does not include a secured loan of \$240,000 and the \$300,000 credit facility. It is anticipated that the secured loan of \$240,000 will be retired in full in cash.

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In the Company's financial restructuring there is no assurance that any of the lenders will accept either the cash option or the share option, or that the proof of claim filed by NSI will be successful.

About Northern Financial Corporation

Northern Financial Corporation is a financial advisory firm and merchant bank, with a specialization in mergers and acquisitions, merchant banking investments, risk arbitrage merger and acquisition investments, financial restructurings, proxy solicitation and information agent services.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release. This press release may contain forward-looking statements with respect to the Company, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of the Company discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in the Management's Discussion and Analysis and Filing Statement of the Company which are available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to the Company and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the Company has no obligation to update such statements.

FOR FURTHER INFORMATION PLEASE CONTACT:

Vic Alboini
647-352-8180

Source: Northern Financial Corporation (TSX-V: NFC)
Filing Services Canada