

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Northern Financial Corporation (“**Northern**” or the “**Company**”)  
Suite 2020, 145 King St. West, Toronto, ON M5H 1J8

**Item 2 Date of Material Change**

March 30, 2011

**Item 3 News Release**

A press release was issued through Canada NewsWire on March 30, 2011, a copy of which is attached as **Schedule A** hereto.

**Item 4 Summary of Material Change**

Northern announced on March 30, 2011, that it had closed the first tranche of its previously announced offering of common shares pursuant to a final short-form prospectus dated February 25, 2011 (the “Prospectus”), by issuing 6,666,667 common shares for gross proceeds of \$2,000,000.10. Also pursuant to the Prospectus, Northern issued an aggregate of 4,718,331 common shares at a price per share of \$0.30 to retire certain debt.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

On March 30, 2011, the Company announced that it had closed the first tranche of its short form prospectus offering by issuing an aggregate of 11,384,998 common shares (the “Common Shares”) of the Company at a price of \$0.30 per Common Share.

6,666,667 Common Shares were issued for total gross proceeds of \$2,000,000 (the “Offering”) and an aggregate of 4,718,331 Common Shares (the “Payment Shares”) were issued to settle \$1,415,500 of outstanding debt. In addition, \$1,773,208 of the proceeds of the Offering were used to repay the remainder of the Company’s outstanding debentures. Following repayment Northern has retired an aggregate of approximately \$3.2 million in debt and has no debentures remaining outstanding.

The Common Shares were issued pursuant to the Company’s short form prospectus dated February 25, 2011. The Offering was sold on an agency basis by a syndicate comprised of Northern Securities Inc. and Byron Capital Markets Ltd. (the “Agents”).

In connection with the Offering, the Agents were paid a cash commission equal to 7% of the gross proceeds received by the Company in respect of the Offering. In addition, the Company issued broker warrants which entitle the holders to purchase 7% of the number of Common Shares sold in the Offering, representing 466,666 Common Shares, at a price of \$0.30 on or prior to March 30, 2013.

After giving effect to the Offering and the issuance of the Payment Shares, Northern has no debentures outstanding and has 25,472,621 issued and outstanding common shares.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

## **Item 6 Reliance on subsection 7.1(2) (3) 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:

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Senior Vice President and General Counsel  
Northern Financial Corporation  
T: 416.644.8177  
kwells@northernfi.com

## **Item 9 Date of Report**

March 31, 2011

## Schedule A



**For Immediate Release**

**NORTHERN FINANCIAL CORPORATION**

**(TSX: NFC)**

**NORTHERN CLOSSES FIRST TRANCHE OF PUBLIC OFFERING AND  
RETIRES \$3.2 MILLION OF DEBT**

TORONTO, ONTARIO, March 30, 2011 – Northern Financial Corporation (TSX: NFC) (“Northern” or the “Company”) is pleased to announce that it has closed the first tranche of its short form prospectus offering by issuing an aggregate of 11,384,998 common shares (the “Common Shares”) of the Company at a price of \$0.30 per Common Share.

6,666,667 Common Shares were issued for total gross proceeds of \$2,000,000 (the “Offering”) and an aggregate of 4,718,331 Common Shares (the “Payment Shares”) were issued to settle \$1,415,500 of outstanding debt. In addition, \$1,773,208 of the proceeds of the Offering were used to repay the remainder of the Company's outstanding debentures. Following repayment Northern has retired an aggregate of approximately \$3.2 million in debt and has no debentures remaining outstanding.

The Common Shares were issued pursuant to the Company’s short form prospectus dated February 25, 2011. The Offering was sold on an agency basis by a syndicate comprised of Northern Securities Inc. and Byron Capital Markets Ltd. (the “Agents”).

In connection with the Offering, the Agents were paid a cash commission equal to 7% of the gross proceeds received by the Company in respect of the Offering. In addition, the Company issued broker warrants which entitle the holders to purchase 7% of the number of Common Shares sold in the Offering, representing 466,666 Common Shares, at a price of \$0.30 on or prior to March 30, 2013.

After giving effect to the Offering and the issuance of the Payment Shares, Northern has no debentures outstanding and has 25,472,621 issued and outstanding common shares.

Vic Alboini, Northern’s Chairman and Chief Executive Officer stated “We are very pleased to have retired the full principal amount of our debentures and to revitalize our balance sheet. We welcome our new investors to the Company and we are very focused on creating shareholder value.”

The Company expects that it will have one or more additional closings, although the dates of such closings are not yet known.

A copy of Northern's final prospectus is available at [www.sedar.com](http://www.sedar.com).

The securities offered 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 U.S. state securities laws and may not be offered or sold in the United States or to United States persons absent registration or any applicable exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

### **About Northern Financial Corporation**

Northern Financial Corporation wholly owns Northern Securities Inc., a full service investment dealer that provides financial advisory services to retail and institutional clients and investment banking services to small capitalization companies.

*The Toronto Stock 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](http://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:**

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or

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Senior Vice President and CFO  
(416) 644-8150