No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. ***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.*** *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the issuer at Suite 2020 – 145 King Street West, Toronto, Ontario, M5H 1J8 and (416) 644-8150, and are also available electronically at* ***www.sedar.com****.*

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "****U.S. Securities Act****"), or any state securities laws. Accordingly, these securities may not be offered or sold in the United States of America except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America. See "Plan of Distribution".*

SHORT FORM PROSPECTUS

New Issue **February 25, 2011**

NORTHERN FINANCIAL CORPORATION

Minimum Offering: 6,666,667 Common Shares ($2,000,000.10)
Maximum Offering: 16,666,667 Common Shares ($5,000,000.10)
$0.30 per share

and

Issuance of a Maximum of 7,633,333 Common Shares in Settlement of Certain Outstanding Debt

This short form prospectus qualifies the distribution (the "**Offering**") of a minimum of 6,666,667 (the "**Minimum Offering**") and a maximum of 16,666,667 (the "**Maximum Offering**") common shares (each a "**Common Share**" and collectively the "**Common Shares**") of Northern Financial Corporation (the "**Company**") at a price of $0.30 per Common Share (the "**Offering Price**") pursuant to an agency agreement dated February 25, 2011 (the "**Agency Agreement**") to be entered into between the Company and Northern Securities Inc. ("**Northern Securities**") and Byron Capital Markets Ltd. (collectively, the "**Agents**").

This short form prospectus also qualifies the distribution, on the Closing Date (as defined below), of a maximum of 7,633,333 Common Shares of the Company (the "**Payment Shares**") to be issued to up to 50 creditors, business partners and suppliers of the Company (collectively, the "**Creditors**") concurrently with the closing of the Offering, without further consideration, upon the terms and conditions of conditional agreements entered into or to be entered into between the Creditors and the Company for the settlement of a maximum of $2,290,000 in debt of the Company. Each Payment Share will be issued at a price of $0.30 per Payment Share (the "**Shares-for-Debt Offering**"). The price at which the Payment Shares are to be issued is based on the price per Common Share of the Offering which was determined by negotiation between the Company and the Agents. See "Plan of Distribution".

The Offering Price was determined by negotiation between the Company and the Agents. The outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "NFC". The closing price of the Common Shares on February 24, 2011, the last trading day prior to the date of this short form prospectus, was $0.285 per Common Share.

The Company has received conditional approval for the listing on the TSX of the Common Shares and Payment Shares distributed under this short form prospectus, including any Common Shares issued pursuant to the Over-Allotment Option (as defined below) and the Broker Shares (as defined herein) issuable upon the exercise of the Broker Warrants (as defined herein). Listing of the Common Shares and Payment Shares distributed under this short form prospectus will be subject to the Company fulfilling all of the listing requirements of the TSX. See "Plan of Distribution.

	Price: $0.30 per Common Share		
	Price to Public	**Agents' Fee(1)**	**Net Proceeds to the Company(2)(3)**
Per Common Share	$**0.30**	**$0.021**	$**0.279**
Minimum Offering (6,666,667 Common Shares)	$2,000,000.10	$140,000	$1,860,000.10
Maximum Offering (16,666,667 Common Shares)	$5,000,000.10	$350,000	$4,650,000.10

Notes:

(1) In consideration of the services rendered by the Agents in connection with the Offering, the Company has agreed to pay a cash commission (the "**Agents' Fee**") to the Agents equal to 7% of the gross proceeds received by the Company in respect of the Offering, (including any Common Shares sold as a result of the exercise of the Over-Allotment Option (as defined herein), such Agents' Fee to be payable in full on the Closing Date (as defined herein). The Agents' Fee will be paid to the Agents at the time of closing of the Offering. The Agents will not receive a fee with respect to the issuance of Payment Shares. See "Plan of Distribution".

(2) After deducting the Agents' Fee but before deducting the expenses of the Offering, estimated to be $132,000, which will be paid out of the gross proceeds of the Offering. In addition, the Company has agreed to issue to the Agents broker warrants which entitle the Agents to purchase an aggregate number of broker shares (the "**Broker Shares**") equal to 7% of the number of Common Shares sold in the Offering (including the Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option) (collectively, the "**Broker Warrants**") at the price of $0.30 at any time until the day that is 24 months after the Closing Date.

(3) In addition, the Company has agreed to grant to the Agents an option (the "**Over-Allotment Option**"), exercisable by the Agents in whole or in part in the sole discretion of the Agents, upon giving notice to the Company at any time until 5:00 p.m. (Toronto time) on the date that is 60 days after (and including) the Closing Date to purchase a number of additional Common Shares (the "**Over-Allotment Shares**") equal to up to 15% of the number of the Common Shares sold under the Offering, at the Offering Price set out above to cover over-allotments, if any, and for market stabilization purposes. In respect of the Over-Allotment Option, the Company will pay to the Agents a fee equal to 7% of the total proceeds realized on the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Price to the Public, Agents' Fee and Net Proceeds to the Company will be $5,750,000.10, $402,500 and $5,347,500.10 (assuming completion of the Maximum Offering), respectively, before deducting the expenses of the Offering. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of any Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Over-Allotment Option acquires these securities under this short form prospectus regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets forth the number of Over-Allotment Shares that may be issued by the Company pursuant to the Over-Allotment Option and the number of Broker Shares that may be issued by the Company pursuant to the Broker Warrants:

Agents' Position	**Maximum Size or Number of Securities Available**	**Exercise Period**	**Exercise Price**
Over-Allotment Option	2,500,000 Over-Allotment Shares	At any time and from time to time up to 60 days after Closing	$0.30 per Over-Allotment Share
Broker Warrants	466,667 Broker Shares (assuming completion of the Minimum Offering) 1,166,667 Broker Shares (assuming completion of the Maximum Offering)	24 months	$0.30 per Broker Share

The Offering is not underwritten or guaranteed by any person. The Agents, on behalf of the Company, conditionally offer the Common Shares on a best efforts basis, subject to prior sale, if as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution", and subject to approval of certain legal matters on behalf of the Company by Fogler Rubinoff LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP. However, the Payment Shares are not offered by the Agents, as the Creditors are mainly contacted by the Company concerning the Shares-for-Debt Offering.

The distribution of Common Shares hereunder will not continue for a period of more than 90 days after the date of the receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless, subject to regulatory approval, each of the persons and companies who have subscribed for Common Shares within that period has consented to the continuation. During such period funds received from subscriptions will be held by a depository who is a registrant, bank or trust company and if the minimum amount of funds is not raised, the funds will be returned to the subscribers unless the subscribers have otherwise instructed the depository.

Northern Securities Inc. ("Northern Securities") is an agent of the Company. The Company is a related and connected issuer of Northern Securities under applicable securities laws as Northern Securities is wholly owned by the Company. Further, Vic Alboini is the Chairman and Chief Executive Officer of each of the Company and Northern Securities. Mr. Alboini also owns or has control or direction over approximately 35% of the Common Shares of the Company. Further, information can be found in this short form prospectus under the heading "Relationship between Issuer or Selling Securityholder and Agents".

Subject to the applicable laws and in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of this Offering is anticipated to occur on or about March 15, 2011 or at such later date as the Company and the Agents may agree (the "**Closing Date**"). It is expected that the Company will arrange for an instant deposit of the Common Shares distributed under this short form prospectus in Canada to or for the account of the Agents with CDS Clearing and Depositary Services Inc. ("**CDS**") on the Closing Date, against payment of the aggregate purchase price for such Common Shares. A purchaser of Common Shares outside the United States will receive only a customer confirmation from the registered dealer through which the Common Shares are purchased. Certificates evidencing Common Shares distributed under this short form prospectus in the United States will be available at the closing of the Offering. See "Plan of Distribution".

Investors should rely only on the information contained in this short form prospectus and in the documents incorporated by reference herein. Neither the Company nor the Agents have authorized anyone to provide investors with information different from that contained in this short form prospectus and in the documents incorporated by reference herein. The Company is offering to sell, and seeking offers to buy, the Common Shares and to issue the Payment Shares only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of securities.

The Company's registered and head office is located at 145 King Street West, Suite 2020, Toronto, Ontario, Canada, M5H 1J8.

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CURRENCY

Unless otherwise indicated, all references to dollar amounts in this short form prospectus are to Canadian dollars.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fogler Rubinoff LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder (the "**Regulations**") and any proposals to amend the Tax Act and the Regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof, the Common Shares, if issued on the date hereof and listed on a designated stock exchange (which includes the TSX) would be "qualified investments" under the Tax Act and the Regulations for trusts governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan and a tax-free savings account (a "**TFSA**"), each as defined in the Tax Act.

The Common Shares will not be a "prohibited investment" for a trust governed by a TFSA provided the holder of the TFSA deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Company or in any corporation, partnership or trust with which the Company does not deal at arm's length for the purposes of the Tax Act. Prospective investors who intend to hold Common Shares in a trust governed by a TFSA should consult their own tax advisors regarding the tax rules applicable to a TFSA to ensure the Common Shares would not be a prohibited investment in their particular circumstances.

This summary does not discuss the Canadian federal income tax consequences applicable to prospective purchasers of Payment Shares resulting from the sale or settlement of the debt owed to them by the Company pursuant to the Shares-for-Debt Offering. Such prospective purchasers of Payment Shares should consult their own tax advisors for advice with respect to the tax consequences to them, having regard to their particular circumstances.

FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated herein by reference, contains "forward-looking statements" and "forward-looking information" as defined under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's business and financial prospects, analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "estimates", "believes", or "intends", or the negative or grammatical variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements.

Specific reference is made to "Risk Factors" herein, Risk Factors in the AIF (as defined below) incorporated by reference herein and in the Annual MD&A (as defined below) incorporated by reference herein, for a discussion of the factors underlying forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except in accordance with applicable laws. Investors should not attribute undue certainty to, or place undue reliance on, forward-looking statements.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Northern Financial Corporation at Suite 2020 – 145 King Street West, Toronto, Ontario, M5H 1J8. Copies of documents incorporated by reference may also be obtained by accessing www.sedar.com.

The following documents filed by the Company with the securities commission or similar regulatory authority in each of the Provinces of Canada, except Quebec, Prince Edward Island and Newfoundland, are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

1. the annual information form (the "**AIF**") of the Company dated June 22, 2010, for the financial year ended March 31, 2010;

2. the annual comparative consolidated financial statements of the Company as at and for the financial years ended March 31, 2010 and 2009, together with the notes thereto and the auditors' report thereon;

3. the management discussion and analysis of financial condition and results of operations of the Company for the financial year ended March 31, 2010 (the "**Annual MD&A**");

4. material change report of the Company dated April 5, 2010, announcing the closing of the first tranche of a private placement and gypsy swap of the Company's securities;

5. material change report of the Company dated April 28, 2010, announcing the closing of the second tranche of a private placement and gypsy swap of the Company's securities;

6. the unaudited consolidated interim financial statements of the Company as at December 31, 2010 and for the three and nine month periods ended December 31, 2010 and 2009, together with the notes thereto[1];

7. the management discussion and analysis of financial condition and results of operations of the Company for the three and nine month periods ended December 31, 2010 and 2009;

8. the management information circular of the Company dated August 13, 2010, with respect to the annual and special meeting of shareholders of the Company held on September 16, 2010; and

9. the material change report of the Company dated December 29, 2010 in respect of the filing of amended interim financial statements for the three months ended June 30, 2010 and the six months ended September 30, 2010.

Note: (1) Despite the Notice of Non-Review set forth in these financial statements, these statements have now been reviewed by the Company's auditor in accordance with requirements applicable to short form prospectuses.

Any documents of the type referred to in section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Company with any securities commission or similar regulatory authority in Canada after the date of this short form prospectus and prior to the termination of this distribution of the Common Shares will be deemed to be incorporated by reference into this short form prospectus.

Any statements contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any subsequently filed document that also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or

superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall be deemed to not constitute a part of this short form prospectus except as so modified or superseded. Information on the Company's website does not constitute a part of this short form prospectus.

THE COMPANY

Northern Financial Corporation (the "**Company**") was incorporated under the laws of the Province of British Columbia on September 29, 1982, under the name Dolphin Explorations Limited, by registration of its Memorandum and Articles with the British Columbia Registrar of Companies. The Company was continued under the laws of Ontario by Articles dated October 7, 1988. The Company's name was changed to American Gem Corporation pursuant to articles of amendment filed on February 11, 1994. The Company's name was changed again to Digital Gem Corporation pursuant to articles of amendment filed on October 22, 1999. The Company's name was changed a further time to Northern Financial Corporation pursuant to articles of amendment filed on September 29, 2000. Such name changes reflected the evolving business strategy of the Company.

The Company's registered and head office is located at 145 King Street West, Suite 2020, Toronto, Ontario, Canada, M5H 1J8.

In this short form prospectus, unless the context otherwise requires, the terms "we", "us", "our", and similar terms as well as references to the "Company" refer to Northern Financial Corporation together with its subsidiary. Unless the context otherwise requires, all references herein to the Company include the Company and its subsidiaries.

The Company owns 100% of the issued and outstanding shares of Northern Securities Inc. ("**Northern Securities**"), a registered dealer in Canada. The Company has no other material subsidiaries.

DESCRIPTION OF THE BUSINESS

Overview

The Company wholly owns Northern Securities, a full service investment dealer that provides financial advisory services to retail and institutional clients and investment banking services to small capitalization companies. The Company also provides proxy solicitation services through Northern Shareholder Services ("**NSS**"), a division of the Company and operates a merchant banking business carried on in the Company and through Jaguar Financial Corporation ("**Jaguar**"). The Company owns 12,004,315 common shares of Jaguar and Mr. Vic Alboini, the Chairman and Chief Executive Officer of the Company owns or has control or direction over 11,921,571 common shares of Jaguar representing approximately 11.3% and 11.2%, respectively, of Jaguar's issued and outstanding common shares. Mr. Alboini is also the Chairman and Chief Executive Officer of Jaguar.

Traditional Brokerage Business

Overview

The Company's traditional brokerage and investment banking business is carried on through Northern Securities, a registered securities dealer. The traditional brokerage business can be broadly categorized into three primary sources of revenue: (i) Capital Markets; (ii) Private Client Group; and (iii) Merchant Banking. The merchant banking business is carried on primarily through Jaguar.

(i) Capital Markets

The Capital Markets area is comprised of four principal sectors (1) Corporate Finance, (2) Financial Advisory Services, (3) Institutional Sales and Trading, and (4) Proxy Solicitation.

Corporate Finance

The corporate finance team currently consists of four investment banking professionals who perform such functions as deal selection and origination, due diligence, valuation, transaction structuring and prospectus review. The equity underwriting team assists corporate issuers that desire to raise capital publicly or privately in order to expand or fund their operations.

Among others, Northern Securities acted as lead or co-underwriter in the following financings in fiscal 2010 and fiscal 2011: a $31 million short form prospectus financing for MOSAID Technologies Inc.; a $21 million short-form prospectus offering and a $2.2 million private placement for Lakeside Steel Inc.; a $17 million private placement for Queenston Mining Inc.; a $15.3 million private placement for Canada Lithium Corp.; a $7.2 million short form prospectus financing for GuestLogix Inc.; $5.7 million of private placements for iseemedia Inc.; two $2.5 million private placements for Canadian Zinc Corporation (the first which closed in June 2010 and the second which closed in December 2010); a $1.7 million private placement for Jiminex Inc.; and a $7.5 million private placement for NioGold Mining Corp.

Financial Advisory Services

Northern Securities also provides financial advisory services through its team of four investment banking professionals who specialize in merger and acquisition transactions, valuations, restructurings, capital pool companies and exchange sponsorships.

Institutional Sales and Trading

Northern Securities Capital Markets Group has direct access to the exchanges and regularly handles large block transactions. The professionals that comprise this group are seasoned with extensive backgrounds in trading, sales and research, and maintain close relationships with a clientele ranging from small growth funds to multi-billion dollar investment managers.

Proxy Solicitation Business – Northern Shareholder Services

NSS, a division created in late fiscal 2009, acts as a proxy solicitation agent for the purposes of obtaining desired voter responses at annual and special shareholders meetings of public companies. NSS acts for both issuers and shareholders, working with them to strategically structure their messages to maximize effectiveness. NSS manages the distribution of this message by soliciting shareholders directly, encouraging them to vote in a manner supportive of the client represented by NSS. The Company has developed the skills necessary for providing proxy advisory services from its own experience in initiating value creating transactions for public issuers, such as the take-over offer for High Desert Gold Company. The Company also successfully represented Zaruma Resources Inc. in a June 2006 proxy contest. In 2010, NSS has had four engagements as solicitation agent, including acting for Pala Investment Holdings Limited, Acadian Mining Corporation, and Royal Roads Corp.

(ii) Private Client Group

The retail sales team consists of approximately 35 registered representatives and certified financial planners located in three branches and five sub-branches, who advise retail clients about investment decisions in their individual portfolios. The retail sales team specializes in investments in Canadian and U.S. listed equity, fixed income securities and mutual funds. Northern Securities offers a full range of investment strategies, particularly suited to the sophisticated high net worth individual investor. Back office administration is currently provided by Penson Financial Services Canada Inc.

(iii) Merchant Banking Business

The Company regularly reviews target companies to select undervalued companies in which to invest on a principal basis. A key criterion is the selection of target companies that have substantial cash resources where the market value of a company is equal to or less than its cash resources and, in addition, is substantially less than the net cash value of the company. In this manner an investor in a cash-rich undervalued company has downside protection with the share value at least equal to the cash value per share and also has upside in the market price discount to the total net cash value. To date, the Company has realized on eleven of its merchant banking investments generating an average annualized return of 83% on its investments.

Current Forecasted Cash Flow

The following represents a quarterly cash flow forecast which assumes the completion of the Minimum Offering. The Company has prepared the forecast based on its most recent quarterly reported results for the period ended December 31, 2010, and adjusted it for non cash items and unusual revenue and expense items included in the most recent quarter that are not of a recurring nature and/or are not expected to be indicative of the Company's performance going forward. The forecast assumes that the Company's activities remain consistent with those currently in place (other than those items noted below), that activity in the capital markets remains consistent with the current improved conditions and that there are no material changes in other economic factors. This forecast constitutes forward-looking information and actual results may differ materially from the forward looking information. This information is being provided so that investors are able to understand the anticipated cash position of the Company for the next 12 months. This information may not be appropriate for any other purpose.

Northern Financial Corporation
Cash Flow Forecast
Minimum Offering

	Quarter Ending				
	03/31/11	**06/30/11**	**09/30/11**	**12/31/11**	**03/31/12**
Cash Flows From Operating Activities					
Net income for the period	196,000	370,000	154,000	448,000	267,000
Items not affecting cash					
Depreciation and amortization	55,000	55,000	55,000	55,000	55.000
Share of earnings of associated company	44,000	44,000	44,000	44,000	44,000
Equity incentive / employee share purchase plan	235,000	235,000	235,000	235,000	235,000
	530,000	704,000	488,000	782,000	601,000
Changes in non-cash working capital balances					
Securities owned and sold short	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Accounts receivable	550,000	-	-	-	
All other non-cash working capital balances	(750,000)	(300,000)	(150,000)	(300,000)	(150,000)
	(450,000)	(550,000)	(400,000)	(550,000)	(400,000)
	80,000	154,000	88,000	232,000	201,000
Cash Flows From Investing Activities	-	-	-	-	
	-	-	-	-	
Cash Flows From Financing Activities					
Proceeds from prospectus offering	1,728,000	-	-	-	
Repayment of short term loans / promissory notes	(1,728,000)	-			
	-	-	-	-	
Increase (Decrease) in Cash	80,000	154,000	88,000	232,000	201,000

In the quarter ended December 31, 2010, the Company generated cash of $626,321 in its operations. Given recent improved market conditions, positive performance trends recently experienced and management's action plans, it is expected that the Company will remain cash flow positive in the near future. The cash flow forecast includes the following key management assumptions:

(a) The Company expects that its performance will be relatively static over the quarterly timeframe with the exception of its commission business which experiences a historical seasonality trend. The forecast assumes this seasonality trend will continue while the Company's other lines of business will experience similar levels of business quarter to quarter. As it specifically relates to the Company's other primary revenue streams, underwriting and advisory and broker warrants, these revenue streams are assumed to remain consistent with those levels experienced in the quarter ended December 31, 2010. These revenue streams are largely market driven and dependent on the Company's ability to generate new financing assignments from its client issuers. Given the nature of the investment dealer industry, the Company believes future performance will be consistent with the levels currently being experienced, under the assumption that there will be the same market conditions.

(b) The forecast has been based on the reported results for the quarter ended December 31, 2010, which historically experiences a somewhat higher level of commission based revenue. The forecast has therefore been adjusted downward to factor in the seasonality impact noted in (a) above using the historical seasonal distribution of commission levels. The net impact of adjusting the forecast downward for this factor is $135,000 on an annual basis from the base business for the period ended December 31, 2010.

(c) Northern Securities has recently initiated an extensive recruiting campaign. An expanded retail sales force is an important part of the Company's strategic action plan. The Company is actively recruiting retail investment advisers for its Vancouver, Calgary, Brandon, and Toronto offices. A salaried recruiting manager has been hired and is located in the Company's Calgary office. The forecast includes an expectation that additional investment advisers will be added as follows: Calgary - 5; Vancouver - 3; Toronto - 2; and Brandon - 1. Four of the forecast new hires for the Calgary office are already in place and early revenue generation exceeds expectations. The expected additional revenue associated with the new hires, net of all associated compensation and all other incremental variable costs is estimated to be $352,000 on an annual basis. The revenue and expenses assumptions are consistent with the those of the recent hires made by the Company. The Company has existing space available in each of its offices. Discussions are currently underway with numerous other potential new hires, that if successful, would exceed the numbers included in the forecast.

(d) The Company has not included any interest expense in the forecast as it is assumed that the proceeds of the Offering will be used to retire the outstanding debt.

(e) On May 21, 2010, the Ontario Superior Court of Justice issued a judgement in favour of Northern Securities ordering Zaruma Resources Inc. ("Zaruma") to pay Northern Securities damages in the amount of USD $440,000 plus interest and costs. Zaruma did not appeal the decision and has indicated its intention to pay the judgement to Northern Securities. Based on discussions with Zaruma, the Company expects to receive the full amount of the judgement during the quarter ending March 31, 2011.

(f) As noted in the section entitled "Use of Proceeds", the Company intends to provide funds for working capital. As indicated in the forecast, these amounts are reflected as a reduction in all other non-cash working capital balances.

(g) The balance of the securities owned and sold short by the Company will fluctuate with market conditions, the number and value of new broker warrants received, and the value of its realized gains. The Company has made the assumption that changes in balances will occur consistently over the quarters in tandem with its assumptions on consistent broker warrant revenue. The forecast was based on its historical experience and in relation to its broker warrant portfolio revenue.

Director Disclosure

The Company is required to provide certain disclosure regarding its officers and directors in its annual information form. Such information includes, among other things, details of any officer or director who has been within 10 years prior to the date of the annual information form, an officer or director of any company which while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to, or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

The AIF was missing the foregoing disclosure in respect of Mr. Bradley, one of the Company's directors. Mr. Bradley was a director of Beamscope Canada Inc. ("Beamscope") at the time of events, or for a period of 12 months preceding the time of events in connection with the following. On November 14, 2000, Beamscope obtained a stay under the *Companies' Creditors Arrangements Act*. This stay was subsequently extended with the eventual result that on March 15, 2001, all of the remaining directors and officers of Beamscope Canada Inc. resigned. On that same date, Beamscope's secured lender filed an application returnable on March 16, 2001 for the court to appoint a receiver over the assets of Beamscope.

On March 16, 2001, the Ontario Superior Court of Justice made an order terminating the proceedings commenced on November 14, 2000 by Beamscope under the *Companies' Creditors Arrangement Act*, and made a further order appointing Ernst & Young Inc. as receiver and manager of the Company.

RECENT DEVELOPMENTS

2010 Developments

On March 30, 2010, the Company announced that it had closed the first tranche of a private placement of units of the Company. 1,237,632 units of the Company were issued at a price of $0.33 per unit for gross proceeds of $408,418. Each unit consists of one Common Share and one half of one Common Share purchase warrant. Each whole Common Share purchase warrant is exercisable to acquire one Common Share of the Company at a price of $0.45 until March 29, 2012. The Company also issued broker warrants to acquire an aggregate of 60,127 units at an exercise price of $0.44 per unit until March 29, 2012.

On April 28, 2010, the Company announced that it had closed the second tranche of a private placement of units of the Company. 364,710 units of the Company were issued at a price of $0.33 per unit for gross proceeds of $120,354. Each unit consists of one Common Share and one half of one Common Share purchase warrant. Each whole Common Share purchase warrant is exercisable to acquire one Common Share of the Company at a price of $0.45 until April 27, 2012. The Company also issued broker warrants to acquire an aggregate of 25,819 units at an exercise price of $0.44 per unit until April 27, 2012.

On November 3, 2010, the Company announced its financial results for the period ending September 30, 2010, reporting a profit of $90,690 in Northern Securities for the second quarter ended September 30, 2010. The second quarter profit is an improvement from the loss of $212,917 in the same period in the prior fiscal year. Revenue in the second quarter for Northern Securities was $2,461,757. Northern Securities reported a net loss of $498,066 for the six months ended September 30, 2010, compared to a loss of $338,691 in the prior year.

On November 3, 2010, the TSX announced that it is reviewing the Common Shares of the Company with respect to meeting the continued listing requirements. The TSX had granted the Company 120 days ending March 2, 2011, in which to regain compliance with these requirements.

On November 16, 2010, the Company announced an agreement in principle with the holders of its debentures to repay the total principal amount by a combination of cash and by conversion into Payment Shares at a deemed issue price equal to the Offering Price. The Company also announced its intention to complete a Common Share financing to fund all or part of the $1,627,500 cash payment to the debenture holders

On December 21, 2010, the Company announced that as a result of accounting requirements applicable to contingent gains, it restated its interim financial statements for the three months ended June 30, 2010 and the six months ended September 30, 2010, resulting in a $568,820 increase in its loss. The restatement relates only to the treatment of the contingent gain described below and the Company fully expects to receive the contingent gain of $568,820 in March 2011 which will offset the increased loss. The contingent gain relates to a final and binding judgment in favour of Northern Securities, issued by the Ontario Superior Court of Justice. The court ordered Zaruma Resources Inc. to pay Northern Securities damages in the amount of USD$440,000 plus interest and costs for a total amount of $568,820. The judgment was issued in the quarter ended June 30, 2010. Zaruma did not appeal the decision and has undertaken to pay the judgment to Northern Securities from the proceeds of a financing that Zaruma is in the process of completing.

On February 24, 2011 the TSX held a meeting of its Continued Listing Committee to review the listing of the Company pursuant to the November 3, 2010 notice. The Company requested an extension of the review period since it had not regained compliance with the continued listing requirements of the TSX. The Continued Listing Committee determined to provide the Company with a 30 day extension expiring on April 1, 2011 to demonstrate to TSX that it satisfies all continued listing requirements. While the amount raised pursuant to the Offering will be considered by the TSX in connection with its review, the TSX has not yet made a final decision in respect of the continued listing of the common shares and there is no certainty that the common shares will continue to be listed on the TSX. At the end of the review period TSX will assess whether the Company has cured all continued listing requirement deficiencies.

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated capitalization of the Company as of the dates indicated, adjusted to give effect to the material changes in the share and loan capital of the Company since December 31, 2010, the date of the Company's most recently filed financial statements. The table should be read in conjunction with the Company's financial statements for the period ended December 31, 2010, including the notes thereto, and management's discussion and analysis of results of operations and financial condition incorporated by reference in this short form prospectus.

Designation of Security	Amount Authorized	Outstanding as at December 31, 2010 (unaudited)	Outstanding as at December 31, 2010 after giving effect to the Offering(2) and the issuance of the Payment Shares	
			Minimum Offering	Maximum Offering
Common Shares	Unlimited	13,626,243(1)	27,926,243	37,926,243
Warrants	-	801,171	801,171	801,171
Broker Warrants	-	64,460	531,127	1,231,127

(1) Subsequent to December 31, 2010, the Company issued an aggregate of 409,891 Common Shares pursuant to its Equity Incentive Plan and Employee Share Purchase Plan. As of the date hereof, the Company has 14,087,623 Common Shares issued and outstanding.

(2) After giving effect to the Over-Allotment Option and the issuance of the maximum number of Payment Shares, as at December 31, 2010, the Company would have had 40,426,243 Common Shares, 801,171 Warrants and 1,406,127 Broker Warrants outstanding (assuming the Maximum Offering is completed).

USE OF PROCEEDS

Assuming completion of the minimum amount of $2,000,000.10 under the Offering, after deducting the Agents' Fee of $140,000 and the expenses of the Offering, estimated to be $132,000, the Company will have received net proceeds from the sale of Common Shares of $1,728,000.10 and assuming the maximum amount of $5,000,000.10 under the Offering, after deducting the Agents' Fee of $350,000 and the expenses of the Offering, estimated to be $132,000, the Company will have received net proceeds from the sale of Common Shares of $4,518,000.10 (or $5,215,500.10, if the Over-Allotment Option is exercised in full). The Company plans to use the net proceeds of the Offering as follows:

	Minimum Offering	Maximum Offering
Agents' Fees	$140,000	$350,000
Expenses of the Offering	$132,000	$132,000
Debt Repayment	$1,728,000.10	$1,728,000
Working Capital	-	$2,790,000.10(1)
Total	$2,000,000.10	$5,000,000.10

(1) The amounts allocated to working capital will be used to, among other things, reduce the Company's outstanding accounts payable and accrued liabilities.

The above referenced indebtedness was incurred for the purposes of replacing prior debt and to fund the working capital requirements of the Company's operating subsidiary, Northern Securities. The Company has reached agreements with holders of an aggregate of $2,855,000 of its debentures to repay the full amount of these debentures through an aggregate cash payment of $1,728,000 and the issuance of an aggregate of 3,756,666 Payment Shares.

In addition, the following insiders of the Company (who represent the only insiders holding debt of the Company) have agreed to convert the principal amount of their debentures, into Payment Shares under this prospectus at a deemed issue price equal to the Offering Price:

Debentureholder	Principal Amount to be Converted	Payment Shares to be Issued
Stature Inc.(1)	$188,000	626,666
Doug Chornoboy Senior Vice President and Chief Financial Officer	$50,000	166,666
Kyler Wells Senior Vice President and General Counsel	$25,000	83,333

(1) Stature Inc. is an investment company, wholly-owned by Vic Alboini, Chairman and Chief Executive Officer of the Company.

Any net proceeds from the exercise of the Over-Allotment Option will be used for debt reduction, administrative, general expenses and working capital of the Company.

The Company had negative operating cash flow during its most recently completed fiscal year. The Company does not anticipate that it will need to use any of the funds to be raised in the Offering to fund negative operating cash flow in future periods as it anticipates that such cash flow will be positive for the foreseeable future. For the nine month interim period ended December 31, 2010, the Company used approximately $24,000 of cash per month in its operations. As noted above, the Company anticipates that it will have positive cash flow from operations for the foreseeable future. If this remains the case then it will have sufficient resources to continue its operations for a period of at least 12 months.

Shares-for-Debt Offering

Pursuant to the terms and conditions of conditional agreements entered into or to be entered into between the Company and the Creditors, a maximum of $2,290,000 in amounts owed by the Company to up to 50 Creditors will be settled through the issuance of up to 7,633,333 Payment Shares. The purchase price payable by the Company for the settlement of the debt will be calculated based on the principal amount of the debt at the Closing Date, plus any interest payable thereon. Such debt was mainly incurred by the Company in connection with services rendered by consultants and professionals and other obligations. Other than as disclosed herein, none of the Creditors are insiders, associates or affiliates of the Company.

PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of the Agency Agreement, the Company has appointed the Agents to offer for sale on a best efforts basis, subject to compliance with all legal requirements and the terms and conditions contained in the Agency Agreement, a minimum of 6,666,667 Common Shares and a maximum of 16,666,667 Common Shares at a price of $0.30 per Common Share. The Common Shares are being offered to the public in each of the provinces of Canada, except Quebec, Prince Edward Island and Newfoundland.

The terms of the Offering, including the Offering Price, were determined by negotiation among the Company and Byron Capital Markets Ltd. on behalf of the Agents in the context of prevailing market conditions. Pursuant to the Agency Agreement, the Agents have reserved the right to form a selling group of appropriate registered dealers and brokers with compensation to be negotiated between the Agents and such selling group participants, but at no additional cost to the Company. Byron Capital Markets Ltd. is an independent agent of the Company and participated in the review and negotiation of the terms of the Offering and has performed customary due diligence in connection with this prospectus. Byron Capital Markets Ltd., together with Northern Securities and the Company, negotiated the pricing for the Offering.

The Agency Agreement provides for payment by the Company of the Agents' Fee which is equal to 7% of the gross proceeds of the Offering (including the Over-Allotment Shares). 80% of the Agents' Fee will be payable to Northern Securities and 20% will be payable to Byron Capital Markets Ltd.. The Company has agreed to issue Broker Warrants to the Agents which entitle the Agents to purchase an aggregate number of Broker Shares equal to 7% of the number of Common Shares sold in the Offering (including the Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option) at the Offering Price at any time until the day that is 24 months after the Closing Date. This short form prospectus qualifies the distribution of these Broker Warrants.

The Company has also granted to the Agents the Over-Allotment Option, exercisable in whole or in part, in accordance with the provisions of this Agency Agreement, at the sole discretion of the Agents at any time and from time to time until 60 days after the closing of the Offering, to purchase up to 2,500,000 Over-Allotment Shares at a price of $0.30 per Over-Allotment Share to cover over-allotments, if any, and for market stabilization purposes (for greater certainty, a maximum of 15% of the number of Common Shares to be sold on the closing of the Offering may be issued in Over-Allotment Shares pursuant to the Over-Allotment Option). If the Over-Allotment Option is exercised in full, the total price to the public, Agents' Fees and proceeds to the Company, before deducting the expenses of the offering will be $5,750,000.10, $402,500 and $5,347,500.10 (assuming completion of the Maximum Offering), respectively. A purchaser who acquires Over-Allotment Shares forming part of the Agents' over-allotted position acquires those Over-Allotment Shares under this short form prospectus, regardless of whether the over-allotted position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. The short form prospectus also qualifies the Over-Allotment Option and the distribution of any Over-Allotment Shares on the exercise thereof.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the Company reserves the right to close the subscription book at any time without notice. One or more book-entry only certificates representing the Common Shares distributed under this short form prospectus in Canada will be issued in registered form to CDS and will be deposited with CDS on the Closing Date, which is expected to take place on or about March 15, 2011, or such other date as may be agreed upon by the Company and the Agents. Certificates evidencing Common Shares distributed under this short form prospectus in the United States will be available at the closing of the Offering.

The subscription proceeds for Common Shares offered pursuant to this short form prospectus will be received by the Agents, or such other registered dealers or brokers as are authorized by the Agents, and held in trust in a segregated account until the closing conditions of this Offering have been satisfied. If the Offering does not close, the subscription proceeds will be returned to subscribers, without interest or deduction.

The Common Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Agent has agreed that it (and the U.S. broker-dealer affiliate of the Agents which conducts offers and sales in the United States) will not offer or sell the Common Shares within the United States except in accordance with exemptions from the registration requirements under the U.S. Securities Act and applicable state securities laws. The Agency Agreement provides that certain of the Agents, through their respective U.S. broker-dealer affiliates, may offer and sell the Common Shares purchased by them pursuant thereto in the United States to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act, in compliance with Rule 144A under the U.S. Securities Act and in compliance with applicable state securities laws. In addition, the Agency Agreement provides that certain of the Agents, through their respective U.S. broker-dealer affiliates, may arrange for "accredited investors", as defined under Rule 501(a) of Regulation D under the U.S. Securities Act (as modified by the Dodd-Frank Wall Street Reform and Consumer Protection Act), in the United States to purchase the Common Shares directly from the Company pursuant to Rule 506 of Regulation D under the U.S. Securities Act and in compliance with applicable state securities laws. Until 40 days after the commencement of the Offering, an offer or sale of the Common Shares in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from such registration requirements.

Pursuant to a policy statement and/or rules of certain securities regulators, the Agents may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares for their own account or for accounts over which they exercise direction or control. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include a bid or purchase permitted by the Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws and in connection with this Offering, the Agents may over-allot or effect transactions which stabilize, maintain or support the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions consist of bids or purchases made for the purpose of preventing or mitigating a decline in the market price of the Common Shares and, if commenced, may be discontinued at any time and shall not continue beyond a limited period after the closing of the Offering.

The Company has agreed in favour of the Agents that, during the period ending 90 days after the Closing Date, it will not, directly or indirectly, without the prior consent of the Agents, such consent not to be unreasonably withheld or delayed, issue or sell, or announce the issuance or sale of any equity securities or security convertible into or exchangeable for or exercisable to acquire Common Shares, other than: (i) pursuant to the Agency Agreement; (ii) the issuance of Common Shares, stock options or other rights issued in the ordinary course pursuant to any equity compensation plan or securities based compensation arrangement of the Company; (iii) pursuant to the exercise of any convertible securities or warrants outstanding as at the date of this short form prospectus; and (iv) as otherwise disclosed to the Agents prior to the date of this prospectus. In addition, the Company agrees not to sell, transfer, dispose of, monetize or otherwise transfer any economic interest in any of its subsidiaries or business divisions until the date which is 90 days following the Closing Date, unless the Company has received the prior written consent of the Agents, such consent not to be unreasonably withheld.

The Company has agreed to indemnify the Agents and their affiliates and the respective directors, officers, employees or agents thereof against certain liabilities and expenses, including liabilities under applicable securities legislation in certain circumstances, or to contribute to payments the Agents may have to make in respect thereof.

Shares-for-Debt Offering

This short form prospectus also qualifies the distribution, on the Closing Date, of a maximum of 7,633,333 Payment Shares to be issued, at a price of $0.30 per Payment Share, to up to 50 Creditors, without any additional consideration, pursuant to the terms and conditions of conditional agreements entered into or to be entered into between the Company and the Creditors to settle a maximum of $2,290,000 in amounts owed by the Company to such Creditors. The purchase price payable by the Company for the settlement of the debt will be calculated based on the principal amount of the debt at the Closing Date, plus any interest payable thereon. The Payment Shares are not offered by the Agents, as the Creditors are mainly contacted by the Company concerning the Shares-for-Debt Offering.

The purchase price for the debt will be paid by the Company by the issuance of Payment Shares, at a price of $0.30 per Payment Share. The price per Payment Share was determined based on the fair market value of a Payment Share, which is equal to the price per Common Share. Such debt was mainly incurred by the Company in connection with services rendered by consultants and professionals and other obligations. Other than as disclosed herein, none of the Creditors are insiders, associates or affiliates of the Company.

The Payment Shares qualified for distribution under this short form prospectus have not been and will not be registered under the 1933 Act, or any state securities laws and may not be offered or sold within the United States of America or its territories or possessions unless pursuant to an exemption therefrom.

The Company has received conditional approval for the listing on the TSX of the Common Shares and Payment Shares distributed under this short form prospectus, including any Common Shares issued pursuant to the Over-Allotment Option and the Broker Shares issuable upon the exercise of the Broker Warrants. The Company has been advised by the TSX that the issuance of the Payment Shares will be considered under its Private Placement Policy. Pursuant to such policy the TSX has the ability to require shareholder approval for share issuances where the number of shares issued could be in excess of 25% of the number of issued and outstanding shares. Given that both (i) insiders of the Company are not being issued a number of Common Shares which is in excess of 10% of the number of issued and outstanding Common Shares and (ii) the deemed issue price of the Payment Shares is at a premium to the market price (as defined by the TSX) of the Common Shares on February 24, 2011, the Company has been informed that no such shareholder approval will be required. The TSX has advised the Company that the issuance of the Common Shares under the Offering will be considered under the TSX prospectus offering provisions so long as (i) insiders of the Company purchase no more than their respective pro rata ownership in the Company, (ii) there will be at least 50 purchasers of Common Shares who are not related to each other, the Company, its affiliates or insiders, (iii) there will be no change in effective control of the Company resulting from the Offering and (iv) the Company satisfies such other conditions which the TSX generally applies to listing applications of this nature. Listing of the Common Shares and Payment Shares distributed under this short form prospectus will be subject to the Company fulfilling all of such listing requirements of the TSX.

DESCRIPTION OF SECURITIES BEING OFFERED

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. Holders of Common Shares are entitled to receive notice of and attend any meeting of the Company's shareholders and are entitled to one vote for each Common Share held. The holders of the Common Shares are entitled to receive dividends, if, as and when declared by the board of directors of the Company and to receive a proportionate share, on a per share basis of the assets of the Company available for distribution in the event of a liquidation, dissolution or winding-up of the Company. As at the date hereof, a total of 14,087,623 Common Shares are issued and outstanding.

Broker Warrants

The Company has agreed to issue Broker Warrants to the Agents to purchase an aggregate number of Broker Shares equal to 7% of the number of Common Shares sold under the Offering (including the Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option). Each Broker Warrant is exercisable for one Broker Share at the Offering Price for a period of 24 months after the Closing.

PRIOR SALES

The following table summarizes the sales of Common Shares and securities convertible into Common Shares during the 12 months prior to the date of this short form prospectus:

Date	Type of Security	Number of Securities	Price Per Security	Exercise Price
March 30, 2010	Units[1]	1,237,632	$0.33	N/A
March 30, 2010	Broker Warrants[2]	60,127	N/A	$0.44
April 28, 2010	Units[3]	364,710	$0.33	N/A
April 28, 2010	Broker Warrants[4]	25,819	N/A	$0.44
April 29, 2010	Common Shares	115,942[5]	N/A	N/A
July 20, 2010	Common Shares	376,546[5]	N/A	N/A
August 3, 2010	Common Shares	383,135[6]	N/A	N/A
October 20, 2010	Common Shares	191,131[5]	N/A	N/A
November 1, 2010	Common Shares	274,139[5]	N/A	N/A
December 10, 2010	Common Shares	107,526[5]	N/A	N/A
February 7, 2011	Common Shares	409,890[6]	N/A	N/A
February 16, 2011	Common Shares	51,489[5]	N/A	N/A

Notes:

(1) On March 30, 2010, the Company closed the first tranche of a private placement financing by issuing an aggregate of 1,237,632 units at $0.33 per unit. Each unit is comprised of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share at a price of $0.45 until March 29, 2012.

(2) On March 30, 2010, in connection with the first tranche of the private placement, the Company issued a total of 60,127 broker warrants to acquire units. Each broker warrant is exercisable into one unit at a price of $0.44 per unit until March 29, 2012.

(3) On April 28, 2010, the Company closed the second tranche of a private placement financing by issuing an aggregate of 364,710 units at $0.33 per unit. Each unit is comprised of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share at a price of $0.45 until April 27, 2012.

(4) On April 28, 2010, in connection with the second tranche of the private placement, the Company issued a total of 25,819 broker warrants to acquire units. Each broker warrant is exercisable into one unit at a price of $0.44 per unit until April 27, 2012.

(5) Common Shares issued pursuant to the Company's Equity Incentive Plan.

(6) Common Shares issued pursuant to the Company's Employee Share Purchase Plan.

The following options were outstanding as at December 31, 2010.

	Number of Options	Exercise Price	Number Exercisable	Expiry Date
Granted in 2001	41,600	$ 9.00	41,600	March 7, 2011
	1,750	$ 8.00	1,750	November 19, 2011
Granted in 2002	117	$ 5.00	117	March 5, 2012
	34,500	$ 4.00	34,500	February 27, 2012
	5,983	$ 4.00	5,983	August 6, 2012
Granted in 2004	29,337	$ 3.50	29,337	January 21, 2013

TRADING PRICE AND VOLUME

The principal market on which the Common Shares trade is the TSX. The following table sets forth the reported high and low closing prices and the aggregate volume of trading of the Common Shares on the TSX for the period indicated during the 12 month period before the date of this short form prospectus:

Calendar Period	High ($)	Low ($)	Volume
February 1 to 24, 2011	$0.285	$0.19	115,048
January 2011	$0.24	$0.195	104,773

Calendar Period	High ($)	Low ($)	Volume
December 2010	$0.25	$0.08	289,563
November 2010	$0.18	$0.10	191,627
October 2010	$0.24	$0.17	179,158
September 2010	$0.265	$0.20	58,306
August 2010	$0.34	$0.22	155,564
July 2010	$0.365	$0.26	124,248
June 2010	$0.33	$0.265	108,275
May 2010	$0.39	$0.28	60,665
April 2010	$0.395	$0.33	453,727
March 2010	$0.50	$0.33	800,479
February 2010	$0.50	$0.30	107,432

RISK FACTORS

Investing in securities of the Company involves a significant degree of risk and must be considered speculative due to the high risk nature of the Company's business. Investors should carefully consider the information included or incorporated by reference in this short form prospectus before making an investment decision concerning the Company's securities. There are various risks, including those discussed under "Forward-Looking Statements" and in the AIF and the Annual MD&A which are incorporated herein by reference, that could have a material adverse effect on, among other things, the operating results, properties, business and condition (financial or otherwise) of the Company. The risk factors discussed in the AIF and the Annual MD&A include:

Liquidity risk

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company generates cash flow primarily from its commission and fee based businesses as well as its investments. The Company manages liquidity risk by reviewing the amount of cash available, on a daily basis, to ensure that it can meet its current obligations. The Company holds investments, which can be readily converted into cash when required.

Operating Cash Flow

The Company had negative operating cash flow during its most recently completed fiscal year. The Company does not anticipate that it will need to use any of the funds to be raised in the Offering to fund negative operating cash flow in future periods as it anticipates that such cash flow will be positive for the foreseeable future. In the event that the Company's operating cash flow is not positive in future periods it may need to raise additional capital in order to fund operations. There is no guarantee that additional funds will be available on terms acceptable to the Company or at all. In the event that the Company's operating cash flow is negative this may have a material adverse affect on the Company and its stock price.

Going Concern

The Company incurred losses of $1,341,940 in the nine months ended December 31, 2010, $2,968,329 in the year ended March 31, 2010 and $7,778,357 in the year ended March 31, 2009. For those periods the Company had negative cash flow from operating activities of $213,442, $1,441,733, and $1,874,155 respectively. As at December 31, 2010, the Company had a working capital deficiency of $763,669 compared to a deficiency of $320,600 as at March 31, 2010. Given this working capital deficiency there is material uncertainty as to whether the Company will have the ability to continue as a going concern. Any person contemplating an investment in the Common Shares should in particular consider this “going concern” risk factor prior to making such investment.

Market Risk

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. The Company is exposed to market risk as a result of its principal trading in equity securities and fixed income securities. Securities held for trading are valued at market and as such, changes in market value affect earnings (losses) as they occur. The Company mitigates its market risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts.

Credit Risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default by a counterparty on its obligation to the Company. Credit risk is managed by applying credit standards to the counterparties the Company transacts business with, applying limits to client transactions and requiring settlements of security transactions on a cash basis or delivery against payments. The Company also regularly monitors credit exposure. Margin transactions are collateralized by securities in the client’s accounts in accordance with limits established by the Company and applicable regulatory requirements.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments and fixed income securities held by the Company. The Company holds minimal fixed income securities and does not hedge its exposure to interest rates. The Company also has issued borrowings that are interest bearing.

Foreign Exchange Risk

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. The Company does not use derivatives to modify the foreign exchange risk.

Litigation

Many aspects of the Company's business involve substantial risks of liability. An underwriter or agent is exposed to substantial liability under securities laws, other laws and court decisions, including decisions with respect to underwriters’ and agents' liability and limitations on indemnification of underwriters and agents by issuers. For example, a firm that acts as an underwriter or agent may be held liable for misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel. In recent years, there has been an increasing incidence of litigation involving the securities industry, including class actions that seek substantial damages.

The Company is also subject to the risk of litigation, including litigation that may be without merit. As the Company intends to actively defend such litigation, significant legal expenses could be incurred. An adverse resolution of any future lawsuits involving the Company could materially adversely affect the Company's operating results and financial condition. For details on certain outstanding litigation involving the Company, see the Company's 2009 annual financial statements and the Annual MD&A.

Regulation

The securities business is subject to extensive regulation under securities laws. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, issuance of cease-and-desist orders, suspension or disqualification of officers or employees, or other adverse consequences. The imposition of any such penalties or orders on the Company could have a material adverse effect on its operating results and financial condition.

The current environment of increased scrutiny may reasonably be expected to lead to increasingly stringent interpretation and enforcement of existing laws and rules. Once again, changes in the interpretation or enforcement of existing laws and rules by securities regulatory authorities may have a material adverse effect on the Company's operating results and financial condition.

Additional regulations, changes in existing laws and rules, or changes in interpretation or enforcement of existing laws and rules often affect directly the method of operation and profitability of securities firms.

Management cannot predict what effect any such changes might have. Furthermore, the Company's businesses may be materially affected not only by regulations applicable to it as a financial market intermediary, but also by regulations of general application. The level of business and financing activity in each of the industries on which the Company focuses can be affected not only by such legislation or regulations of general applicability, but also by industry-specific legislation or regulations.

The Investment Industry Regulatory Organization of Canada ("IIROC") is currently reviewing certain matters relating to Northern Securities. IIROC has commenced enforcement proceedings with respect to one matter. The Company does not anticipate that the impact of that proceeding would be material to the Company. The remaining matters are still under discussion with IIROC and Northern Securities has not been advised of any disciplinary actions which may be taken, if any, with respect to any of the matters under investigation. Although the Company does not believe that any of the matters are of a material nature, it is not possible at this time to determine the amount of any potential liability to Northern Securities in the event disciplinary action is instituted. Any such liability, including legal fees that would be incurred by Northern Securities to defend itself, if required, could have a material adverse effect on the Company’s financial position, future expectations, or cash flows.

Future Capital Needs

The Company may need to raise additional funds in order to respond to competitive pressures, or for working capital purposes, or acquire complementary businesses or take advantage of opportunities. The Company may be required to raise additional funds through private or public financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Furthermore, any equity financing may be dilutive to shareholders, and debt financing, if available may involve restrictive covenants. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, or respond to competitive pressures, any of which could have a material adverse effect on the Company’s business, financial condition and operating results.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many junior companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur or increase in scope.

Senior Management Experience and Knowledge

The Company’s success depends, in part, on its senior management’s experience and knowledge of the securities industry and capital markets. The loss of any senior management employee could have an adverse affect on the operation of the business. The inability to attract or retain qualified senior personnel could have a materially adverse affect on the Company’s operating results.

Stock Exchange Listing

The Common Shares are currently listed and posted for trading on the TSX. On November 3, 2010, the TSX announced that it was reviewing the Common Shares of the Company with respect to meeting the continued listing requirements. The TSX has granted the Company 120 days (March 2, 2011) in which to regain compliance with these requirements. The Company failed to regain compliance with the continued listing requirements within the time provided by the TSX, but requested an extension from the TSX until March 31, 2011. The TSX has agreed to provide a 30 day extension until April 1, 2011 for the Company to meet all continued listing requirements. There is no assurance that the Company will regain compliance within the time period or at all or that after regaining compliance that it will maintain compliance. If the Common Shares are delisted from the TSX, the Company expects to apply for its Common Shares to be listed and posted for trading on another stock exchange; however, there is no assurance that such application, if made, will be successful. If the Common Shares are delisted from the TSX and the Company is unable to successfully list them on an alternative exchange this may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.

An investment in securities of the Company is speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risk factors outlined above are not a definitive list of all risk factors associated with an investment in the securities of the Company or in connection with the Company's operations.

DIVIDEND POLICY

No dividends have been declared or paid on the Common Shares of the Company. The Company does not intend to pay any dividends in the immediate or foreseeable future. The future dividend policy will be determined by the Board of Directors.

RELATIONSHIP BETWEEN ISSUER OR SELLING SECURITYHOLDER AND AGENTS

NSI is an Agent of the Company in respect of the Offering. The Company is a related and connected issuer of NSI under applicable securities laws as the Company wholly owns NSI. Further, Vic Alboini is the Chairman and Chief Executive Officer of each of the Company and NSI. Mr. Alboini also owns or has control or direction over approximately 35% of the Common Shares of NFC.

NSI was involved in the Company's decision to distribute the Common Shares under the Offering, including the determination of the terms of the distribution. The Offering was not required, suggested or consented to by NSI or a related issuer of NSI other than the Company. The proceeds from the Offering will be used by the Company as set forth in this short form prospectus under the heading "Use of Proceeds" and, apart from any commission payable to NSI as agent under this Offering, will not be applied for the benefit of NSI or a related issuer of NSI, other than the Company.

INTERESTS OF EXPERTS

The matters referred to under "Eligibility for Investment" and certain legal matters in connection with this Offering will be passed upon at the date of closing by Fogler Rubinoff LLP, counsel to the Company, and by Fasken Martineau DuMoulin LLP, counsel to the Agents. As of the date hereof, the partners and associates of the Toronto office of Fogler Rubinoff LLP, as a group, and the partners and associates of the Toronto office of Fasken Martineau DuMoulin LLP, as a group, each own, directly or indirectly, less than one percent of the outstanding Common Shares.

Deloitte & Touche LLP, Chartered Accountants, are the auditors for the Company. Deloitte & Touche LLP, Chartered Accountants, are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

PROMOTERS

The Company does not have a promoter.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Deloitte & Touche LLP of Toronto, Ontario.

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company of Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, or in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Northern Financial Corporation (the "**Company**") dated February 25, 2011, relating to the issue and sale of up to 24,300,000 Common Shares. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at March 31, 2010 and 2009 and the consolidated statements of operations, comprehensive loss and deficit, and cash flows for each of the years then ended. Our report is dated June 11, 2010, except as to Note 19 which is as at June 15, 2010.

"*Deloitte & Touche LLP*" (Signed)
Chartered Accountants
Toronto, Ontario
February 25, 2011

CERTIFICATE OF THE COMPANY

Dated: February 25, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and New Brunswick.

"Vic Alboini" By: Vic Alboini Chief Executive Officer	*"Doug Chornoboy"* By: Doug Chornoboy Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Bill Grant" By: Bill Grant Director	"*Wes Roitman*" By: Wes Roitman Director

CERTIFICATE OF THE AGENTS

Dated: February 25, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and New Brunswick.

NORTHERN SECURITIES INC.
"Doug Chornoboy"
By: Doug Chornoboy
Chief Financial Officer

BYRON CAPITAL MARKETS LTD.
"Robert Orviss"
By: Robert Orviss
Managing Director