

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the accompanying short form base shelf prospectus dated March 23, 2012 to which it relates, as amended or supplemented (the “**Prospectus**”), and each document incorporated by reference into the 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. See “Plan of Distribution”.

The Prospectus, as supplemented by this prospectus supplement, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and thereby 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, or any state securities laws. Accordingly, subject to certain exceptions, these securities may not be offered or sold in the United States or for the account or benefit of a person in the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement 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 **Manager, Investor Relations of Northland Power Inc.** at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada M4V 3A1, Telephone: (647) 288-1438 and Fax: (416) 962-6266, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
TO THE SHORT FORM BASE SHELF PROSPECTUS DATED MARCH 23, 2012**

New Issue

February 26, 2014



NORTHLAND POWER INC.

\$150,000,000

9,375,000 Common Shares

and

\$75,000,000

5.00% Extendible Convertible Unsecured Subordinated Debentures, Series B

**Price: \$16.00 per Common Share
\$1,000 per Series B Debenture**

The Prospectus, as supplemented by this prospectus supplement, qualifies for distribution 9,375,000 common shares (“**Common Shares**”) of Northland Power Inc. (“**Northland**” or “**NPI**”) at a price of \$16.00 per Common Share (the “**Offering Price**”) for aggregate gross proceeds of \$150,000,000 (the “**Common Share Offering**”) and \$75,000,000 aggregate principal amount of 5.0% extendible convertible unsecured subordinated debentures, Series B (the “**Series B Debentures**” and together with the Common Shares, the “**Offered Securities**”) of NPI (the “**Debenture Offering**” and together with the Common Share Offering, the “**Offering**”).

The terms of the Offering were determined by negotiation between Northland and CIBC World Markets Inc. and BMO Nesbitt Burns Inc. as co-lead underwriters, on their own behalf and on behalf of National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc. and FirstEnergy Capital Corp. (collectively, the “**Underwriters**”). See “Plan of Distribution”.

The Series B Debentures

The Series B Debentures shall bear interest from, and including, the date of closing of the Debenture Offering at the rate of 5.0% per annum, payable semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2014. The Series B Debentures will be dated as of the closing of the Offering and will have an initial maturity of June 30, 2014 (the “**Initial Maturity Date**”). If the Financial Close (as defined below) in respect of the 600 Megawatt Gemini offshore wind project (“**Gemini**” or the “**Project**”) takes place prior to June 30, 2014, the maturity date will be automatically extended from the Initial Maturity Date to June 30, 2019 (the “**Final Maturity Date**”). If the Financial Close does not take place prior to the Initial Maturity Date, the Series B Debentures will mature on the Initial Maturity Date.

(continued on next page)

Series B Debenture Conversion Privilege

Each Series B Debenture will be convertible into fully-paid, non-assessable and freely tradeable Common Shares (the “**Underlying Shares**”) at the option of the holder of a Series B Debenture (the “**Debentureholder**”) at any time after the Initial Maturity Date and prior to 5:00 p.m. (Toronto time) on the earlier of: (i) the Final Maturity Date, and (ii) the last Business Day immediately preceding the date specified by Northland for the redemption of the Series B Debentures, at a conversion price of \$21.60 per Common Share (the “**Conversion Price**”), being a conversion ratio of approximately 46.2963 Common Shares per \$1,000 principal amount of the Series B Debentures, subject to adjustment in certain events in accordance with the Indenture (as defined herein). Debentureholders converting their Series B Debentures will also receive accrued and unpaid interest on such Series B Debentures for the period from and including the last interest payment date on their Series B Debentures (or the date of closing of the Debenture Offering if no interest has yet been paid with respect to their Series B Debentures) to and including the last record date declared by Northland, occurring prior to the date of conversion, for determining the holders of Common Shares entitled to receive a distribution or dividends on the Common Shares. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price in certain events, are set out under “*Description of the Series B Debentures — Conversion Privilege*”. A Debentureholder will not be entitled to deferred tax treatment on the conversion, redemption or repayment at maturity of such Series B Debentures. See “*Certain Canadian Federal Income Tax Considerations*”.

The Series B Debentures shall not be redeemable prior to June 30, 2017. On and after June 30, 2017 and prior to June 30, 2018, the Series B Debentures shall be redeemable, in whole at any time, or in part from time to time, at the option of Northland on not more than 60 days’ and not less than 30 days’ prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption, provided that the volume-weighted average trading price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) (if the Common Shares are then-listed on the TSX) for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given (the “**Current Market Price**”) is not less than 125% of the Conversion Price. On and after June 30, 2018, and prior to the Maturity Date, the Series B Debentures shall be redeemable, in whole at any time, or in part from time to time, at the option of Northland on not more than 60 days’ and not less than 30 days’ prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption. Subject to regulatory approval and other conditions, Northland may, at its option, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Series B Debentures which are to be redeemed or which have matured by issuing and delivering to the Series B Debentureholders that number of freely-tradeable Common Shares obtained by dividing the principal amount of the Series B Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable. In addition, subject to regulatory approval and other conditions, Northland may elect, from time to time, to satisfy its obligation to pay interest on the Series B Debentures on the date interest is payable under the Indenture, by issuing and delivering freely-tradeable Common Shares to the Debenture Trustee (as defined herein) to be sold by the Debenture Trustee for proceeds, which together with any cash payments to be made by Northland in lieu of fractional Common Shares, are sufficient to satisfy all of Northland’s obligations to pay interest on the Series B Debentures in accordance with the Indenture. See “*Description of the Debentures*”.

The issued and outstanding Common Shares are listed on the TSX under the trading symbol “NPI”. On February 21, 2014, the last completed trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$16.46. On February 25, 2014, the last trading day before the filing of this prospectus supplement, the closing price of the Common Shares on the TSX was \$16.43. The TSX has conditionally approved the listing of the Common Shares, the Series B Debentures, as well as the Underlying Shares. Listing will be subject to Northland fulfilling all of the listing requirements of the TSX on or before May 26, 2014.

There is currently no market through which the Series B Debentures may be sold and purchasers may not be able to resell the Series B Debentures purchased pursuant to this Offering. This may affect the pricing of the Series B Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “*Risk Factors*”.

	Offering Price to the Public	Underwriters’ Fees	Net Proceeds to Northland ⁽³⁾
Per Common Share	\$16.00	\$0.64 ⁽¹⁾	\$15.36
Total Common Shares	\$150,000,000	\$6,000,000 ⁽¹⁾	\$144,000,000
Per Series B Debenture	\$1,000	\$40 ⁽²⁾	\$960
Total Series B Debentures	\$75,000,000	\$3,000,000 ⁽²⁾	\$72,000,000
Total Offering ⁽⁴⁾	\$225,000,000	\$9,000,000	\$216,000,000

Notes:

- (1) The fee payable to the Underwriters in respect of the Common Share Offering is 4.0% of the gross proceeds of the Common Share Offering. The Underwriters’ fee is payable upon the closing of the Common Share Offering.
- (2) The fee payable to the Underwriters in respect of the Debenture Offering is 4.0% of the gross proceeds of the Debenture Offering. The Underwriters’ fee is payable upon closing of the Debenture Offering.
- (3) Before deducting expenses of the Offering, estimated to be \$500,000 (exclusive of HST).
- (4) Northland has granted to the Underwriters an over-allotment option (the “**Common Share Over-Allotment Option**”) to purchase up to an additional 468,750 Common Shares at the Offering Price, on the same terms and conditions as the Common Share Offering, exercisable in whole

or in part, at any time and from time to time within 30 days of the closing of the Common Share Offering. If the Common Share Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to Northland (before deducting expenses of the Offering) will be \$157,500,000, \$6,300,000 and \$151,200,000 respectively. This prospectus supplement also qualifies for distribution the grant of the Common Share Over-Allotment Option and the issuance of Common Shares pursuant to the exercise of the Common Share Over-Allotment Option. See "*Plan of Distribution*". Northland has also granted to the Underwriters an over-allotment option (the "**Debenture Over-Allotment Option**") to purchase up to an additional 3,750 Series B Debentures at the offering price of \$1,000 per \$1,000 principal amount Series B Debentures, on the same terms and conditions as the Debenture Offering, exercisable in whole or in part, at any time and from time to time within 30 days of the closing of the Debenture Offering. If the Debenture Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to Northland (before deducting expenses of the Offering) will be \$78,750,000, \$3,150,000 and \$75,600,000 respectively. This prospectus supplement also qualifies for distribution the grant of the Debenture Over-Allotment Option and the issuance of the Series B Debentures pursuant to the exercise of the Debenture Over-Allotment Option. See "*Plan of Distribution*". The following table sets forth the number of Common Shares and Series B Debentures that may be issued by Northland pursuant to the Common Share Over-Allotment Option and the Debenture Over-Allotment Option.

<u>Underwriters' Position</u>	<u>Maximum size or number of securities</u>	<u>Exercise period</u>	<u>Exercise price</u>
Common Share Over-Allotment Option	468,750 Common Shares	Exercisable within 30 days of the closing of the Common Share Offering	\$16.00 per Common Share
Debenture Over-Allotment Option	3,750 Series B Debentures	Exercisable within 30 days of the closing of the Debenture Offering	\$1,000 per Series B Debenture

The Underwriters, as principals, conditionally offer the Offered Securities, subject to prior sale, if, as and when issued by Northland and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "*Plan of Distribution*" and subject to approval of certain legal matters relating to the Offering on behalf of Northland by Borden Ladner Gervais LLP, and on behalf of the Underwriters by McCarthy Tétrault LLP.

Subscriptions for Offered Securities 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. It is expected that closing of the Offering will occur on or about March 5, 2014 (the "**Closing Date**") or such other date not later than March 31, 2014 as Northland and the Underwriters may agree upon. Except as described below, at the closing, the Offered Securities qualified for distribution under this Offering will be available for delivery in book-entry form through the CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee, and will be deposited with CDS. Subject to certain exceptions, purchasers of the Offered Securities issued hereunder will receive only a customer confirmation from the registered dealer that is a CDS Participant and from or through which such Offered Securities are purchased and shall not have the right to receive physical certificates evidencing their ownership of such Offered Securities. Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares or the Series B Debentures at levels other than those that might otherwise prevail on the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

After the Underwriters have made a bona fide effort to sell all of the Offered Securities offered pursuant to this Offering, at the respective offering prices fixed in this prospectus supplement, the Underwriters may reduce the respective offering prices or otherwise change the selling terms from time to time. Any such reduction should not affect the proceeds received by Northland. See "*Plan of Distribution*".

There are certain risks inherent in an investment in Northland. Prospective investors should carefully consider these risks before purchasing the Offered Securities. See "*Risk Factors*".

Concurrently with the closing of the Offering, Northland will issue 3,125,000 Common Shares to Northland Power Holdings Inc. ("**NPHI**"), a company controlled by Mr. James C. Temerty, or an affiliate thereof, on a private placement basis, at a price of \$16.00 per Common Share, being the same as the Offering Price, and issued pursuant to the partial exercise of a pre-emptive right in favour of NPHI, as further described below under "*Retained Interest*" (the "**Concurrent Private Placement**"). No commission or other fee will be paid to the Underwriters in connection with the Common Shares sold pursuant to the Concurrent Private Placement.

Each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. is a wholly-owned subsidiary of a Canadian chartered bank which has provided certain credit facilities to Northland. Accordingly, Northland could be considered a "connected issuer" of each such Underwriter for purposes of the securities legislation of certain Canadian provinces. See "*Plan of Distribution*".

Northland's registered and head office is at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada M4V 3A1.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Common Shares and Series B Debentures being offered and also adds to and updates certain information contained in the Prospectus (as defined below) and the documents incorporated by reference therein. The second part, the accompanying base shelf prospectus dated March 23, 2012, gives more general information, some of which may not apply to the Offered Securities offered hereunder.

Northland is not, and the Underwriters are not, making an offer to sell these Offered Securities in any jurisdiction where the offer or sale is not permitted.

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars, and references to “dollars” or “\$” are to Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of the offering of the Offered Securities described in this prospectus supplement. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus. The following documents of Northland, as filed with the securities commission or similar authority in each of the provinces of Canada, are also specifically incorporated by reference in, and form an integral part of, the Prospectus and this prospectus supplement:

- (a) annual information form of Northland dated February 19, 2014 for the year ended December 31, 2013 (the “AIF”);
- (b) audited consolidated financial statements of Northland for the year ended December 31, 2013, including the consolidated balance sheets as at December 31, 2013 and 2012 and January 1, 2012 and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2013 and 2012 and related notes, together with the auditors’ report thereon dated February 19, 2014 (the “Annual Financial Statements”);
- (c) management’s discussion and analysis related to the Annual Financial Statements;
- (d) management information circular dated April 19, 2013 prepared in connection with the annual meeting of Shareholders held on May 23, 2013;
- (e) indicative term sheet in respect of the Common Share Offering dated February 24, 2014 prepared for potential investors in connection with the Common Share Offering;
- (f) indicative term sheet in respect of the Debenture Offering dated February 24, 2014 prepared for potential investors in connection with the Debenture Offering; and
- (g) material change report of Northland dated February 25, 2014 in respect of the Offering and the Concurrent Private Placement.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Manager, Investor Relations of Northland Power Inc. at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario M4V 3A1, telephone (647) 288-1438 and fax (416) 962-6266, and are also available electronically at www.sedar.com under Northland’s profile.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Northland with the securities commission or similar authority in each of the provinces of Canada after the date of this prospectus supplement and prior to the termination of the distribution of the Offered Securities shall be deemed to be incorporated by reference in the Prospectus and this prospectus supplement.

Any statement contained in the Prospectus, in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference therein or herein shall be deemed to be modified or superseded, for the purposes of this prospectus supplement, to the extent that a statement contained in this prospectus supplement or in the Prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein or in the Prospectus modifies or supersedes that 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 shall not 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 was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this prospectus supplement or the Prospectus.

MARKETING MATERIALS

Any template version of any marketing materials filed with the securities commission or similar authority in each of the provinces of Canada in connection with the Offering after the date of this prospectus supplement but prior to the termination of the distribution of the securities under this prospectus supplement (including any amendments to, or an amended version of, any template version of marketing materials) is deemed to be incorporated by reference in this prospectus supplement.

NON IFRS MEASURES

The Prospectus, this prospectus supplement and the documents incorporated by reference herein include references to Northland's adjusted EBITDA and free cash flow, measures not prescribed by International Financial Reporting Standards ("**IFRS**"). Adjusted EBITDA and free cash flow, as presented, may not be comparable to similar measures presented by other companies. These measures should not be considered alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that adjusted EBITDA and free cash flow are widely accepted financial indicators used by investors to assess the performance of a company, including its ability to generate cash through operations.

Readers should refer to Section 5: Consolidated Results in Northland's management's discussion & analysis related to the Annual Financial Statements for an explanation of adjusted EBITDA and free cash flow and a reconciliation of Northland's reported adjusted EBITDA to its consolidated income (loss) before taxes and Section 6: Equity, Liquidity and Capital Reserves in Northland's management's discussion & analysis related to the Annual Financial Statements for a reconciliation of Northland's free cash flow to its cash provided by operating activities.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the Prospectus and the documents incorporated by reference herein contain certain forward-looking statements which are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". These statements may include, without limitation, statements regarding future adjusted EBITDA, cash flows and dividend payments, the construction, completion, attainment of commercial operations, cost, financing and output of development projects (including the Project), plans for raising capital, and the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. This information is based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party,

management's current plans, its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, construction risks, counterparty risks, operational risks, the variability of revenues from generating facilities powered by intermittent renewable resources and the other factors described in the Risk Factors section of the AIF, which can both be found at www.sedar.com under Northland's profile and on Northland's website www.northlandpower.ca. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.

The forward-looking statements contained in this prospectus supplement, the Prospectus and the documents incorporated by reference herein are based on assumptions that management considered reasonable as of the date of this prospectus supplement. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, the high, low, average and period-end noon spot rates of exchange for one Euro, expressed in Canadian dollars, as published by the Bank of Canada.

	Year Ended December 31		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
	(\$)	(\$)	(\$)
Highest noon rate during the period	1.4724	1.3446	1.4305
Lowest noon rate during the period	1.2859	1.2153	1.2847
Average noon spot rate for the period	1.3681	1.2850	1.3767
Rate at the end of the period	1.4655	1.3118	1.3193

On February 25, 2014, the noon rate of exchange posted by the Bank of Canada for conversion of Euros into Canadian dollars was EUR 1.00 equals C\$1.5239.

THE PROJECT

Northland has been taking a leadership role in the development of a 600 Megawatt (“**MW**”) offshore wind development project located approximately 85 km off the North East coast of the Netherlands (the “**Project**” or “**Gemini**”). Once operational, the Project is expected to be one of the largest wind farms in the world, with anticipated electricity production capable of powering more than 785,000 households. The Project and Northland’s participation therein are described in greater detail below.

The Project

Overview

In 2013 and early 2014, Northland entered into agreements for the rights to acquire an aggregate 60% equity stake in Gemini. Gemini consists of two associated offshore wind projects, Buitengaats and ZeeEnergie, each with a capacity of 300 MW, and situated in the south-eastern North Sea close to the Dutch-German offshore exclusive economic zone. The Project is to be financed, built and operated as a single facility.

The Project will consist of 150 Siemens SWT-4.0-130 wind turbine generators (“**WTGs**”) installed on monopiles, together with associated infrastructure, including the electrical infrastructure required to connect the project to the Dutch electricity grid. It will be built under two main contracts: (i) a turbine supply agreement (“**TSA**”) with Siemens Nederland N.V. (“**Siemens NV**”), an affiliate of Siemens A.G., a German public company (“**Siemens**”); and (ii) a construction contract with Van Oord Dredging and Marine Contractors BV (“**Van Oord**”), a private Dutch company. Siemens NV will supply, commission and install the WTGs under the TSA and Van Oord will be responsible for all other work under a balance of plant, fixed price, date-certain engineering, procurement and construction contract (the “**BoP Contract**”).

The Project is expected to be completed in 2017. The grid connection is expected to be completed in 2016 in advance of final Project completion. The WTGs will be commissioned over a period of approximately 12 months.

The total Project capital costs are expected to be approximately EUR 2.8 billion. Funding for approximately EUR 2.0 billion of such costs is expected to be provided by senior debt, with the remainder expected to be funded by equity, subordinated debt, and pre-completion revenues.

The permits to develop, build and own the two offshore wind farm projects that together form Gemini are held by two limited partnerships, Buitengaats C.V. and ZeeEnergie C.V., organised and existing under Dutch law (the “**Project LPs**”). The limited partner companies (“**LP Companies**”) and the general partner companies (“**GP Companies**”) of the Project LPs are currently controlled by Typhoon Offshore B.V. (“**Typhoon**”), a Dutch company with experience in the development and construction of offshore wind projects in the North Sea. Each Project LP will own half of the generating assets. In addition, Buitengaats C.V. will own certain offshore and onshore connection assets and rights necessary to connect the Project to the Dutch grid. Northland has agreed to acquire 60% of Typhoon’s interest in Gemini at or prior to Financial Close (as defined below).

Co-Development

Pursuant to an agreement dated April 11, 2013 between Northland and Typhoon, the parties agreed to the terms of Northland’s possible future acquisition of Typhoon’s interests in Gemini, the manner in which development expenses would be shared, and that Northland would thereafter jointly manage and develop the Project. Since the announcement of Northland’s participation in the Project on August 1, 2013, Northland has taken a lead role in the development of the Project with Typhoon as co-developer, and with significant participation from the other Sponsors (as defined below). The Sponsors, together with Typhoon, have developed the Project to its current state and expect to complete all development activities required to achieve Financial Close (as defined below). After Financial Close the management of the Project, construction and other related activities will be governed under the Consortium Agreement (as defined below).

The Sponsors

Based on the results of the preliminary co-development work, Northland determined to proceed further with the Project. Accordingly, pursuant to an agreement dated July 30, 2013, Northland, Siemens Project Ventures

GmbH (“**Siemens PV**”), an affiliate of Siemens N.V., HVC, a Dutch government-owned company (“**HVC**”), Van Oord (Northland, Siemens PV, HVC and Van Oord, each a “**Sponsor**” and collectively, the “**Sponsors**”) and Typhoon set out the terms under which the Sponsors and Typhoon would (i) co-operate to complete development of the Project including obtaining the senior and subordinated debt financing, (ii) fund certain development expenses and advance amounts for early capital expenditures, (iii) work together to complete the acquisition of equity interests in the Project by each of the Sponsors, and (iv) establish the terms and conditions of the shareholders agreement and the partnership agreements to be negotiated among the Sponsors with respect to the Project. All Sponsors currently require a final investment decision by their board of directors or similar body prior to Financial Close.

A steering committee comprised of senior executives of the Sponsors and Typhoon was formed (the “**Gemini Steering Committee**”) to oversee development and financing activities. To date, the Project development and financing activities have been undertaken by representatives of the Sponsors and Typhoon, financial advisors, technical advisors, legal advisors and other professionals on a day to day basis. The Gemini Steering Committee has maintained oversight of the major development and financing work processes and has made all major project decisions. A Chief Executive Officer for the Project has been hired and other senior management personnel and staff are currently being recruited. An executive team is expected to be in place at or within a short time after Financial Close with additions and changes as required by the development stages of the Project.

Acquisition of 60% Interest by Northland

In accordance with Northland’s rights to purchase the 60% interest in Gemini described above, Northland, directly and through wholly-owned subsidiaries, expects to enter into an agreement (the “**SPA**”) with Typhoon and a wholly-owned subsidiary of Typhoon, to acquire a 60% indirect interest in each of the Project LPs. The acquisition of those interests is expected to be completed at or prior to Financial Close.

Northland has conducted its own due diligence and participated in development activities in respect of Gemini. The sellers under the SPA are expected to provide general representations and warranties as to their authority and capacity, the corporate organization of the Project LPs, the LP Companies and the GP Companies, the due allotment and issuance of the shares and partnership interests, as well as certain limited representations concerning permits for the Project and the SDE Grant (as defined below).

The SDE Grant

The Project LPs were awarded up to EUR 4.4 billion of public funding to supplement market revenues from electricity sales (the “**SDE Grant**”) over 15 years under the Stimuleringsregeling Duurzame Energie (“**SDE**”), the Dutch government’s price regime to support renewable energy. These funds are paid from the Dutch government’s general budget and have been specifically approved by the Dutch government. The SDE Grant is generally structured as a contract-for-differences, which supplements the average annual day ahead market electricity price on the Amsterdam Power Exchange (“**Reference Market Price**”) earned by the Project to approximately 168.90 EUR/MWh on average for the Project (the “**SDE Price**”) for a period of 15 years based on a defined maximum production volume, subject to adjustments noted below. The SDE Price is fixed for the 15-year period and is not escalated.

To the extent the Reference Market Price is below the SDE Price, the SDE Grant is designed to top up the Project revenues to the SDE Price as determined on an annual basis. If the Reference Market Price exceeds the SDE Price, there would be no SDE subsidy and the Project would retain all market revenues less a nominal fee payable to Delta (as defined below). Similarly, for energy production exceeding the maximum production under the SDE Grant, the Project would receive the Reference Market Price less a nominal discount factor paid to the provider of market balancing services (see “*Power Off-take Balancing and Services Agreement*” below). Should the Reference Market Price fall below 44.00 EUR/MWh (unescalated), the Project would forego revenues equal to the maximum production under the SDE Grant topped-up under the SDE multiplied by (44.00 EUR/MWh less the Reference Market Price). The Reference Market Price for 2011, 2012 and 2013 has been approximately 52, 48 and 52 EUR/MWh respectively.

Grid Connection and Electric Infrastructure

In the Netherlands, wind farms are responsible by law for providing the transmission infrastructure from the wind farm to the connection point with the national transmission grid. As a result, the Project will construct,

operate and own the transmission infrastructure from the off-shore high-voltage substation to the on-shore high-voltage substation, at which point the Project infrastructure will be connected to the Dutch national grid. The Dutch national transmission system operator, TenneT TSO B.V. (“**TenneT**”), will be obligated by to connect Gemini to its national grid at the on-shore high-voltage substation interconnection.

Construction

Gemini is finalizing the contracts with Siemens NV and Van Oord for construction of the Project and all material commercial terms have been settled. The contracts are expected to be executed prior to Financial Close. Construction and commissioning of the Project is expected to be completed by 2017. The construction contracts are expected to provide for significant incentives, through liquidated damages and bonuses, for the contractors to complete their work on a timely basis.

BoP Contract

Van Oord is expected to design, engineer, supply and commission the WTG foundations and electrical infrastructure and is expected to be responsible for the transport of the WTGs to the Project site under the BoP Contract. Van Oord is an industry leader in maritime contracting with an extensive track record of large maritime projects and building offshore wind farms. The scope of work under the BoP Contract is expected to consist of:

- The design, engineering, supply and commissioning of:
 - the foundations for the WTGs and offshore high voltage stations;
 - the infield cables; and
 - the transmission infrastructure.
- The supply of the WTG installation vessels and transportation of WTGs from the WTG marshalling harbour in Esbjerg, Denmark to the Project site in the North Sea.

The BoP Contract is expected to be a fixed price contract and is expected to provide for Van Oord to incur all weather risk for its marine activities (excluding force majeure events) as well as subsurface risk associated with geotechnical conditions known at the time of contract signing for its scope of work.

Turbine Supply

Siemens is one of the leading wind turbine manufacturers and is a leading supplier to the offshore market. Under the TSA, Siemens NV is expected to design, manufacture and deliver 150 WTGs to Esbjerg, Denmark. Van Oord will transport the WTGs to the Project site for installation. At the Project site, Siemens is expected to perform the mechanical and electrical installation as well as the commissioning of the WTGs. The WTGs will be transferred to Gemini on a turbine-by-turbine basis following the successful completion of an offshore trial operation.

Siemens NV is expected to provide a warranty on the power curve and delay liquidated damages, subject in each case to negotiated liability caps.

Operations

Gemini is expected to establish an operations and maintenance (“**O&M**”) team to take over responsibility for the plant prior to the commissioning of the first WTG. It is intended that the Project will enter into service agreements with qualified contractors for the maintenance of electrical equipment and the balance of plant including regular routine inspection, maintenance and emergency response services. Other key operational agreements are described below.

Long Term Program Contract

Siemens NV is expected to provide O&M services for the WTGs under a full scope long term program contract (“**LTP**”) to be entered into with Gemini and covering planned and unplanned maintenance, spare parts, major component changes, helicopters, fuel and all vessels required during the term, which will commence upon on the commissioning of the first WTG and end 15 years after the average commissioning date of all WTGs. The LTP is expected to include a comprehensive availability warranty which will provide for liquidated damages in the event

warranted availability is not achieved. Under the LTP, Siemens NV will be entitled to a bonus should the achieved availability during a given production period exceed a specified target.

Power Off-take Balancing and Services Agreement

A Power Off-take Balancing and Services Agreement (the “**OBSA**”) is expected to be entered into with Delta Energy B.V. (“**Delta**”), a 100% owned subsidiary of Delta N.V., a Dutch multi-utility company owned by a number of provincial and municipal governments. Delta is expected to have the obligation to purchase 100% of the electricity generated by the Project, net of nominal in-plant load, at approximately the average market price determined on substantially the same basis as under the SDE Grant. Delta is expected to assume responsibilities for the mechanics of selling the electricity generated by Gemini into the market. All obligations of Delta are expected to be guaranteed by Delta N.V.

Under the terms of the OBSA, Delta will have the obligation to purchase 100% of the net electricity generated by the Project on a take and pay basis (without any responsibility on Gemini to deliver a minimum or set quantity of electricity to Delta). The price payable by Delta will be based on the average annual market price, the same price used under the SDE Grant, less profile and imbalance costs, exchange fees and Delta's remuneration under the OBSA.

Connection and Transmission Agreement

TenneT, as the Dutch transmission service operator, is responsible for managing and operating the national high voltage grid, owning the majority of all grid operations.

In accordance with Dutch law, TenneT has an obligation to connect third parties to its grid pursuant to a connection and transmission agreement and Gemini is expected to enter into such an agreement with TenneT prior to Financial Close. This agreement is expected to be a standard agreement with set terms and conditions. Under this agreement, Gemini would be responsible for the construction and operation of the electrical infrastructure up to the on-shore connection point with TenneT. The agreement is also expected to regulate the maintenance of the connection and the transmission of electricity through TenneT's grid. The transmission tariffs charged by TenneT are regulated by the Office of Energy Regulation, and determined yearly.

Insurance for the Project

Aon UK Ltd., an affiliate of AON PLC, a global provider of risk management, insurance and reinsurance brokerage services, working in conjunction with its representatives in the Netherlands, has developed an insurance package specifically for the construction and operational phases of Gemini. The structure of the insurance package is widely used in the offshore wind industry and is designed to provide cover for both the offshore wind assets and loss of revenue. The specific Gemini insurance package has been accepted by the lenders to the Project.

Permits

All material Dutch permits required to commence construction of the Project are expected to be obtained by Financial Close. Certain permits not considered material to the commencement of construction are also in the process of being obtained. All material environmental studies and assessments required for Financial Close have been performed and vetted by the Dutch Committee on Environmental Impact Assessments and the main permits have been obtained.

As required under certain permit conditions, the Project will post a letter of credit in favour of the relevant authorities to provide security for decommissioning costs. The amount of the decommissioning letter of credit is expected to be EUR 33.5 million.

Financial Structure

Total Project capital costs are estimated to be approximately EUR 2.8 billion (the “**Project Budget**”).

Project costs will be funded by (i) cash equity contributed at Financial Close by the Sponsors, (ii) pre-completion revenues from the Project, (iii) non-recourse subordinated debt, and (iv) non-recourse senior debt from commercial lenders, the European Investment Bank (“**EIB**”), and up to three export credit agencies (“**ECAs**”). It is

expected that the ECAs will consist of Euler Hermes AG (Germany), Eksport Kredit Fonden (Denmark) and Office National Du Ducreire (Belgium).

In the event of unexpected Project costs, the lenders' engineer has estimated the amount necessary to fund the "worst case" cost overruns at EUR 200 million. Notwithstanding that estimate, the Sponsors have established a contingent budget for cost overruns of EUR 334 million, consisting of a base contingency of EUR 50 million which is funded and included in the EUR 2.8 billion Project Budget above, and a standby budget ("**Standby Budget**") of EUR 284 million in the form of a EUR 158 million standby equity commitment from the Sponsors and a EUR 126 million standby debt commitment from the commercial lenders.

"**Financial Close**" means the date upon which (i) the agent under the Common Terms and Facilities Agreement (the "CFTA") to be entered into in connection with the senior debt facility to be provided to finance the Project gives notice to the lenders and the Sponsors (including Northland or its affiliate) under the CFTA that financial close under the CFTA has occurred, as evidenced by a copy of such notice certified as such by an officer of Northland, and (ii) Northland has delivered written notice to the Underwriters confirming that the equity and subordinated debt financing of the Project as materially described in this prospectus supplement has been completed. Financial Close is expected to occur in the first half of 2014. Upon Financial Close, the senior debt financing will be available for draw down.

The expected sources and estimated amounts of funding for the Project are summarized in the following table:

Sources of Funding	Amount (EUR Billion)	%
Sponsor Equity	EUR 0.4	15%
Pre-Completion Revenues	EUR 0.2	8%
Senior Debt ¹	EUR 2.0	70%
Subordinated Debt ²	EUR 0.2	7%
Total Sources of Funding	EUR 2.8	100%

Notes:

- (1) Senior debt lenders include commercial lenders, ECAs and the EIB.
- (2) Subordinated debt lenders include PKA (defined below) and Northland.

Equity

Equity will be provided in cash at or prior to Financial Close, and is currently estimated to be approximately EUR 444 million for the Project, which will be funded by the Sponsors, on a several basis. Northland's portion of the equity, plus its share purchase price and transaction costs, is estimated to be approximately EUR 288 million ("**Northland's Equity Contribution**") and will be funded from the proceeds of this Offering and the Concurrent Private Placement as well as from cash resources on hand and Northland's Credit Facility (as defined below). Northland's approximate EUR 95 million share of the EUR 158 million of contingent stand-by equity will be secured by letters of credit issued pursuant to Northland's Credit Facility.

The Sponsors have posted EUR 40 million of bank guarantees on behalf of each of the Project LPs in favour of the Dutch government. These bank guarantees are to remain in place until the start of construction. The Project will assume the obligation of the Sponsors at or shortly after Financial Close by providing a cash-backed instrument to replace the existing guarantees and which will be valid until the start of construction.

Pre-Completion Revenues

Pre-completion revenues are revenues generated during the installation and commissioning period for the 150 WTGs following grid connection expected in 2016 and prior to Project completion and the commercial operations date ("**COD**") in 2017, net of any revenue sharing with contractors or operating costs. These revenues will depend on the actual construction schedule, as well as the wind resources available during the relevant time period. The net pre-COD revenues are considered by the senior debt lenders to be equity contributions to the Project. The Sponsors have provided a backstop for a portion of the pre-COD revenues as part of the contingent stand-by equity commitment. The net pre-COD revenues for the Project are estimated to be EUR 208 million.

Loan Facilities

(a) Senior Debt

The senior debt is expected to total approximately EUR 2.0 billion from (i) three term loan facilities provided by the ECAs, each in support of its respective country's content in the Project, (ii) facilities to be provided by the EIB, and (iii) a commercial term loan facility to be provided by a number of Canadian, European and Japanese financial institutions. Total funding from the ECAs and the EIB is expected to be approximately EUR 1.1 billion. The commercial lenders have committed to provide term loan facilities of approximately EUR 1.2 billion, however only approximately EUR 900 million is expected to be required from commercial lenders for Financial Close. Excess commitments may be used to reduce the commitments of individual lenders as may be agreed by the commercial lenders. Final commitments from the senior debt providers are required prior to Financial Close.

Payment or performance of any obligations under the senior debt facilities will be obligations of the Project only and the lenders will have no recourse to Northland or any of the other Sponsors other than to the individual Sponsor's equity in the Project and contingent equity commitment.

The senior debt facilities will be available for drawdown commencing at Financial Close and will be repayable in semi-annual instalments until the earlier of a refinancing, or until any remaining principal is repaid pursuant to certain mandatory prepayment provisions commencing in 2023 if the senior debt is not refinanced. The senior debt facilities are expected to have a final maturity date of June 2031.

The terms of the senior debt will likely contain restrictions on the transfer of ownership interests and Northland may not be able to transfer some or all of its ownership interest in the Project until the senior debt is either refinanced or repaid.

(b) Subordinated Debt

Of the EUR 200 million subordinated debt, the Danish pension fund Pensionskassernes Administration A/S ("PKA") is expected to provide approximately EUR 120 million and Northland is expected to provide approximately EUR 80 million. Northland's commitment to fund the subordinated debt is in addition Northland's Equity Contribution, and will also be funded from the proceeds of this Offering as well as from cash resources on hand and Northland's Credit Facility (as defined below). Subordinated debt will be fully subordinated to the senior debt and will be non-recourse to the Sponsors.

(c) Standby Loan Facilities

The commercial lenders are expected to commit additional senior debt in an amount up to EUR 126 million (the "**Standby Loan Facility**"). The Standby Loan Facility if drawn, is repayable over five years after COD with any remaining balance repayable from refinancing proceeds. See also the standby equity commitments described above under "*- Equity*". The Standby Loan Facilities if funded will be non-recourse to the Sponsors.

Governance

Following Financial Close, the Sponsors have agreed that their respective voting and equity interests in the Project will be as set out below:

<u>Sponsor</u>	<u>Interest (%)</u>
Northland	60
Siemens	20
Van Oord	10
HVC	10

The Sponsors, or their affiliates, as shareholders of the GP Companies, will enter into two consortium agreements ("**Consortium Agreements**") (one for each Project LP) which are expected to provide for their rights and governance arrangements therein.

The Consortium Agreements will also contain provisions for shareholder and board approvals, including super-majority requirements for all Project matters such as the Project plan, the initial Project Budget and annual budgets, the appointment of auditors and provision of financial information to shareholders.

AMENDMENT TO CREDIT AGREEMENT

Northland is in the process of amending its existing corporate revolving facility (the “**Credit Facility**”) that will be used for general corporate and working capital purposes, to fund letters of credit and to provide financial capacity to support other growth and development opportunities as they arise. The amended Credit Facility is expected to have a renewed term of five years and borrowing capacity of \$350 million (up from \$250 million) and include an additional \$100 million uncommitted accordion feature. The amended Credit Facility is also expected to include a four-year \$250 million term facility that will partially fund Northland’s investment in Gemini.

USE OF PROCEEDS

After deducting the Underwriters’ fee of \$9,000,000 and estimated expenses of the Offering of \$500,000, the net proceeds to Northland from the sale of the Offered Securities distributed under this Offering will be \$215,500,000. Gross proceeds to Northland from the sale of Common Shares pursuant to the Concurrent Private Placement will be approximately \$50,000,000. The expenses associated with the Concurrent Private Placement are de minimus. No commission or other fee will be paid to the Underwriters in connection with the issuance of Common Shares pursuant to the Concurrent Private Placement. If the Common Share Over-Allotment Option is exercised in full, the net proceeds to Northland from the sale of Common Shares distributed under the Common Share Offering, after deducting the Underwriters’ Fee of \$6,300,000, will be \$151,200,000, and if the Debenture Over-Allotment Option is exercised in full, the net proceeds to Northland from the sale of the Series B Debentures distributed under the Debenture Offering, after deducting the Underwriters’ Fee of \$3,150,000, will be \$75,600,000. Accordingly, the aggregate net proceeds of the Offering and the Concurrent Private Placement and, following the exercise in full of the Common Share Over-Allotment Option and the Debenture Over-Allotment Option will be \$276,300,000, after deducting the Underwriters’ fee of \$9,450,000 and the estimated expenses of the Offering of \$500,000.

The proceeds of the Offering and the proceeds from the Concurrent Private Placement will be utilized to satisfy a portion of Northland’s equity contribution to Gemini and to fund the subordinated loan to the Project. The balance of the contribution to Gemini will be funded by drawing down additional bank debt under the Credit Facility and using cash resources on hand. See “*Plan of Distribution*”.

While Northland intends to use the net proceeds of the Offering and the Concurrent Private Placement together with the net proceeds from the exercise of the Common Share Over-Allotment Option or the Debenture Over-Allotment Option, if any, as stated above, there may be circumstances, such as the failure to achieve Financial Close or circumstances that are not otherwise known at this time, where a reallocation of such proceeds may be advisable for business reasons that Northland believes are in its best interests, including investing in other projects, the repayment of debt and for general corporate purposes. See “*Risk Factors*”.

CONSOLIDATED CAPITALIZATION

The following table sets forth the *pro forma* capitalization for Northland as at December 31, 2013, as adjusted to give effect to the Offering and the Concurrent Private Placement but without giving effect to the exercise of the Common Share Over-Allotment Option or the Debenture Over-Allotment Option, and should be read in conjunction with the Annual Financial Statements.

	As at December 31, 2013 ⁽¹⁾	As at December 31, 2013 (after giving effect to the Offering and the Concurrent Private Placement) ⁽¹⁾	As at December 31, 2013 (after giving effect to the Common Share Offering and the Concurrent Private Placement only) ⁽¹⁾	As at December 31, 2013 (after giving effect to the Debenture Offering only) ⁽¹⁾
Indebtedness				
Bank Indebtedness	-	-(2)	-(2)	-(2)
Interest Bearing Loans and Borrowings.....	\$1,821,570	\$1,821,570	\$1,821,570	\$1,821,570
Convertible Debentures	\$15,992	\$87,992	\$15,992	\$87,992
Total Indebtedness	\$1,837,562	\$1,909,562	\$1,837,562	\$1,909,562
Shareholders' Equity				
Preferred Shares.....	\$261,737	\$261,737	\$261,737	\$261,737
Common Shares.....	\$1,637,480	\$1,831,480	\$1,831,480	\$1,637,480
Convertible Shares.....	\$14,615	\$14,615	\$14,615	\$14,615
Total Shareholders' Equity ⁽³⁾	\$952,738	\$1,146,738	\$1,146,738	\$952,738
Total Capitalization⁽⁴⁾	\$2,790,300	\$3,056,300	\$2,984,300	\$2,862,300

Notes:

1. In thousands of dollars
2. Does not include amounts which may be utilized under the Credit Facility to partially fund Northland's equity and subordinated loan contributions to Gemini.
3. Total Shareholders' Equity represents the following components: Preferred Shares, Common Shares, Long-Term Incentive Plan reserve, Convertible Shares, Accumulated other comprehensive income, accumulated deficit, and non-controlling interests.
4. Represents the sum of Total Indebtedness plus Total Shareholders' Equity.

DETAILS OF THE OFFERING

DESCRIPTION OF THE COMMON SHARES

Northland is authorized to issue an unlimited number of Common Shares. As at February 25, 2014, Northland had outstanding 132,370,544 Common Shares.

Holders of Common Shares (“**Shareholders**”) are entitled to one vote in respect of each Common Share held at any meeting of the shareholders of Northland except meetings at which only the holders of a specified class or series of shares of Northland are entitled to vote. Subject to the rights of holders of preferred shares in the capital of Northland or any series thereof, and other shares of Northland ranking in priority to the Common Shares, Shareholders are entitled to receive dividends as and when declared by the board of directors of Northland (the “**Board of Directors**”) in its discretion from time to time. In addition, subject to the prior rights of holders of preferred shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, Shareholders are entitled to that portion of the balance of the assets of Northland equal to the ratio that the outstanding number of Common Shares is to the aggregate of the number of Common Shares outstanding and the product of the number of Class A Shares outstanding and the Class A Conversion Rate (as defined in Northland's articles) upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its shareholders.

DESCRIPTION OF THE SERIES B DEBENTURES

The following description of the Series B Debentures is a brief summary of their material attributes and characteristics. The following summary uses words and terms which are defined in the Indenture. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the Indenture.

The Series B Debentures will be issued as a new series under and pursuant to the provisions of the trust indenture dated August 26, 2004, as amended and restated as of October 14, 2009, as supplemented by a first supplemental indenture dated October 15, 2009 (the “**First Supplemental Indenture**”), as supplemented by a second supplemental indenture dated January 1, 2011 (the “**Second Supplemental Indenture**”) and as supplemented by a third supplemental indenture to be entered into on closing of the Offering (the “**Third Supplemental Indenture**”) between Northland and Computershare Trust Company of Canada (the “**Debenture Trustee**”), and which creates and governs the Series B Debentures (collectively, the “**Indenture**”).

The Series B Debentures will be limited in the aggregate principal amount to \$75,000,000, plus up to an additional \$3,750,000 aggregate principal amount of Series B Debentures if the Debenture Over-Allotment is exercised in full. Northland may, however, from time to time, without the consent of Debentureholders, issue additional or other debentures in addition to the Series B Debentures offered hereby. At the closing of the Offering, the Series B Debentures will be available for delivery in book-entry only form through the facilities of CDS. Holders of beneficial interests in the Series B Debentures will not have the right to receive physical certificates evidencing their ownership of Series B Debentures except under certain circumstances described under “*Description of the Series B Debentures – Book-Entry Only System, Delivery and Form*”. No fractional Series B Debentures will be issued.

The Series B Debentures will be dated as of the closing of the Debenture Offering and will have an initial maturity date of June 30, 2014 (the “**Initial Maturity Date**”). If the Financial Close takes place prior to the Initial Maturity Date, the maturity date will be automatically extended from the Initial Maturity Date to June 30, 2019 (the “**Final Maturity Date**”). If the Financial Close does not take place prior to the Initial Maturity Date, the Series B Debentures will mature on the Initial Maturity Date. The Series B Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof and will bear interest from and including the date of issue at 5.0% per annum, which will be payable semi-annually in arrears on June 30 and December 31 in each year, commencing on June 30, 2014. The first interest payment will include interest accrued from and including the date of the closing of the Debenture Offering to, but excluding, June 30, 2014 (unless the Initial Maturity Date occurs prior to June 30, 2014 and the Series B Debentures are repaid in full on the Initial Maturity Date, in which case interest will be paid on the Initial Maturity Date for the period from and including the Closing Date to, but excluding, the Initial Maturity Date) in the amount of \$15.89 for each \$1,000 principal amount of Series B Debentures outstanding.

Interest will be payable based on a 365-day year. The interest on the Series B Debentures will be payable in lawful money of Canada as specified in the Indenture. At the option of Northland and subject to applicable law, Northland may deliver Common Shares to the Debenture Trustee who shall sell such Common Shares on behalf of Northland in order to raise funds to satisfy all or any part of Northland’s obligations to pay interest on the Series B Debentures, but, in any event, the Debentureholders shall be entitled to receive cash payments equal to the interest payable on the Series B Debentures. See “*Description of the Series B Debentures – Common Share Interest Payment Election*”.

The principal on the Series B Debentures will be payable in lawful money of Canada or, if the maturity date is extended beyond the Initial Maturity Date, at the option of Northland and subject to applicable regulatory approval, by payment of freely tradeable Common Shares to satisfy, in whole or in part, its obligation to repay the principal amount of the Series B Debentures, as further described under “*Description of the Series B Debentures – Payment upon Redemption or Maturity*”, “*Description of the Series B Debentures – Redemption and Purchase*” and “*Description of the Series B Debentures – Put Right Upon a Change of Control*”.

The Series B Debentures will be direct obligations of Northland and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to all Senior Indebtedness of Northland as described

under “*Description of the Series B Debentures – Subordination*”. The Indenture does not restrict Northland from incurring additional Senior Indebtedness at any time or from time to time or other indebtedness or otherwise mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing. The Series B Debentures will rank *pari passu* with every other series of debentures that have been issued, or may hereafter be issued, under the Indenture including the Series A Debentures.

The Series B Debentures will be transferable, and may be presented for conversion, at the principal offices of the Debenture Trustee in Toronto, Ontario.

Conversion Privilege

The Series B Debentures will be convertible at the Debentureholder’s option into fully-paid, non-assessable and freely tradeable Common Shares at any time after the Initial Maturity Date and prior to 5:00 p.m. (Toronto time) on the earlier of the Final Maturity Date and the last business day immediately preceding the date specified by Northland for redemption of the Series B Debentures, at a conversion price of \$21.60 per Common Share (the “**Conversion Price**”), representing a premium of approximately 31% over the closing price of the Common Shares on the TSX on February 21, 2014 and 35% over the Offering Price, being a ratio of approximately 46.2963 Common Share per \$1,000 principal amount of Series B Debentures. No adjustment to the Conversion Price will be made for distributions on Common Shares issuable upon conversion for dividends or distributions paid by Northland on Common Shares less than or equal to \$1.20 per Common Share per annum or for interest accrued on Series B Debentures surrendered for conversion; however, holders converting their Series B Debentures shall be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest in respect thereof for the period from and including the latest interest payment date, up to and including the last record date set by Northland prior to the date of conversion for determining shareholders entitled to receive a distribution or dividends on the Common Shares. Notwithstanding the foregoing, no Series B Debentures may be converted during the five business days preceding June 30 and December 31 in each year, as the registers of the Debenture Trustee will be closed during such periods.

Subject to the provisions thereof, the Indenture provides for the adjustment of the Conversion Price in certain events including: (a) the subdivision or consolidation of the outstanding Common Shares; (b) the distribution of Common Shares (or securities convertible into or exchangeable for Common Shares) to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or a distribution or otherwise other than an issue of Common Shares to holders of Common Shares who have elected to receive distributions in the form of Common Shares in lieu of receiving cash distributions or cash dividends paid in the ordinary course; (c) the payment of a cash dividends or other distributions to all or substantially all holders of outstanding Common Shares in excess of \$1.20 per Common Share per calendar year; (d) the issuance of options, rights or warrants to all or substantially all holders of outstanding Common Shares entitling them, for a period expiring not more than 45 days after the record date, to acquire Common Shares at a price per Common Share of less than 95% of the then Current Market Price (as defined below under “*Description of the Series B Debentures – Payment upon Redemption or Maturity*”) of the Common Shares or to acquire securities convertible or exchangeable for Common Shares at a conversion price or exchange price per Common Share at the date of issue of the securities which is less than 95% of the then Current Market Price for the Common Shares; and (e) the distribution to all or substantially all holders of Common Shares of any securities or assets (excluding cash dividends or distributions paid in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described in (b), (c), (d) or (e) above if, subject to the prior written consent of the TSX, the holders of the Series B Debentures are allowed to participate as though they had converted their Series B Debentures prior to the applicable record date or effective date. Northland will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or change (other than a change resulting only from consolidation or subdivision) of the Common Shares or in case of any amalgamation, consolidation, merger or arrangement of Northland with or into any other entity, or in the case of any sale, transfer or other disposition of the properties and assets of Northland as, or substantially as, an entirety to any other entity, the terms of the conversion privilege shall be adjusted so that each Series B Debenture shall, after such reclassification, change, amalgamation, consolidation, merger, arrangement or sale, be exercisable for the kind and amount of securities or property of Northland, or such continuing, successor or purchaser entity, as the case may be, which the holder thereof would have been entitled to

receive as a result of such reclassification, change, amalgamation, consolidation, merger, arrangement or sale if on the record date or the effective date thereof it had been the holder of the number of Common Shares into which the Series B Debenture was convertible prior to the effective date of such reclassification, change, amalgamation, consolidation, merger or sale.

No fractional Common Shares will be issued on any conversion of the Series B Debentures but in lieu thereof Northland shall satisfy such fractional interest by a cash payment to such Debentureholder equal to the fractional interest which would have been issuable multiplied by the Conversion Price.

Redemption and Purchase

The Series B Debentures may not be redeemed by Northland before June 30, 2017. On and after June 30, 2017 and prior to June 30, 2018, the Series B Debentures may be redeemed at the option of Northland, in whole at any time or in part from time to time, on not more than 60 days' and not less than 30 days' prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption provided that the Current Market Price on the date which the notice of redemption is given is at least 125% of the Conversion Price. On and after June 30, 2018 and prior to the Final Maturity Date, the Series B Debentures may be redeemed by Northland, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption on not more than 60 days' and not less than 30 days' prior written notice.

Northland will have the right to purchase Series B Debentures in the market, by tender or by private contract subject to regulatory requirements; provided, however, that if an Event of Default (as defined below) has occurred and is continuing, Northland will not have the right to purchase the Series B Debentures by private contract.

In the case of redemption of less than all of the Series B Debentures, the Series B Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX.

Payment upon Redemption or Maturity

On redemption or at the Final Maturity Date, Northland will repay the indebtedness represented by the Series B Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Series B Debentures, together with accrued and unpaid interest thereon. If the maturity date is extended beyond the Initial Maturity Date, Northland may, at its option, on not more than 60 days' and not less than 30 days' prior notice and subject to any required regulatory approvals, unless an Event of Default (as hereinafter defined) has occurred and is continuing, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the Series B Debentures which are to be redeemed or which have matured by issuing freely tradeable Common Shares, in whole or in part, to the holders of the Series B Debentures. The number of Common Shares to be issued will be determined by dividing the principal amount of the Series B Debentures by 95% of the Current Market Price of the Common Shares on the date fixed for redemption or the Final Maturity Date, as the case may be. No fractional Common Shares will be issued to Debentureholders but in lieu thereof Northland shall satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest.

The term "**Current Market Price**" is defined in the Indenture to mean the weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the determination.

Common Share Interest Payment Election

If the maturity date is extended beyond the Initial Maturity Date and unless an Event of Default (as defined below) has occurred and is continuing, Northland may elect, from time to time, subject to applicable regulatory approval, to issue and deliver freely tradeable Common Shares to the Debenture Trustee in order to raise funds to satisfy all or any part of Northland's obligations to pay interest on the Series B Debentures in accordance with the

Indenture (the “**Common Share Interest Payment Election**”). The Indenture provides that, upon such election, the Debenture Trustee shall have the power to: (i) accept delivery of Common Shares from Northland, (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as Northland shall direct in its absolute discretion, (iii) invest the proceeds of such sales in short term Canadian Government Obligations which mature prior to the applicable interest payment date, (iv) deliver proceeds to Debentureholders sufficient to satisfy Northland’s interest payment obligations, and (v) perform any other action necessarily incidental thereto. The cash amount receivable by a holder in respect of interest will not be affected by whether or not Northland elects to utilize the Common Share Interest Payment Election.

Neither Northland’s making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares pursuant thereto will (a) result in the Debentureholders not being entitled to receive on the applicable interest payment date cash in an aggregate amount equal to the interest payable on such interest payment date, or (b) entitle such holders to receive any Common Shares in satisfaction of the interest payable on the applicable interest payment date.

Cancellation

All Series B Debentures converted, redeemed or purchased as described herein will be cancelled and may not be reissued or resold.

Subordination

The payment of the principal of, and interest on, the Series B Debentures will be subordinated in right of payment, in the circumstances referred to below and more particularly as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of Northland. “**Senior Indebtedness**” of Northland is defined in the Indenture as all indebtedness of Northland (whether outstanding as at the date of the Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be *pari passu* with, or subordinate in right of payment to, the Series B Debentures. The Indenture does not limit the ability of Northland to incur additional indebtedness, including additional Senior Indebtedness at any time or from time to time or other indebtedness or otherwise mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing.

The Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to Northland, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of Northland, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of Northland, all creditors under any Senior Indebtedness will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Series B Debentures or any unpaid interest accrued thereon.

In addition to the foregoing, pursuant to the terms of the Indenture, neither the Debenture Trustee nor the Debentureholders shall be entitled to demand or otherwise attempt to enforce in any manner, institute proceedings for the collection of, or institute any proceedings against Northland including, without limitation, by way of any bankruptcy, insolvency or similar proceedings or any proceeding for the appointment of a receiver, liquidator, trustee or other similar official (it being understood and agreed that the Debenture Trustee and/or the Debentureholders shall be permitted to take any steps necessary to preserve the claims of the Debentureholders in any such proceeding and any steps necessary to prevent the extinguishment or other termination of a claim or potential claim as a result of the expiry of a limitation period), or receive any payment or benefit in any manner whatsoever on account of indebtedness represented by the Series B Debentures at any time when an Event of Default (howsoever designated) has occurred and is continuing under any Senior Indebtedness and is continuing and, in each case, notice of such Event of Default has been given by or on behalf of the lender or lenders party to such Senior Indebtedness to Northland (the “**Senior Indebtedness Postponement Provisions**”).

Put Right upon a Change of Control

Upon the occurrence of a change of control of Northland involving the acquisition of voting control or direction over 50% or more of the votes represented by the issued and outstanding Common Shares and Class A Shares of Northland by any person or group of persons acting jointly or in concert (a “**Change of Control**”), each holder of Series B Debentures may require Northland to purchase, on the date which is 30 days following the giving of notice of the Change of Control as set out below (the “**Put Date**”), the whole or any part of such holder’s Series B Debentures at a price equal to 100% of the principal amount thereof (the “**Put Price**”) plus accrued and unpaid interest up to, but excluding, the Put Date.

If 90% or more of the aggregate principal amount of the Series B Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, Northland will have the right to redeem all the remaining Series B Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given to the Debenture Trustee prior to the Put Date and, as soon as possible thereafter, by the Debenture Trustee to the holders of the Series B Debentures not tendered for purchase. The principal on the Series B Debentures will be payable in lawful money of Canada or, at the option of Northland and subject to applicable regulatory approval, by payment of Common Shares to satisfy, in whole or in part, its obligation to repay the principal amount of the Series B Debentures.

The Indenture contains notification provisions to the effect that:

- (a) Northland will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the Debentureholders a notice of the Change of Control, the right of the Debentureholders to cause Northland to purchase Series B Debentures and the right of Northland to redeem untendered Series B Debentures under certain circumstances; and
- (b) a Debentureholder, to exercise the right to require Northland to purchase its Series B Debentures, must deliver to the Debenture Trustee, not less than five business days prior to the Put Date, written notice of the holder’s exercise of such right, together with a duly endorsed form of transfer.
- (c) Northland will comply with the requirements of Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of the Series B Debentures in the event of a Change of Control.

In addition if a Change of Control occurs in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of:

- (a) cash, other than cash payments for fractional Common Shares and cash payments made in respect of dissenter’s appraisal rights;
- (b) equity securities or other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (c) other property that is not traded or intended to be traded immediately following such transaction on a recognized stock exchange,

then subject to regulatory approvals, during the period beginning ten days before the anticipated effective date of the Change of Control and ending 30 days after the date of the Change of Control notice is delivered to the Debentureholders, Debentureholders will be entitled to convert their Series B Debentures, subject to certain limitations, and receive, in addition to the number of Common Shares (or cash or other property or securities in substitution therefor) they would otherwise be entitled to receive as set forth under “– *Conversion Privilege*” above, an additional number of Common Shares (or cash or other property or securities in substitution therefor) per \$1,000 principal amount of Series B Debentures as set forth below.

The number of additional Common Shares per \$1,000 principal amount of Series B Debentures constituting the make-whole premium (the “**Make-Whole Premium**”) will be determined by reference to the table below and is based on the date on which the Change of Control becomes effective (the “**Effective Date**”) and the price (the “**Common Share Price**”) paid per Common Share in the transaction constituting the Change of Control. If Shareholders receive (or are entitled and able in all circumstances to receive) only cash in the transaction, the Common Share Price shall be the cash amount paid per Common Share. Otherwise, the Common Share Price shall be equal to the Current Market Price of the Common Shares on the day immediately preceding the Effective Date of such transaction.

The following table shows what the Make-Whole Premium would be for each hypothetical Common Share Price and Effective Date set forth below, expressed as additional Common Shares per \$1,000 principal amount of Series B Debentures. For the avoidance of doubt, Northland shall not be obliged to pay the Make-Whole Premium otherwise than by issuance of the applicable number of Common Shares upon conversion, subject to the provision relating to adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under “– *Conversion Privilege*” above.

Make-Whole Premium Upon a Change of Control (Number of Additional Common Shares per \$1,000 Series B Debenture)

<u>Effective Date</u>	<u>Common Share Price (\$)</u>						
	<u>\$16.00</u>	<u>\$18.00</u>	<u>\$20.00</u>	<u>\$21.60</u>	<u>\$24.00</u>	<u>\$27.00</u>	<u>\$30.00</u>
March 5, 2014	16.204	10.363	6.320	4.073	1.901	0.527	0.021
June 30, 2015	16.204	9.732	5.674	3.473	1.446	0.294	-
June 30, 2016	16.204	9.259	4.953	2.803	0.960	0.085	-
June 30, 2017	16.204	9.259	4.286	2.082	0.433	0.000	-
June 30, 2018	16.204	9.259	3.704	0.639	0.000	0.000	-

The actual Common Share Price and Effective Date may not be set forth on the table above, in which case:

- (a) if the actual Common Share Price on the Effective Date is between two Common Share Prices on the table or the actual Effective Date is between two Effective Dates on the table, the Make-Whole Premium will be determined by a straight-line interpolation between the Make-Whole Premium set forth for the two Common Share Prices and the two Effective Dates on the table based on a 365-day year, as applicable;
- (b) if the Common Share Price on the Effective Date exceeds \$30.00 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero; and
- (c) if the Common Share Price on the Effective Date is less than \$16.00 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero.

The Common Share Prices set forth in the table above will be adjusted as of any date on which the Conversion Price of the Series B Debentures is adjusted. The adjusted Common Share Prices will equal the Common Share Prices applicable immediately preceding such adjustment multiplied by a fraction, the denominator of which is the Conversion Price immediately preceding the adjustment giving rise to the Common Share Price adjustment and the numerator of which is the Conversion Price as so adjusted. The number of additional Common Shares set forth in the table above will be adjusted in the same manner as the Conversion Price as set forth above under “– *Conversion Privilege*”, other than by operation of an adjustment to the Conversion Price by adding the Make-Whole Premium as described above.

Modification

The rights of the holders of the Series B Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the holders of the debentures issued under the Indenture (the “**Debentures**”) by votes cast thereat by holders of not less than 66^{2/3}% of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66^{2/3}% of the principal amount of the then outstanding Debentures. In certain cases, the modification will, instead of or in addition to the foregoing, require assent by the holders of the required percentage of Debentures of each particularly affected series. Under the Indenture, the Debenture Trustee will have the right to make certain amendments to the Indenture in its discretion, without the consent of the holders of Debentures.

Events of Default

The Indenture provides that an event of default (“**Event of Default**”) in respect of the Series B Debentures will occur if certain events described in the Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Series B Debentures: (i) failure for 15 days to pay interest on the Series B Debentures when due; (ii) failure to pay principal or premium, if any, on the Series B Debentures, whether at the Initial Maturity Date, the Final Maturity Date, upon redemption, by acceleration or otherwise; (iii) default in the performance of any material covenant in the Indenture that is not cured within 30 days of Northland receiving notice in writing specifying such default and requiring it to be cured; or (iv) certain events of bankruptcy, insolvency or reorganization of Northland under bankruptcy or insolvency laws. Subject to the Senior Indebtedness Postponement Provisions, if an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding Series B Debentures, declare the principal of (and premium, if any) and accrued interest on all outstanding Series B Debentures to be immediately due and payable.

Offers for Series B Debentures

The Indenture contains provisions to the effect that if an offer is made for the Series B Debentures which is a take-over bid for Series B Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Series B Debentures (other than Series B Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Series B Debentures held by Debentureholders who did not accept the offer on the terms offered by the offeror.

Book-Entry Only System, Delivery and Form

The Series B Debentures will be represented only in “book-entry only” form (unless Northland, in its sole discretion, elects to prepare and deliver definitive Series B Debentures in fully-registered form). Beneficial interests in the Series B Debentures, constituting ownership of the Series B Debentures will be represented through book-entry accounts of a participant in the depository service of CDS (a “**Participant**”). Each purchaser of a Series B Debenture will receive a customer confirmation of purchase from the Underwriter or Underwriters from whom the Series B Debenture is purchased in accordance with the practices and procedures of the selling Underwriter or Underwriters. The practices of the Underwriters may vary but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Series B Debentures.

If CDS notifies Northland that it is unwilling or unable to continue as depository in connection with the Series B Debentures, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and Northland and the Debenture Trustee are unable to locate a qualified successor, or if Northland elects, in its sole discretion, to terminate the book-entry only system, with the consent of the Debenture Trustee, beneficial owners of Series B Debentures at such time will receive Series B Debentures in registered and definitive form (the “**Definitive Series B Debentures**”).

Transfer and Exchange of Series B Debentures

Transfers of beneficial ownership in Series B Debentures will be effected through records maintained by CDS for such Series B Debentures or its nominees (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless Northland elects, in its sole discretion, to prepare and deliver Definitive Series B Debentures, beneficial owners who are not Participants in CDS's book-entry only system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Series B Debentures, may do so only through Participants in CDS's book-entry only system.

The ability of a beneficial owner of an interest in a Series B Debenture to pledge the Series B Debenture or otherwise take action with respect to such owner's interest in a Series B Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

Registered holders of Definitive Series B Debentures may transfer such Series B Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Series B Debentures to the registrar for the Series B Debentures at its principal office in Toronto, Ontario or such other city or cities as may from time to time be designated by Northland whereupon new Series B Debentures will be issued in authorized denominations in the same aggregate principal amount as the Series B Debentures so transferred, registered in the names of the transferees. No transfer of a Series B Debenture will be registered during the period beginning 15 days before the day of the mailing of a notice of redemption of the Series B Debentures and ending at the close of business on the day of such mailing or during the periods commencing on any regular interest record date or special interest record date and ending on the next following interest payment date.

Payments

Payments of interest and principal on the Series B Debentures will be made to CDS or its nominee, as the case may be, as the registered holder of the Series B Debentures. As long as CDS or its nominee is the registered owner of the Series B Debentures, CDS or its nominee, as the case may be, will be considered the sole legal owner of the Series B Debentures for the purposes of receiving payments of interest and principal on the Series B Debentures and for all other purposes under the Indenture and the Series B Debentures. Interest payments on Series B Debentures will be made by electronic funds transfer on the day interest is payable and delivered to CDS or its nominee, as the case may be.

Northland understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of the Series B Debentures, will credit Participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Series B Debentures as shown on the records of CDS or its nominee. Northland also understands that payments of interest and principal by Participants to the owners of beneficial interests in such Series B Debentures held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants. The responsibility and liability of Northland in respect of payments on Series B Debentures is limited solely and exclusively to making payment of any interest and principal due on such Series B Debentures to CDS or its nominee.

If Definitive Series B Debentures are issued, payments of interest on each Definitive Series B Debenture will be made by electronic funds transfer, if agreed to by the holder of the Definitive Series B Debenture or if required under any applicable payment clearing system rules, or by cheque dated the interest payment date and mailed to the address of the holder appearing in the register maintained by the registrar for the Series B Debentures. Payment of principal at maturity will be made at the principal office of the paying agent in the City of Toronto (or in such other city or cities as may from time to time be designated by Northland) against surrender of the Definitive Series B Debentures, if any. If the due date for payment of any amount of principal or interest on any Definitive Series B Debenture is not, at the place of payment, a business day such payment will be made on the next business day and the holder of such Definitive Series B Debenture shall not be entitled to any further interest or other payment in respect of such delay.

Reports to Holders

Northland shall file with the Debenture Trustee, within 15 days after the filing thereof with the Ontario Securities Commission (the “OSC”), copies of Northland’s annual report and the information, documents and other reports that Northland is required to file with the OSC and deliver to Shareholders. Notwithstanding that Northland may not be required to remain subject to the reporting requirements of the OSC, Northland shall provide to the Debenture Trustee (a) within 90 days after the end of each fiscal year, an audited annual financial statement of Northland, and (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of Northland which shall, at a minimum, contain such information as is required to be provided in financial statements under the laws of Canada or any province thereof to security holders of a company with securities listed on the TSX, whether or not Northland has any of its securities so listed. Each of such reports will be prepared in accordance with applicable Canadian disclosure requirements and generally accepted accounting principles. Northland will provide copies of such information, documents and reports to Debentureholders upon request.

Governing Law

Each of the Indenture and the Series B Debentures are governed by, and construed in accordance with, the laws of the Province of Ontario applicable to contracts executed and to be performed entirely in such Province.

BOOK-ENTRY ONLY SYSTEM

Except in limited circumstances, the Offered Securities will be issued in “book-entry only” form and must be purchased or transferred through a Participant. On the closing of the Offering, one or more certificates representing each of such Offered Securities will be issued in registered form to CDS or its nominee, CDS & Co., and will be deposited with CDS pursuant to the book-entry only system.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Offered Securities issued in “book-entry only” form (a “**Beneficial Owner**”) will not be entitled to receive a certificate for the Offered Securities, or, unless requested, for the Underlying Shares, as the case may be. Purchasers of the Offered Securities will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in the Offered Securities issued in “book-entry only” form will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Offered Securities are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Offered Securities issued in “book-entry only” form will be made only through the depository service of CDS.

As indirect holders of the Offered Securities issued in “book-entry only” form, investors should be aware that they (subject to the situations described below): (a) may not have the Offered Securities registered in their name; (b) may not have physical certificates representing their interest in the Offered Securities; (c) may not be able to sell the Offered Securities to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge the Offered Securities as security.

The Offered Securities issued in “book-entry only” form will be issued to beneficial owners thereof in fully registered and certificated form only if: (a) required by applicable law, including where a security certificate requires the addition of a legend under applicable securities laws in the United States; (b) the book-entry only system ceases to exist; (c) Northland or CDS advises the Debenture Trustee, as applicable, that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Offered Securities and Northland is unable to locate a qualified successor; or (d) Northland, at its option, decides to terminate the book-entry only system through CDS.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee, as applicable, must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability through CDS of certificates for the Offered Securities. Upon surrender by CDS of the global certificates representing the Offered Securities and receipt of instructions from CDS for the new registrations, the Debenture Trustee, as applicable, will deliver the Offered Securities in the form of certificates for the Offered Securities and thereafter

Northland will recognize the holders of such certificates as holders of Series B Debentures and Common Shares, as the case may be.

Neither Northland nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Offered Securities held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Offered Securities; or (c) any advice or representation made by or with respect to CDS and contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Offered Securities paid by or on behalf of Northland to CDS.

RETAINED INTEREST

Pursuant to the pre-emptive rights, tendering and voting agreement dated December 8, 2010 (the “**NPHI Agreement**”) between Northland and Northland Power Holdings Inc. (“**NPHI**”), a company controlled by James C. Temerty, the Chairman of Northland, NPHI was granted certain pre-emptive rights in respect of Northland. Under the NPHI Agreement, for so long as NPHI, Mr. Temerty and/or the Temerty Family Foundation, or the spouse or child of, or the estate of, Mr. Temerty (collectively, the “**NPHI Group**”) continue to hold at least 20% of the Common Shares, Class A Shares and Class C common shares of Northland, upon the issuance of Common Shares and/or securities convertible or exchangeable into Common Shares, NPHI has the right to purchase Common Shares and/or securities convertible or exchangeable into Common Shares so as to maintain its pro rata ownership interest in Northland.

As of the date hereof, the NPHI Group holds, collectively, 1,000,000 Class A Shares and 47,652,454 Common Shares, representing an approximately 36% interest in Northland on a fully-diluted basis. Each Class A Share entitles the holder to one vote per Class A Share. Each Class A Share is exchangeable into one Common Share. Pursuant to certain appointment rights in respect of the Class A Shares, so long as NPHI is controlled directly or indirectly by James C. Temerty and the aggregate number of votes attributed to the Class A Shares and the Common Shares held by the NPHI Group represents at least 15% of the votes attributed to all of the outstanding shares entitled to vote, the holders of the Class A Shares will have the right to elect 49% of the directors of Northland.

In connection with the Offering, NPHI, through a wholly-owned subsidiary, has agreed to subscribe for 3,125,000 Common Shares on a private placement basis and waive its pre-emptive right to purchase any additional Common Shares or Series B Debentures. Consequently, concurrently with the closing of the Offering, pursuant to the Concurrent Private Placement, a wholly-owned subsidiary of NPHI will subscribe for, and Northland will issue to such subsidiary, 3,125,000 Common Shares, at a price of \$16.00 per Common Share, being equal to the Offering Price under the Common Share Offering. The Concurrent Private Placement will be completed by way of an exemption from the prospectus requirements under applicable securities laws.

After giving effect to the Concurrent Private Placement and the Offering (but before giving effect to the exercise of the Common Share Over-Allotment Option and the Debenture Over-Allotment Option), the NPHI Group will hold, collectively, 1,000,000 Class A Shares in the capital of Northland and 50,777,454 Common Shares, representing an approximately 35% interest in Northland on a fully-diluted basis. Should all outstanding Debentures, including the Series B Debentures being distributed pursuant to the Debenture Offering, be converted into Common Shares in accordance with their terms, then the NPHI Group’s interest in Northland could be decreased to approximately 34%.

PLAN OF DISTRIBUTION

Under the underwriting agreement dated as of February 26, 2014 (the “**Underwriting Agreement**”) among CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc. and FirstEnergy Capital Corp. (collectively, the “**Underwriters**”) and Northland in respect of the Offering, Northland has agreed to issue and sell to the Underwriters, and the Underwriters have severally agreed to purchase on the Closing Date, an aggregate of (i) 9,375,000 Common Shares at a price of \$16.00 per Common Share payable in cash against delivery, and (ii) 75,000 Series B Debentures at a price of \$1,000 per Series B Debenture payable in

cash against delivery, in each case, subject to the terms and conditions contained in the Underwriting Agreement. Delivery of the Common Shares is conditional upon payment at closing of \$16.00 per Common Share by the Underwriters to Northland. Delivery of the Series B Debentures is conditional upon payment at closing of \$1,000 per Series B Debenture by the Underwriters to Northland. The Underwriting Agreement provides that Northland will pay the Underwriters a fee of 4.0% of the gross proceeds of the Common Share Offering and 4.0% of the gross proceeds of the Debenture Offering, being a fee of \$0.64 per Common Share and a fee of \$40 per \$1,000 principal amount of Series B Debentures, for an aggregate fee payable by Northland of \$9,000,000, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Offering is payable upon the closing of the Offering. The terms of the Offering, including the price of the securities offered, were determined by negotiation between Northland and CIBC World Markets Inc. and BMO Nesbitt Burns Inc. on their own behalf and on behalf of the other Underwriters.

Under the terms of the Underwriting Agreement, Northland has granted the Common Share Over-Allotment Option to the Underwriters. Pursuant to the Common Share Over-Allotment Option, the Underwriters may purchase up to an additional 468,750 Common Shares at the Offering Price. The Common Share Over-Allotment Option is exercisable at any time within 30 days of the closing of the Common Share Offering. If the Common Share Over-Allotment Option is exercised in full, the gross proceeds of the Common Share Offering (before deducting expenses of the Common Share Offering and the Underwriters' fee) will be \$157,500,000. Northland has also granted the Debenture Over-Allotment Option to the Underwriters. Pursuant to the Debenture Over-Allotment Option, the Underwriters may purchase up to an additional 3,750 Series B Debentures at a price of \$1,000 per \$1,000 principal amount of Series B Debentures. The Debenture Over-Allotment Option is exercisable at any time within 30 days of the closing of the Debenture Offering. If the Debenture Over-Allotment Option is exercised in full and assuming the Financial Close occurs prior to the Initial Maturity Date, the gross proceeds of the Debenture Offering (before deducting expenses of the Debenture Offering and the Underwriters' fee) will be \$78,750,000.

This prospectus supplement also qualifies for distribution the grant of the Common Share Over-Allotment Option and the issuance of Common Shares pursuant to the exercise of the Common Share Over-Allotment Option and the grant of the Debenture Over-Allotment Option and the issuance of the Series B Debentures pursuant to the exercise of the Debenture Over-Allotment Option.

Concurrently with, and conditional upon, the closing of the Common Share Offering, Northland will issue and sell 3,125,000 Common Shares to a wholly-owned subsidiary of NPHI, on a private placement basis at the Offer Price pursuant to the Concurrent Private Placement for gross proceeds of approximately \$50,000,000. No commission or other fee will be paid to the Underwriters in connection with the sale of Common Shares pursuant to the Concurrent Private Placement. This prospectus supplement does not qualify the distribution of Common Shares pursuant to the Concurrent Private Placement. The Common Shares issued pursuant to the Concurrent Private Placement will be subject to a minimum statutory hold period of four months from the Closing Date of the Offering.

The Underwriters propose to offer the Offered Securities distributed under this prospectus supplement initially at a price of \$16.00 per Common Share and \$1,000 per \$1,000 principal amount of Series B Debentures. After a reasonable effort has been made to sell all of the Offered Securities distributed under this prospectus supplement at the price specified, the Underwriters may subsequently reduce the respective selling prices to investors from time to time in order to sell any of such Offered Securities remaining unsold. In the event the respective offering price of the Offered Securities is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Offered Securities is less than the gross proceeds paid by the Underwriters to Northland for the Offered Securities. Any such reduction will not affect the proceeds received by Northland.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated upon the occurrence of certain stated events. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Offered Securities which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Securities. The Underwriters are, however, obligated to take up and pay for all Offered Securities if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that Northland will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

Subscriptions for the Offered Securities 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. It is expected that closing of the

Offering will occur on or about March 5, 2014 or such other date not later than March 31, 2014 as Northland and the Underwriters may agree upon. Except as described below, at the closing, the Offered Securities qualified for distribution under this prospectus supplement will be available for delivery in book-entry form through CDS or its nominee, and will be deposited with CDS. Subject to certain exceptions, purchasers of the Offered Securities issued hereunder will receive only a customer confirmation from the registered dealer that is a Participant and from or through which such Offered Securities are purchased and shall not have the right to receive physical certificates evidencing their ownership of the Offered Securities.

Northland has been advised by the Underwriters that, in connection with the Offering, the Underwriters may, subject to applicable laws, effect transactions which stabilize or maintain the market price of the Common Shares and the Offered Securities at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Northland has agreed with the Underwriters that, subject to certain exceptions (including with respect to the Concurrent Private Placement, the issuance of the Underlying Shares and certain share-based plans existing on the date hereof), it will not offer or issue, or enter into an agreement to offer or issue, equity securities or any securities convertible or exchangeable into equity securities for a period of 90 days subsequent to the closing date of the Offering without the prior written consent of CIBC World Markets Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld.

Northland has applied to list the Offered Securities, the Common Shares issued pursuant to the Concurrent Private Placement and the Underlying Shares issuable pursuant to the terms of the Series B Debentures on the TSX. The TSX has conditionally approved the listing of the Common Shares, the Series B Debentures, as well as the Underlying Shares. Listing will be subject to Northland fulfilling all of the listing requirements of the TSX on or before May 26, 2014. There is currently no market through which the Offered Securities may be sold. Accordingly, purchasers may not be able to resell Offered Securities purchased under the prospectus supplement. This may affect the pricing of the Offered Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “*Risk Factors*”.

The Offered Securities and the Underlying Shares 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, 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. The Underwriting Agreement permits the Underwriters, either directly or through their U.S. registered broker-dealer affiliates, to offer and resell the Offered Securities that they purchase pursuant to the Underwriting Agreement to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in the United States in transactions in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act and similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Securities outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offered Securities within 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 exemption from the registration requirements of the U.S. Securities Act. This prospectus supplement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Securities in the United States or for the account or benefit of a person in the United States.

Each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. is a wholly owned subsidiary of a Canadian chartered bank (collectively, the “**Banks**”) which are lenders to Northland pursuant to Northland’s existing Credit Facility in the aggregate amount of \$250 million. Accordingly, Northland could be considered a connected issuer of each such Underwriter for purposes of the securities legislation of certain Canadian provinces. As at the date hereof, there are no cash drawings and \$175 million of letters of credit outstanding to the Banks under such Credit Facility. Northland is in compliance with the terms of the Credit Facility and its financial position has not changed substantially and adversely since the indebtedness under the Credit Facility was incurred and no breach thereunder has been waived by the Banks under the Credit Facility. The decision to distribute the Offered Securities was made by Northland and the terms and conditions of the Offering were determined through negotiations between Northland and the Underwriters. The Banks did not have any involvement in such decision or determination. In addition, none

of the Banks nor their affiliate lenders will receive any benefit from the Offering, other than these Underwriters' respective portion of the Underwriters' fee payable by NPI as described above under "Plan of Distribution".

Certain of the Underwriters and/or their affiliates have performed investment banking and advisory services for Northland and its affiliates from time to time for which they have received customary fees and expenses. The Underwriters and/or their affiliates may, from time to time, engage in transactions with, or perform services for, Northland and its affiliates in the ordinary course of business and receive fees in connection therewith.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to Northland and McCarthy Tétrault LLP, counsel to the Underwriters (collectively "Counsel"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "Tax Act") to a subscriber (the "Holder") who acquires, as beneficial owner, Common Shares and/or Series B Debentures pursuant to the Offering and to such Holder who acquires, as beneficial owner, Common Shares pursuant to a conversion, redemption or repayment of Series B Debentures (collectively, the "Securities") and who, for purposes of the Tax Act and at all relevant times, holds the Securities as capital property and deals at arm's length with, and is not affiliated with, Northland or the Underwriters. Generally, the Securities will be considered to be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and Counsels' understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("CRA") published in writing by it prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA's administrative policies or assessing practices, whether by legislative, governmental or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which would be a "tax shelter investment"; (iii) that is a "specified financial institution"; (iv) who makes or has made a "functional currency" reporting election; or (v) that has entered into a "derivative forward agreement" with respect to the Securities (each as defined in the Tax Act); (vi) is not a "specified shareholder" of Northland for purposes of subsection 18(5) of the Tax Act or a person who does not deal at arm's length with such a specified shareholder; and (vii) deals at arm's length with any transferee that is resident in Canada for purposes of the Tax Act to whom the Holder disposes of a Series B Debenture. **Any such Holder should consult its own tax advisor with respect to an investment in the Securities.**

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Securities, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective purchasers or holders of Securities should consult their own tax advisors with respect to their particular circumstances.

Residents of Canada

The following portion of the summary applies to Holders of Securities who at all relevant times are resident or deemed to be resident in Canada for the purposes of the Tax Act and any applicable income tax treaties or conventions (a "Resident Holder"). Certain Resident Holders of Common Shares or Series B Debentures who might not otherwise be considered to hold such Common Shares or Series B Debentures as capital property may, in certain

circumstances, be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Common Share or Series B Debenture and every other “Canadian security” (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. **Resident Holders of Common Shares or Series B Debentures contemplating making the election permitted by subsection 39(4) of the Tax Act should consult their own independent tax advisors as such an election would affect the income tax treatment of dispositions by the Resident Holder of other Canadian securities.**

Taxation of Interest on Series B Debentures

A Resident Holder that is a corporation, partnership, unit trust or a trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Series B Debentures that accrues (or is deemed to accrue) to the Resident Holder to the end of that taxation year or that becomes receivable by or is received by the Resident Holder before the end of that taxation year, except to the extent that the Resident Holder included that interest in computing its income for a preceding taxation year.

Any other Resident Holder will be required to include in computing its income for a taxation year all interest (whether paid in cash or Common Shares) on the Series B Debentures received or receivable by the Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the Resident Holder included that interest in income for a preceding taxation year. In addition, if at any time a Series B Debenture should become an “investment contract” (as defined in the Tax Act) in relation to a Resident Holder, such Resident Holder will be required to include in computing income for a taxation year any interest that accrues to the Resident Holder on the Series B Debenture up to any “anniversary day” (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Resident Holder's income for that year or a preceding year.

As described above under the heading “*Description of Series B Debentures – Common Share Interest Payment Election*”, Northland may elect to pay the interest on the Series B Debentures which are to be redeemed or which have matured by issuing Common Shares to the Debenture Trustee for sale, in which event a Resident Holder would be entitled to a cash payment equal to the interest owed to the Resident Holder from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Corporation were to pay interest in this manner, the Canadian federal income tax consequences to a Resident Holder would not differ from those described above.

Where Northland pays interest by issuing Common Shares, the cost of the Common Shares so acquired by the Resident Holder should generally be equal to the fair market value of such shares. Generally the adjusted cost base to a Resident Holder of such Common Shares will be determined by averaging the cost of such shares with the adjusted cost base of all other Common Shares owned by the Resident Holder at that time as capital property.

Exercise of Conversion Privilege

A Resident Holder who converts a Series B Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed (the “**Conversion Disposition**”) of the Series B Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion.

Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of a Series B Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Series B Debenture, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Resident Holder receives on the conversion by the amount of the cash received.

For Resident Holders converting their Series B Debentures, interest accrued thereon and unpaid to and including the last day of the month immediately preceding the month in which those Resident Holders convert their Series B Debentures will be included in computing the income of the Resident Holder, as described above under “*Taxation of Interest on Series B Debentures*”.

The aggregate cost to a Resident Holder of the Common Shares acquired on the conversion of a Series B Debenture should generally be equal to the aggregate of the Resident Holder's adjusted cost base of the Series B

Debenture immediately before the conversion. The adjusted cost base to a Resident Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at the time.

Dispositions of Series B Debentures

A disposition or deemed disposition of a Series B Debenture by a Resident Holder, including redemption, or repayment on maturity (but not including a conversion of the Series B Debentures into a Common Share under a Conversion Disposition) should generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. For this purpose, proceeds of disposition generally will not include amounts required to be included in income as interest. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Capital Gains and Capital Losses*".

If the Resident Holder receives Common Shares on redemption or repayment, the Resident Holder will be considered to have received proceeds of disposition equal to the aggregate of the fair market value of the Common Shares so received (but not including amounts in respect of interest) at the time of acquisition and the amount of any cash received in lieu of fractional Common Shares. The Resident Holder may realize a capital gain (or capital loss) computed as described below under "*Capital Gains and Capital Losses*". The cost to the Resident Holder of the Common Shares so received should generally be equal to the fair market value thereof, and must be averaged with the adjusted cost base of all other Common Shares held as capital property at the time of the acquisition for the purpose of calculating the adjusted cost base of such Common Shares.

Upon a disposition or deemed disposition of a Series B Debenture, interest accrued thereon to the date of disposition will be included in computing the income of the Resident Holder as described above under "*Taxation of Interest on Series B Debentures*", and will be excluded in computing the Resident Holder's proceeds of disposition of the Series B Debenture.

A Resident Holder who has over-accrued interest income in respect of a Series B Debenture generally will be entitled to a deduction in computing the Resident Holder's income for the taxation year in which the Series B Debenture is disposed of (including on conversion) in an amount equal to such over accrued income.

Make-Whole Premium

Where a Resident Holder receives a Make-Whole Premium (whether in cash or Common Shares), the tax characterization is uncertain. It is unclear whether the payment of the Make-Whole Premium could be considered additional consideration for the conversion of the Series B Debentures in circumstances that would cause the Resident Holder to become ineligible to qualify for the tax treatment applicable to a Conversion Disposition.

A Resident Holder may be required to include the amount of any Make-Whole Premium in its income in the taxation year in which it is received or becomes receivable. No advance tax ruling or legal opinion has been sought or obtained and no representation is made in this regard. **Resident Holders should consult their own tax advisors in this regard.**

Dispositions of Common Shares

On the disposition or deemed disposition of a Common Share, the Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the Resident Holder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Common Share and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by Northland that is otherwise required to be included in the Resident Holder's income.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Resident Holder will be included in the Resident Holder's income as a taxable capital gain and one-half of any capital loss realized by a Resident Holder may generally be

deducted only from taxable capital gains in accordance with the provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

Where a Resident Holder that is a corporation or trust (other than a mutual fund trust) disposes of a Common Share, the Resident Holder's capital loss from the disposition will generally be reduced by the amount of dividends previously designated by Northland to have been received by the Resident Holder except to the extent that a loss on a previous disposition of a Common Share has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Common Shares.

Dividends on Common Shares

A Resident Holder that is an individual (other than certain trusts), will be required to include in income dividends received or deemed to be received on the Common Shares, which will be subject to the normal gross-up and dividend tax credit rules applicable to dividends paid by taxable Canadian corporations under the Tax Act, including the enhanced gross-up and dividend tax credit applicable to any dividend designated by Northland as an "eligible dividend" in accordance with the provisions of the Tax Act. There may be limitations on Northland's ability to designate dividends as "eligible dividends".

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Common Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income.

Private corporations (as defined in the Tax Act) and or certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing Northland's taxable income.

Alternative Minimum Tax

Capital gains realized and dividends received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

Additional Refundable Tax

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3%, on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains and interest.

Taxation of Non-Residents

The following portion of the summary applies to a Holder of Securities who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is not, and is not deemed to be resident in Canada; and (ii) does not use or hold and will not be deemed to use or hold, the Securities in a business carried on in Canada (a "Non-Resident Holder"). Special rules, which are not discussed in this summary, may apply to a Holder that is an insurer that carries on an insurance business in Canada. Such Holders should consult their own tax advisors.

Taxation of Interest on Series B Debentures

A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Corporation as, on account or in lieu of payment of, or in satisfaction of, interest or principal on the Series B Debentures.

Exercise of Conversion Privilege

The conversion of a Series B Debenture into Common Shares only on the exercise of a conversion privilege by a Non-Resident Holder will generally be deemed not to constitute a disposition of the Series Debenture and, accordingly, a Non-Resident Holder will not realize a gain or a loss on such conversion. However, the tax characterization of the Make-Whole Payment could impact the tax treatment of a Non-Resident Holder who converts the Series B Debenture into Common Shares. See the discussion below, under “*Make-Whole Payment*”.

Make-Whole Premium

It is unclear whether the Make-Whole Premium will be characterized as participating debt interest. If they are payments on account of participating debt interest, the Make-Whole Premium may be subject to Canadian withholding tax at the rate of 25%, unless such rate is reduced under the provisions of a tax treaty between Canada and the Non-Resident Holder’s jurisdiction of residence. For example, under the *Canada-United States Income Tax Convention (1980)* as amended, the withholding rate is reduced to 15% where the recipient of an interest payment is entitled to claim the benefit of that treaty. No advance tax ruling or legal opinion has been sought or obtained and no representation is made in this regard. **Non-Resident Holders of Series B Debentures should seek advice from their own tax advisors.**

Disposition of Series B Debentures and Common Shares

A Non-Resident Holder will not generally be subject to tax under the Tax Act on a disposition of a Series B Debenture (including as a result of a redemption, payment on maturity or purchase for cancellation) or of a Common Share, as the case may be, unless the Series B Debenture or Common Share constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Disposition of Taxable Canadian Property

Provided the Common Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the TSX) at the time of disposition, the Securities generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions have been met concurrently: (i) the Non-Resident Holder, either alone or together with persons with whom that Holder did not deal at arm’s length, owned 25% or more of the issued shares of any class or series of shares of Northland; and (ii) more than 50% of the fair market value of the shares of Northland was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties”, “timber resources property” (each as defined in the Tax Act), or an option in respect of or an interest in, or for civil law a right in, such properties.

Holders whose Securities may be taxable Canadian property should consult their own tax advisors.

Receipt of Dividends on Common Shares

Dividends received or deemed to be received by a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax under the Tax Act. The general rate of withholding tax is 25%, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder’s country of residence, for example, under the *Canada-United States Income Tax Convention (1980)* as amended, the rate is generally reduced to 15%.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to Northland, and McCarthy Tétrault LLP, counsel to the Underwriters, if issued on the date hereof, the Common Shares, the Series B Debentures, and Common Shares issued pursuant to the terms of the Series B Debentures would be qualified investments for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered disability savings plans, deferred profit sharing plans, tax-free savings accounts (“TFSA”) and registered education savings plans (collectively, the “Plans”), provided that:

- (1) in the case of the Series B Debentures, the Common Shares are listed on a designated stock exchange (except, in the case of a deferred profit sharing plan to which Northland, or an employer that does not deal at arm’s length with Northland, has made a contribution); and
- (2) in the case of the Common Shares, such Common Shares are listed on a designated stock exchange as defined in the Tax Act (which includes the TSX).

Notwithstanding that the Common Shares and the Series B Debentures may be a “qualified investment” for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant under a RRSP or RRIF, as the case may be, who holds the Common Shares or Series B Debentures will be subject to a penalty tax if such Common Shares or Series B Debentures are a “prohibited investment” for purposes of the Tax Act. The Common Shares and Series B Debentures will generally be a “prohibited investment” if the Holder or annuitant, as the case may be: (i) does not deal at arm’s length with Northland for the purposes of the Tax Act; or (ii) has a “significant interest” in Northland, within the meaning of the Tax Act. In addition, the Common Shares will not be a prohibited investment if they are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF. **Holders and annuitants should consult their own tax advisors to ensure that the Common Shares, Series B Debentures and the Common Shares issuable upon conversion, redemption or maturity of the Series B Debentures, would not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.**

RISK FACTORS

An investment in the Offered Securities is subject to a number of risks described below and in the documents incorporated by reference herein. Before deciding whether to invest in the Offered Securities, prospective investors should consider carefully the risks relating to Northland described below as well as those described at pages 21 through 22 of the Prospectus and at pages 39 to 47 of the AIF.

Risks Related to the Project

Possible Failure to Achieve Financial Close or Failure to Complete the Project or Failure to Complete Acquisition of an Interest in the Project

The Project is subject to normal commercial risks that it may not be completed on the terms negotiated or at all. If the closing of the Project does not take place prior to the Initial Maturity Date, the Series B Debentures will mature on the Initial Maturity Date and the principal together with accrued interest up to, but excluding the Initial Maturity Date shall be payable. If the Project fails to reach Financial Close and Northland is unable to sell its interests in the Project for at least the amount invested at that time, Northland may incur losses in respect of the development expenditures related to the Project incurred by Northland and such losses could have a significant adverse impact on Northland’s financial results. After Financial Close, if the Project fails to be completed and cannot be sold for at least the amount of the invested amount at the time of sale, Northland will incur losses from the total investments in and commitments made to Gemini at the time of failure, and these losses could be substantial and may impair Northland’s ability to maintain its current level of dividend payments. In addition, Northland would have to find alternative uses for deploying the proceeds of the Common Share Offering, which may be less favourable to Northland than the investment in the Project. Although Northland has agreed to acquire Typhoon’s interest in the Project at or prior to Financial Close, and Typhoon has agreed to sell its interest in the Project to Northland, Northland does not currently have any ownership interest in the Project. Accordingly, failure to complete the acquisition of Typhoon’s interest in the Project could lead to a failure to meet the conditions for Financial Close with the result that Financial Close would not occur.

Possible Inability to Secure Remaining Funds for the Project

Northland is in the process of replacing and expanding its corporate Credit Facility, which will, in addition to proceeds from this Offering and cash on hand, be used to satisfy Northland's equity and loan contributions to the Project required for Financial Close. Should Northland be unable to secure funds from the Credit Facility, or if Northland experiences an operational or other loss prior to Financial Close, Northland may not have sufficient funds to satisfy its required contributions with the result that Financial Close would not occur.

Possible Risks Related to Evaluation of the Project

Northland's decision to pursue the Project is based in large part on engineering, environmental and economic assessments made by it and by independent engineers and consultants. Many factors underlying these assessments are subject to change and are beyond the control of Northland. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in the costs of the Project being higher than anticipated or returns being lower than anticipated.

Possible Risks Related to Co-Ownership

All of the Sponsors currently require a final investment decision by their board of directors or similar body prior to Financial Close. There can be no assurance that all Sponsors will obtain the required approvals to allow the Project to reach Financial Close as planned. A failure of one or more Sponsors to fulfill their funding commitments could result in a failure to reach Financial Close.

Northland will be relying on the other Sponsors to fulfill their commitments and obligations under the Consortium Agreement and the other contracts in respect of the Project to which such Sponsors are a party. There is a risk that one or more of the other Sponsors will be unable or unwilling to fulfill its obligations under the Consortium Agreement and the other contracts in respect of the Project to which such Sponsors are a party. In such a case, Gemini's operations may be adversely impacted and therefore Northland's cash flows from the Project could be adversely impacted.

Possible Risks Related to Significant Capital Expenditures, Construction, Budget and Schedule

Achieving the full benefits of the Project will depend, in part, on successfully completing the construction of the Project in accordance with construction schedule and budget. Failure to meet the schedule or budget could result in the Project not achieving the expected financial results, which may lead to a diversion of management's time and attention from Northland's other strategic opportunities and from operational matters. The expected Project construction costs may not be sufficient to adequately complete the Project. In addition, issues could be discovered during construction process that would cause the Project, and indirectly Northland, to incur additional and unexpected costs. The pre-completion revenues are also impacted by construction risk as well as energy yield risk. In particular, a delay in installation and operations of the WTGs or electrical infrastructure would prevent revenue from being generated by the Project.

Possible Risks Related to Environmental Health and Safety Laws and Regulations

If the Project does not comply with applicable laws, regulations or permit requirements, it may be required to pay penalties or fines or curtail or cease operations of the Project. Violations of environmental and other laws, regulations and permit requirements, including certain violations of laws protecting migratory birds and endangered species, may also result in criminal sanctions or injunctions.

Environmental, health and safety laws, regulations and permit requirements may change or become more stringent. Any such changes could require the Project to incur materially higher costs or curtail or cease the development or operation of the Project. The costs of complying with current and future environmental, health and safety laws, regulations and permit requirements, and any liabilities, fines or other sanctions resulting from violations of them, could adversely affect the Project.

Possible Risks Related to Natural Events

Off-shore wind projects, including their turbines and collection systems, are exposed to the elements such as wind, water and movement of the sea floor. They are also susceptible to weather and other natural events such as hurricanes, tornadoes, lightning storms, and icing events that can cause construction delays and production losses and damage to construction equipment, WTGs, WTG blades or other project equipment. Natural events may also make it impossible for operations and maintenance crews to access disabled turbines to deliver parts and provide services. During times of unavailability, turbines will not produce energy. Although Van Oord takes all weather risk and subsurface risk for known conditions under the BoP Contract and the Project will be insured for most weather related issues, there can be no guarantee that the BoP Contract and insurance will provide coverage for such events, that coverage provided will be sufficient to account for the losses suffered by the Project, that claims will be paid on a timely basis or that claims will be made pursuant to the insurance policies given the deductibles.

Possible Risks Related to Technical Breakdowns and Operational Disruptions.

The Project is exposed to risks in connection with disruptions to operations, which may be caused by technical breakdowns, system failures, aged or defective facility components, insufficient maintenance, failed repairs, power outages, adverse weather conditions, natural disasters, labour disputes, ill-intentioned acts or other accidents or incidents. Availability of WTGs may suffer because WTGs requiring service cannot be accessed by air or water during inclement conditions that would not inhibit such servicing of a land based project. These disruptions could result in shut downs, delays, or long term decommissioning in production or distribution of power. This may materially and adversely affect the Project's operations or financial condition and cause harm to the Project's and Northland's reputation.

Possible Risks Related to Events from Human Activity

The movement and/or anchoring of water craft through the Project area including near the collection systems or export cables could cause damage to the construction equipment, WTGs, WTG blades or other project equipment, which could cause delays and/or losses. Similar losses could result from human activity near the Project's on-shore assets. Although the Project will be insured for such events, and liability could accrue to others in control of the events causing such damage, there can be no assurance that the insurance will provide coverage for any particular event, that coverage provided will be sufficient to account for the losses suffered by the Project, that claims will be paid on a timely basis, that the making of claims will be justified given applicable deductibles, or that damages can be collected from third parties liable for such events.

Possible Energy Yield Risks

Despite the data for offshore wind projects in the North Sea and the separate yield studies conducted by consultants to the Project and the senior lenders in connection with the Project, the Project may experience lower than expected energy yields. Wind resource projections do not predict the wind at any specific period of time in the future. Therefore, even in the event where prediction of a wind farm's wind resources becomes validated over time, the wind farm will experience hours, days, months and even years that are below wind resource predictions. Wind resource projections may not predict the actual wind resources observed by the wind farm over a long period of time. Assumptions included in wind resource projections, such as the interference between turbines may not be accurate.

Possible Risk of Increased Operating Costs during the Operating Period

Operating costs of the Project could be higher than expected, thereby reducing the cash flows available to Northland and the other Sponsors. Higher operating costs could also cause interruptions in distributions to Sponsors pursuant to the terms of the financing agreements, and could result in a default under the senior debt agreements.

Possible Power Market Risks

Gemini bears a degree of merchant risk on SDE revenue, to the extent the annual average day ahead market energy price falls below the SDE floor price of 44 EUR/MWh (non-indexed).

The Project will receive revenue in accordance with the SDE Grant pursuant to applicable renewable energy legislation. There is no guarantee that this legislation will not be changed, which may reduce the amount of cash flow received. Further, the SDE Grant is valid for 15 years and the latest date for initiating the SDE Grant contract period is on November 16, 2016. As a result, any delay in the commencement of operations of the Project beyond this date may cause the Project to lose the benefit of the full 15-year period of the SDE Grant.

Possible Risks Applicable to Northland's International Activities

Northland's operations in Europe and elsewhere are subject to special risks inherent in doing business outside Canada. These risks can involve matters arising out of the policies of foreign governments, imposition of special taxes or similar charges by government bodies, restrictions on carrying on business or the revocation or non-issuance of licenses to carry on business by a foreign government, foreign exchange fluctuations and controls, civil disturbances and deprivation or unenforceability of contract rights or the taking of property without fair compensation. Foreign properties, operations and investments may be adversely affected by local political and economic developments, including nationalization, laws affecting foreign ownership, government participation, royalties, duties, rates of exchange, exchange controls, currency fluctuation, taxation and new laws or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Possible Foreign Exchange Risk

Northland's corporate capital providers generally expect interest, dividends, principal repayments, and other compensation for providing capital to be settled in Canadian Dollars. After all obligations of the Project are paid from Project cash flows, any cash distributions from Gemini to Northland will be paid in Euros. Although Northland expects to implement financial hedges between the Euro and Canadian Dollar for the expected Project cash flows, there is no assurance that financial hedges will be available at all or available at commercially reasonable economics, or will match the amounts or duration of the Project's cash flows. Any financial hedges could be subject to a failure of a financial hedge counterparty.

Possible Interest Rate Risk

The financial hedges secured by the Project may vary from the actual profile of debt outstanding, and losses could be incurred at the Project from under or over hedged EURIBOR exposure during the term of the loan. Despite the use of suitable financial derivatives products, some residual risks remain particularly in connection with the process of terminating and reinstating hedges at the refinancing point, possible failure of a hedge counterparty, and uncertainties around future debt quantum.

Possible Inflation Risk

The SDE Price is not subject to an inflation rate escalation. Inflation beyond initial estimates could impact the Project's economics and, in extreme cases, the Project's ability to meet debt service coverage ratio or other obligations.

Possible Refinancing Risks

The maturity date of Gemini's senior debt is expected to be in 2031, however, starting in 2023 if a refinancing has not occurred, Gemini will be required to apply amounts otherwise available for Sponsor distributions to the mandatory repayment of the then outstanding senior loans. The Sponsors intend to refinance Gemini's senior debt prior to 2023, but Gemini's ability to refinance all of its senior debt on favourable terms will be dependent on, among other factors, the operating performance of Gemini, future debt market conditions, the level of future interest rate spreads, the effectiveness of the interest rate hedges and the ability to terminate the hedges efficiently if required, the state of the Dutch electricity market, future electricity market prices, and prospective lenders' assessment of Gemini's credit risk at such time.

Risks Related to the Offering

Market for Securities

Northland has applied to list the Offered Securities, the Common Shares to be issued pursuant to the Concurrent Private Placement and the Underlying Shares issuable upon the conversion of the Series B Debentures on the TSX. Listing is subject to Northland fulfilling all of the listing requirements of the TSX. However, there is currently no market through which the Series B Debentures may be sold and there is no guarantee that an active trading market will develop. Accordingly, purchasers may not be able to resell the Series B Debentures distributed under this prospectus supplement. This may affect the pricing of the Series B Debentures in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Offered Securities after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

Market Conditions

The market price of the Offered Securities could be subject to significant fluctuations in response to variations in Northland's operating results, financial condition, liquidity and other internal factors. Factors that could affect the market price of the Offered Securities that are unrelated to Northland's performance include domestic and global energy prices and market perceptions of the attractiveness of particular industries. The price at which the Offered Securities will trade cannot be accurately predicted.

Additional Indebtedness

In order to finance a portion of the Project that is not being financed by the proceeds of the Offering, Northland intends to draw down additional indebtedness under its Credit Facility. The additional indebtedness will increase the interest payable by Northland from time to time until such amounts are repaid, which will represent an increase in Northland's cost and a potential reduction in Northland's income. In addition, Northland may need to find additional sources of financing to repay this amount when it becomes due. There can be no guarantee that Northland will be able to obtain financing on terms acceptable to it or at all at such time.

Use of Proceeds of the Offering

As set out under "Use of Proceeds" in this prospectus supplement, Northland intends to use the proceeds of the Offering and the Concurrent Private Placement to fund its equity contribution and subordinated loan to the Project. There may be circumstances that are not known at this time where a reallocation of the net proceeds of the Offering may be advisable for business reasons that the Board and management believe are in Northland's best interests.

Dividends

Notwithstanding anything contained in this prospectus supplement, the payment and the amount of dividends declared, if any, will be subject to the discretion of the Board and will depend on the Board's assessment of Northland's outlook for growth, capital expenditure requirements, funds from operations, potential opportunities, debt position and other conditions that the Board may consider relevant at such future time, including applicable restrictions that may be imposed under the Credit Facility and on the ability of Northland to pay dividends. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in energy prices, capital expenditure requirements, debt service requirements, operating costs and foreign exchange rates. In addition, the market value of the Common Shares may decline if Northland's cash dividends decline in the future, and that market value decline may be material.

Forward Looking Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward looking information. By its nature, forward looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Prior Ranking Indebtedness; Absence of Covenant Protection

The Series B Debentures are unsecured and will be subordinate to all Senior Indebtedness of Northland. The Series B Debentures will also be effectively subordinate to claims of creditors of Northland and its subsidiaries relating to all indebtedness, liabilities and obligations of Northland or its subsidiaries for the payment of which Northland is responsible, whether absolutely or contingently. The Indenture does not limit the ability of Northland to incur additional debt or liabilities (including Senior Indebtedness) or to make distributions on the Common Shares, except, in respect of distributions, where an Event of Default has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect holders of the Series B Debentures in the event of a future leveraged transaction involving Northland.

Conversion Following Certain Transactions

In the case of certain transactions, each Series B Debenture will become convertible into the securities, cash or property receivable by a holder of Common Shares into which the Series B Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Series B Debentures in the future. For example, if Northland were to be acquired in a cash merger, each Series B Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on Northland's future prospects and other factors. See "*Description of the Series B Debentures – Conversion Privileges*".

Dilutive Effects on Shareholders of Northland

Northland may determine to redeem outstanding Series B Debentures for Common Shares to repay outstanding principal amounts thereunder at maturity of the Series B Debentures by issuing additional Common Shares or, subject to regulatory approval, to satisfy all or part of Northland's obligation to pay interest on the Series B Debentures in accordance with the Indenture by delivering sufficient Common Shares to the Debenture Trustee. Accordingly, shareholders may suffer dilution. See "*Description of the Series B Debentures – Payment upon Redemption or Maturity*" and see "*Description of the Series B Debentures – Common Share Interest Election Payment*".

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Series B Debentures. Assuming all other factors remain unchanged, the market value of the Series B Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

The Canadian Income Tax Characterization of a Make-Whole Premium Received by a Resident Holder is Uncertain.

The Canadian income tax characterization of a Make-Whole Premium received by a Resident Holder is uncertain. Resident Holders should consult with their own tax advisors in this regard. See "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Make-Whole Premium*".

The Application of Canadian Non-Resident Withholding Tax is Uncertain.

Effective January 1, 2008, the Tax Act was amended to generally eliminate withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at "arm's length" as defined in the Tax Act. However, Canadian withholding tax continues to apply to payments of "participating debt interest". For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of, or production from, property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

The terms of the Series B Debentures provide for the payment of a Make-Whole Premium in certain circumstances. There is a risk that all, or a portion, of the Make-Whole Premium could be treated as interest for the purposes of the Tax Act. If this were the case, there is also a risk that the CRA could take the position that the Make-Whole Premium is participating debt interest for Canadian withholding tax purposes because the amount of the payment varies, in part, based on a criterion similar to those listed in the participating debt interest definition. However, no opinion or ruling has been requested or received from the CRA and there can be no assurance that

CRA would not view the Make-Whole Premium as participating debt interest. Non-Resident Holders of Series B Debentures should seek advice from their own tax advisors. See “*Certain Canadian Federal Income Tax Considerations – Taxation of Non-Residents – Make-Whole Premium*”.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment upon maturity or redemption), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an “**Excess**”). While the deeming rule does not apply in respect of certain “excluded obligations”, the Series B Debentures may not be “excluded obligations” even if no part of the interest or Make-Whole Premium is participating debt interest. As noted above, it is not clear whether the Make-Whole Premium will be participating debt interest. Moreover, there is a risk that any Excess would be considered to be participating debt interest. If the Make-Whole Premium or the Excess is participating debt interest, there is a risk that all interest that was or will be paid or deemed to be paid on the obligation will be considered to be participating debt interest and therefore subject to Canadian withholding tax.

The CRA has recently stated that it would not consider the Excess to be participating debt interest provided that the convertible debenture in question was issued by a Canadian public corporation (such as NPI) and otherwise satisfied the requirements of a “standard convertible debenture” (as that term was defined in a submission, dated May 10, 2010, made to the CRA by the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants). Therefore, there would be no withholding tax in such circumstances provided that the payor and payee deal at arm's length for purposes of the Tax Act. The Series B Debentures should generally meet the criteria set forth in the CRA's recent statement. However the application of the CRA's administrative practice is uncertain and there is a risk that amounts paid or payable by NPI to a non-resident holder of Series B Debentures on account of interest, the Make-Whole Premium or any Excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention).

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios and pro forma earnings coverage ratios are calculated on a consolidated basis for the period December 31, 2013, and are derived from the audited consolidated financial statements of Northland as at and for the year ended December 31, 2013. The earnings coverage ratios do not include any earnings that may be derived from the use of the net proceeds of the Offering or cash on hand. The pro forma earnings coverage ratios have been prepared as at December 31, 2013, as adjusted to give effect to the issuance of the Series B Debentures as if such issuance had occurred at the beginning of the calculation period, and assumes that there are no additional earnings derived from the net proceeds of the Offered Securities.

The borrowing costs, including capitalized interest and preferred dividend obligations, of Northland for the twelve month period ended December 31, 2013 were approximately \$124.6 million. The borrowing costs, including capitalized interest and preferred dividend obligations, of Northland for the twelve month period ended December 31, 2013, after giving effect to the issuance of the Series B Debentures were approximately \$128.3 million. The earnings of Northland before non-capitalized borrowing costs and taxes for the twelve month period ended December 31, 2013 were approximately \$295.1 and \$298.8 million after giving effect to the expenses of the Debenture Offering, representing earnings coverage ratios of (a) 2.37 on a historical basis and (b) 2.33 after giving effect to the issuance of the Series B Debentures.

The pro forma earnings coverage ratio noted above includes a deduction for depreciation and amortization of approximately \$109.8 million in the 12-month period ended December 31, 2013. If the earnings coverage ratios were adjusted to add back these non-cash deductions, the historical earnings coverage ratio would be 3.25 for the 12-month period ended December 31, 2013, and the pro forma earnings coverage ratio would be 3.18 for the 12-month period ended December 31, 2013.

Under IFRS, the Series B Debentures will be classified on the balance sheet as a liability and are designated as loans and borrowings and are subsequently measured at amortized cost using the effective interest rate method.

PRIOR SALES

Dividend Reinvestment Plan

Pursuant to Northland's Dividend Reinvestment Plan (the "DRIP"), Shareholders may elect to reinvest the cash dividends they are entitled to receive on Common Shares at up to a 5% discount to the volume weighted average of the trading prices of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date. Since February 1, 2013, Northland has issued 2,227,101 Common Shares under the DRIP at a volume-weighted average price of \$16.91 per Common Share.

Long-Term Incentive Plan

Pursuant to Northland's Long-Term Incentive Plan (the "LTIP"), eligible employees, officers and consultants are eligible for awards of contingent deferred rights ("Deferred Rights"), at the discretion of the Compensation Committee of the Board. Deferred Rights are granted for services provided by the recipient in the year of grant and subsequent years of service. Awards of Deferred Rights may vest, as determined by the Compensation Committee of the Board, over a period of time contingent on the achievement of pre-established performance criteria for vesting and the participant's continued employment. Upon vesting, each vested Deferred Right represents the right to receive one Common Share or a cash payment equal to the market value of one Common Share. Since, February 1, 2013, Northland issued 334,175 in Deferred Rights and issued 1,029,461 Common Shares under the LTIP. See details of Common Shares issued under the LTIP in the table below.

<u>Date</u>	<u>Security Description</u>	<u>Price per Security(\$)</u>	<u>Number of Securities Issued under the LTIP¹</u>
March 20, 2013	Common Shares	18.30	13,264
April 5, 2013	Common Shares	18.30	5,000
November 1, 2013	Common Shares	16.14	1,011,217

Conversion of Convertible Shares and Replacement Rights

On August 22, 2013, all remaining Class C Convertible shares and Class B Convertible shares in the capital of Northland were converted into 12,357,531 Class A Shares². These 12,357,531 Class A Shares were subsequently converted into the equivalent number of Common Shares².

Similarly, on August 22, 2013 all remaining contingent replacement rights in the capital of Northland were converted into 759,355 Common Shares².

On March 4, 2013, NPHI converted 28,851,868 Class A Shares into 28,851,868 Common Shares².

Notes:

1. Number of securities issued under LTIP since February 1, 2013.
2. The Common Shares were issued on the basis of a one-to-one conversion feature of the applicable securities. Accordingly, no proceeds were received by Northland in respect of the issuance of the Common Shares.

TRADING PRICE AND VOLUME OF THE SECURITIES OF NORTHLAND

Common Shares

The outstanding Common Shares of Northland are listed and posted for trading on the TSX under the trading symbol “NPI”. The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Common Shares as reported by the TSX:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2013			
January	19.82	18.61	2,156,568
February	19.66	18.61	2,888,813
March	19.00	18.05	4,887,204
April	19.75	18.31	2,646,480
May	19.68	18.49	2,905,798
June	18.53	16.05	4,495,561
July	17.54	16.40	3,802,046
August	16.88	14.07	6,755,057
September	15.81	14.07	5,400,993
October	17.30	15.31	5,877,964
November	16.58	15.66	4,907,933
December	15.90	15.03	4,047,360
2014			
January	16.36	15.20	4,074,897
February (1-25)	16.90	15.66	5,766,941

Debentures

The outstanding Series A Debentures of Northland are listed and posted for trading on the TSX under the trading symbol “NPI.DB.A”. The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Series A Debentures as reported by the TSX:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2013			
January	155.00	150.00	2,420
February	155.38	145.00	70,020
March	151.00	140.50	2,360
April	157.50	141.02	8,880
May	157.14	149.82	5,190
June	146.76	136.00	2,810
July	139.40	133.08	1,790
August	132.11	114.12	1,840
September	125.60	115.00	2,230
October	136.19	124.32	480
November	131.63	126.77	1,170
December	126.64	121.98	1,670
2014			
January	130.01	128.20	710
February (1-25)	135.30	126.00	4,860

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Northland are Ernst & Young LLP, Chartered Accountants, Toronto, Ontario. To the knowledge of Northland, Ernst & Young LLP is independent of Northland in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

The transfer agent and registrar for the Common Shares and the Debenture Trustee in respect of the Series B Debentures is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain legal matters relating to Canadian law in connection with the Common Shares and Series B Debentures offered hereby will be passed upon on behalf of Northland by Borden Ladner Gervais LLP, Toronto, Ontario and on behalf of the Underwriters by McCarthy Tétrault, Toronto, Ontario.

As of the date hereof, the partners and associates of each of Borden Ladner Gervais LLP and McCarthy Tétrault LLP beneficially own, directly or indirectly, less than 1% of the outstanding securities of Northland. Linda Bertoldi, a partner of Borden Ladner Gervais LLP, is a director of Northland.

PURCHASERS' STATUTORY RIGHTS

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 only 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, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, or revision of the price or damages are exercised by the purchaser within the time limit prescribed by the applicable provisions of 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 the particulars of these rights or consult with a legal adviser.

GLOSSARY

“**\$**” means Canadian dollars;

“**AIF**” means the annual information form of Northland dated February 19, 2014 for the year ended December 31, 2013;

“**Annual Financial Statements**” means the audited consolidated financial statements of Northland for the year ended December 31, 2013, including the consolidated balance sheets as at December 31, 2013 and 2012 and January 1, 2012 and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2013 and 2012 and related notes, together with the auditors’ report thereon dated February 19, 2014;

“**Banks**” means the Canadian chartered banks which have provided certain credit facilities to Northland;

“**Beneficial Owner**” means a purchaser acquiring a beneficial interest in the Securities;

“**Board of Directors**” means the board of directors of Northland;

“**BoP Contract**” means the balance of plant contract;

“**Canadian Government Obligations**” means securities issued or guaranteed by the Government of Canada or any province or territory thereof;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CFTA**” means the Common Terms and Facilities Agreement;

“**Change of Control**” means any change of control of Northland involving the acquisition of voting control or direction over 50% or more of the votes represented by the issued and outstanding Common Shares and Class A Shares of Northland by any person or group of persons acting jointly or in concert;

“**Class A Shares**” means the class A shares in the capital of Northland;

“**Closing Date**” means March 5, 2014 or such later date not later than March 31, 2014;

“**COD**” means commercial operations date;

“**Common Shares**” means common shares in the capital of Northland;

“**Common Share Interest Payment Election**” means Northland’s election to issue and deliver freely-tradable Common Shares to the Debenture Trustee in order to raise funds to satisfy all or any part of Northland’s obligations to pay interest on the Series B Debentures in accordance with the Indenture;

“**Common Share Offering**” means the offering of Common Shares under this prospectus supplement;

“**Common Share Over-Allotment Option**” means over-allotment option granted to the Underwriters to purchase up to an additional 468,750 Common Shares;

“**Common Share Price**” means the price paid per Common Share in the transaction constituting a Change of Control;

“**Concurrent Private Placement**” means the private placement of 3,125,000 Common Shares to NPHI or an affiliate thereof for aggregate gross proceeds of \$50,000,000;

“**connected issuer**” means the term defined in securities legislation;

“**Consortium Agreement**” means the consortium agreement entered into by the Sponsors;

“**Conversion Disposition**” has the same meaning given thereto under “*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Exercise of Conversion Privilege*”

“**Conversion Price**” means a conversion price of \$21.60 per Common Share;

“**Counsel**” means Borden Ladner Gervais LLP and McCarthy Tétrault LLP;

“**CRA**” means Canada Revenue Agency;

“**Credit Facility**” means the credit facility available pursuant to the fifth amended and restated credit agreement between Northland Power Inc. and Iroquois Falls Power Corp, as borrowers, and Canadian Imperial Bank of Commerce, as agent on behalf of the lenders thereto;

“**Current Market Price**” means the weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event;

“**Debentures**” means the debentures issued under the Indenture;

“**Debentureholder**” means a holder of Series B Debentures;

“**Debenture Trustee**” means Computershare Trust Company of Canada or its successor as trustee under the Indenture;

“**Debenture Offering**” means the offering of the Series B Debentures under this prospectus supplement;

“**Debenture Over-Allotment Option**” means the over-allotment option granted to the Underwriters to purchase an additional 3,750 \$1,000 principal amount of Series B Debentures;

“**Deferred Rights**” means deferred rights granted pursuant to the LTIP;

“**Definitive Series B Debentures**” means Series B Debentures held by Debentureholders in registered and definitive form.

“**Delta**” means Delta Energy B.V.;

“**dollars**” means Canadian dollars;

“**DRIP**” means Northland’s dividend reinvestment plan;

“**EBITDA**” means earnings before interest, taxes, depreciation and amortization;

“**ECA**” means an export credit agency;

“**Effective Date**” means the date on which a Change of Control becomes effective;

“**EIB**” means European Investment Bank;

“**EURIBOR**” means the Euro Interbank Offered Rate;

“**Event of Default**” means an event of default provided by the Indenture;

“**Excess**” has the meaning given thereto under “*Risk Factors– Risks Relating to the Offering*”;

“**Final Maturity Date**” means June 30, 2019;

“**Financial Close**” has the same meaning given thereto under “*The Project – Financial Structure*”;

“**First Supplemental Indenture**” means the first supplemental indenture dated October 15, 2009 to the Indenture;

“**Gemini**” or “**Project**” means the 600 MW offshore wind development project located approximately 85 km off the North East coast of the Netherlands as further described in this prospectus supplement;

“**Gemini Steering Committee**” means the steering committee comprised of senior executives of the Sponsors and Typhoon;

“**GP Companies**” means the companies holding the general partnership interests in the Project LPs;

“**Holder**” has the same meaning given thereto under “*Certain Canadian Federal Income Tax Considerations*”;

“**HVC**” means N.V. HVC;

“**IFRS**” means International Financial Reporting Standards;

“**Indenture**” means the trust indenture dated August 26, 2004, as amended and restated as of October 14, 2009, as supplemented by the First Supplemental Indenture, as supplemented by the Second Supplemental Indenture and as supplemented by the Third Supplemental Indenture between Northland and Computershare Trust Company of Canada.

“**Initial Maturity Date**” means June 30, 2014;

“**LTIP**” means Northland’s long-term incentive plan;

“**LTP**” means the long term program contract to be entered into between Siemens NV and the Project LPs;

“**LP Companies**” means the companies holding the limited partnership interests in the Project LPs;

“**marketing materials**” has the same definition attributed to it under National Instrument 41-101 – *General Prospectus Requirements*;

“**Make-Whole Premium**” means the number of additional Common Shares per \$1,000 principal amount of Series B Debentures constituting the make-whole premium;

“**MW**” means a megawatt, which is 1,000 kilowatts or 1,000,000 watts of electrical energy;

“**MWh**” means megawatt-hour, which is 1,000,000 Watt hours of electrical energy;

“**Non-Resident Holder**” has the meaning given thereto under “*Certain Canadian Federal Income Tax Considerations – Taxation of Non-Residents*”;

“**Northland**” means Northland Power Inc.;

“**Northland’s Equity Contribution**” means Northland’s portion of the equity in the Project, plus its share of purchase price and transaction costs, estimated to be approximately EUR 288 million;

“**NPHI**” means Northland Power Holdings Inc.;

“**NPHI Agreement**” means the pre-emptive rights, tendering and voting agreement dated December 8, 2010 between Northland and NPHI;

“**NPHI Group**” means collectively, NPHI, James C. Temerty, the Temerty Family Foundation, the spouse or child of, or the estate of, James C. Temerty;

“**NPI**” means Northland Power Inc.;

“**O&M**” means operations and maintenance;

“**OBSA**” means the power off-take balancing services agreement in respect of the Project to be entered into with Delta;

“**Offered Securities**” means the Common Shares and Series B Debentures being offered under this prospectus supplement, including any Common Shares issued on the exercise of the Common Share Over-Allotment Option and any Series B Debentures issued on the exercise of the Debenture Over-Allotment Option;

“**Offering**” means the Debenture Offering together with the Common Share Offering;

“**Offering Price**” means \$16.00 per Common Share;

“**OSC**” means the Ontario Securities Commission;

“**Participant**” means a participant in the depository service of CDS;

“**PKA**” means Pensionskassernes Administration A/S, a Danish Pension fund;

“**Plan**” means a registered retirement savings plan, registered retirement income fund or tax-free savings account (all as defined in the Tax Act);

“**Project Budget**” means approximately EUR 2.8 billion;

“**Project LPs**” means Buitengaats C.V. and ZeeEnergie C.V.;

“**Project**” or “**Gemini**” means the 600 MW offshore wind development project located approximately 85 km off the North East coast of the Netherlands as further described in this prospectus supplement;

“**Proposed Amendments**” means all specific proposals to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada);

“**Prospectus**” means the base shelf prospectus of Northland dated March 23, 2012 and the documents incorporated by reference therein;

“**Put Date**” means a date which is 30 days following the giving of notice of the Change of Control, on which a holder of Series B Debentures may require Northland to purchase the Series B Debentures.

“**Put Price**” means the price equal to 100% of the principal amount of the Series B Debenture.

“**qualified investment**” means a qualified investment under the Tax Act;

“**Reference Market Price**” means the average day ahead market electricity price on the Amsterdam Power Exchange;

“**Resident Holder**” has the same meaning given thereto under “*Certain Canadian Federal Income Tax Considerations – Residents of Canada*”;

“**RRIF**” means a registered retirement income fund, as defined in the Tax Act;

“**RRSP**” means a registered retirement savings plan, as defined in the Tax Act;

“**SDE**” means Stimuleringsregeling Duurzame Energie (support mechanism for renewable energy);

“**SDE Grant**” means the up to EUR 4.4 billion of public funding over 15 years under the SDE;

“**SDE Price**” has the meaning given thereto under “*The Project – SDE Grant*”;

“**Securities**” has the meaning given thereto under “*Certain Canadian Federal Income Tax Considerations*”;

“**Second Supplemental Indenture**” means the second supplemental indenture dated January 1, 2011 to the Indenture;

“**Senior Indebtedness**” means all indebtedness of Northland (whether outstanding as at the date of the Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be *pari passu* with, or subordinate in right of payment to, the Series B Debentures;

“**Senior Indebtedness Postponement Provisions**” means the provisions in the Indenture relating to postponement of the Series B Debentures to the Senior Indebtedness;

“**Series B Debentures**” means the 5.0% extendible convertible unsecured subordinated debentures, Series B of Northland issued pursuant to the Third Supplemental Indenture and as further described in this prospectus supplement;

“**Shareholder**” means a holder of Common Shares;

“**Siemens**” means Siemens A.G.;

“**Siemens NV**” means Siemens Nederland N.V., an affiliate of Siemens A.G.;

“**Siemens PV**” means Siemens Project Ventures GmbH;

“**SPA**” means the agreement to be entered into amongst an affiliate of Northland, Northland as guarantor, Typhoon and a wholly-owned subsidiary of Typhoon, to acquire a 60% interest in each of the Project LPs;

“**Sponsor**” means each of Northland, Siemens PV, HVC and Van Oord;

“**Standby Budget**” means the contingent budget for cost overruns in the amount of EUR 284 million;

“**Standby Loan Facilities**” means the standby loan facility for Project cost overruns in the amount of up to EUR 126 million;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder;

“**TenneT**” means TenneT TSO B.V.;

“**TFSA**” means a tax-free savings account, as defined in the Tax Act;

“**Third Supplemental Indenture**” means the third supplemental indenture to the Indenture to be entered into on the closing of the Offering in respect of the Series B Debentures;

“**TSA**” means turbine supply agreement;

“**TSX**” means the Toronto Stock Exchange;

“**Typhoon**” means Typhoon Offshore B.V.;

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended;

“**Underlying Shares**” means the Common Shares issuable upon the conversion of the Series B Debentures;

“**Underwriters**” means CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc., and FirstEnergy Capital Corp.;

“**Underwriting Agreement**” means the agreement dated February 26, 2014 between Northland and the Underwriters;

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**Van Oord**” means Van Oord Dredging and Marine Contractors BV; and

“**WTG**” means wind turbine generator.

CERTIFICATE OF NORTHLAND

Dated: February 26, 2014

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

NORTHLAND POWER INC.

(Signed) "*JOHN W. BRACE*"
Chief Executive Officer

(Signed) "*PAUL J. BRADLEY*"
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) "*JAMES C. TEMERTY*"
Director

(Signed) "*JOHN N. TURNER*"
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 26, 2014

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

By: (signed) "*DAVID H. WILLIAMS*"

BMO NESBITT BURNS INC.

By: (signed) "*PIERRE-OLIVIER PERRAS*"

NATIONAL BANK FINANCIAL INC.

By: (signed) "*LAIN WATSON*"

RBC DOMINION SECURITIES INC.

By: (signed) "*ROBERT
NICHOLSON*"

SCOTIA CAPITAL INC.

By: (signed) "*THOMAS I.
KURFURST*"

TD SECURITIES INC.

By: (signed) "*JOHN KROEKER*"

DESJARDINS SECURITIES INC.

By: (signed) "*FRANCOIS CARRIER*"

CANACCORD GENUITY CORP.

By: (signed) "*ALAN POLAK*"

CORMARK SECURITIES INC.

By: (signed) "*JAMES KOFMAN*"

FIRSTENERGY CAPITAL CORP.

By: (signed) "*DEAN WILLNER*"

This short form prospectus is a base shelf prospectus that has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of the securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and thereby only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, subject to certain exceptions, these securities may not be offered or sold in the United States of America or to, or for the benefit of, U.S. persons. See "Plan of Distribution".

*Information has been incorporated by reference in this 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 **Manager, Investor Relations of Northland Power Inc.** at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada, M4V 3A1, Telephone: (647) 288-1438, and Fax: (416) 962-6266, and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue

March 23, 2012



NORTHLAND POWER INC.

\$500,000,000

Common Shares

Preferred Shares

Debentures (unsecured)

Subscription Receipts

Northland Power Inc. ("**Northland**") may offer to the public from time to time common shares ("**Common Shares**"), preferred shares ("**Preferred Shares**"), unsecured subordinated debentures ("**Debentures**") and subscription receipts ("**Subscription Receipts**", and collectively with the Common Shares, Preferred Shares and Debentures, the "**Securities**") up to a total initial offering price of \$500,000,000 (or its equivalent in U.S. dollars or any other currency or currency unit used to denominate the Securities) during the 25 month period that this short form base shelf prospectus (the "**Prospectus**"), including any amendments hereto, remains valid.

The specific terms of any offering of Securities will be set forth in a prospectus supplement (a "**Prospectus Supplement**") including, where applicable: (i) in the case of Common Shares, the number of Common Shares being offered, the offering price (if the offering is a fixed price distribution), the manner of determining the offering price(s) (if the offering is not a fixed price distribution) and any other specific terms; (ii) in the case of Preferred Shares, the designation of the particular series, the number of shares offered, the offering price, the dividend rate, the dividend payment date, any terms of retraction or redemption, any exchange or conversion terms and any other specific terms; (iii) in the case of Debentures, the designation of the Debentures, the aggregate principal amount of the Debentures being offered, the currency or currency unit for which the Debentures may be purchased, authorized denominations, any limit on the aggregate principal amount of the Debentures of the series being offered, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), the interest rate or method of determining the interest rate, the interest payment date(s), any conversion or exchange rights that are attached to the Debentures, any redemption provisions, any repayment provisions and any other specific terms; and (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (if the offering is a fixed price distribution), the manner of determining the offering price(s) (if the offering is not a fixed price distribution), the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Common Shares and/or other securities of Northland and any other specific terms. Northland reserves the right to include in a Prospectus Supplement specific variable terms pertaining to the Securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will

be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

Northland may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities to one or more purchasers directly, if permitted under applicable securities laws, or through agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of Securities, and will set forth the method of distribution of such Securities, including the proceeds to Northland and any fees, discounts or any other compensation payable to underwriters, dealers or agents, and any other material terms of the plan of distribution.

The issued and outstanding Common Shares, Cumulative Rate Reset Preferred Shares, Series 1 of Northland (the “**Series 1 Shares**”) and the 6.25% convertible unsecured subordinated debentures, Series A of Northland (the “**Series A Debentures**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbols “NPI”, NPI.PR.A” and “NPI.DB.A”, respectively. On March 22, 2012, being the last trading day on which the Common Shares, Series 1 Shares and Series A Debentures traded prior to the date of this Prospectus, the closing price per security of each of the Common Shares, Series 1 Shares and Series A Debentures was \$16.94, \$25.25 and \$136.45, respectively. **There is currently no market through which the Preferred Shares, Debentures or Subscription Receipts which may be offered under this Prospectus may be sold and purchasers may not be able to resell any Preferred Shares, Debentures or Subscription Receipts purchased under this Prospectus. 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. See “Risk Factors” as well as the “Risk Factors” section of the applicable Prospectus Supplement.**

In connection with any offering of the Securities (unless otherwise specified in the relevant Prospectus Supplement) the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities 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”.

No underwriter or dealer has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The earnings coverage ratio in respect of Northland’s indebtedness for the 12-month period ended December 31, 2011 is less than one-to-one. See “Earnings Coverage Ratios”.

Northland’s registered and head office is at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada, M4V 3A1.

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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 Manager, Investor Relations of Northland Power Inc. at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, M4V 3A1, telephone (647) 288-1438 and fax (416) 962-6266, and are also available electronically at www.sedar.com under Northland's profile.

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this Prospectus:

- (a) annual information form of Northland dated March 31, 2011 for the year ended December 31, 2010 (the "**AIF**");
- (b) audited consolidated financial statements of Northland for the year ended December 31, 2011, including the consolidated balance sheets as at December 31, 2011 and 2010, and January 1, 2010, and the consolidated statements of income (loss), comprehensive (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010 and related notes (the "**Annual Financial Statements**"), together with the auditors' report thereon dated February 22, 2012;
- (c) management's discussion and analysis related to the Annual Financial Statements;
- (d) management information circular dated April 21, 2011 prepared in connection with the annual and special meeting of Shareholders held on May 26, 2011; and
- (e) material change report of Northland dated January 11, 2011 with respect to the conversion of Northland Power Income Fund ("the **Fund**") from an income fund to a corporation becoming effective.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is 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 shall not 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 not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any material change reports (except confidential material change reports), comparative interim financial statements, comparative annual financial statements and the accompanying report of the auditor and information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions* ("**NI 44-101**") of the Canadian Securities Administrators to be incorporated by reference herein) filed by Northland with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this Prospectus.

Upon a new annual information form and related annual audited consolidated financial statements (and the management's discussion and analysis in respect thereof) being filed by Northland with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual audited consolidated financial statements, all interim unaudited consolidated financial reports (and the management's discussion and analysis in respect thereof), material change reports and business acquisition reports filed by Northland prior to the commencement of Northland's fiscal year in which the new annual information form was filed shall be deemed no longer to be incorporated into this Prospectus

for purposes of future offers and sales of Securities hereunder. Upon an interim unaudited consolidated financial report (and the management's discussion and analysis in respect thereof) being filed by Northland with the applicable securities regulatory authorities during the currency of this Prospectus, all interim unaudited consolidated financial reports (and the management's discussion and analysis in respect thereof) filed prior to the new interim unaudited consolidated financial report shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a new management information circular relating to an annual meeting of shareholders of Northland being filed by Northland with the applicable securities regulatory authorities during the currency of this Prospectus, the management information circular for the preceding annual meeting of shareholders shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement containing the specific terms of an offering of Securities, updated disclosure of earnings coverage ratios, if applicable, and other information relating to the Securities, will be delivered to prospective purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement only for the purpose of the offering of the Securities covered by that Prospectus Supplement.

FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain certain forward-looking statements which are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future EBITDA, cash flows and dividend payments, the construction, completion, attainment of commercial operations, cost and output of development projects, plans for raising capital, and the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. This information is based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans, its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, construction risks, counterparty risks, operational risks, the variability of revenues from generating facilities powered by intermittent renewable resources and the other factors described in the "Risks and Uncertainties" section of Northland's 2011 Annual Report and the AIF, which can both be found at www.sedar.com under Northland's profile and on Northland's website www.northlandpower.ca. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.

The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are based on assumptions that were considered reasonable as of the date of this Prospectus. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

NORTHLAND

Northland is the successor to the Fund following the completion of a court-approved plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (Ontario) effective January 1, 2011. As a result of the Arrangement, Northland owns directly all of the assets and is subject to all of the liabilities (other than intercompany assets and liabilities) of the Fund and is continuing the business of the Fund and the subsidiaries of the Fund. For more information about the Arrangement, please refer to the AIF which is incorporated herein by reference and available on the SEDAR website at www.sedar.com under Northland’s profile.

Northland’s registered and head office is at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada, M4V 3A1.

SUMMARY DESCRIPTION OF THE BUSINESS

Northland owns or has an economic interest in power producing facilities with a total net capacity of 1,005 megawatts (“**MW**”). Northland’s operating assets comprise facilities that produce electricity from natural gas and renewable sources for sale under long-term power purchase agreements (“**PPAs**”) with creditworthy customers that ensure revenue stability. As the date of this Prospectus, Northland’s 260 MW North Battleford natural-gas-fired combined-cycle project is under construction and is scheduled to reach commercial operations in 2013. In addition, Northland has 316 MW of wind, solar and run-of-river hydro projects in advanced development with PPAs awarded under the Ontario Power Authority (“**OPA**”) Feed-in-Tariff (“**FIT**”) Program and a 24 MW wind project near Frampton, Quebec, that has a 20-year PPA with Hydro-Québec. Northland expects to construct these projects over the next three to four years. In addition, Northland has an extensive portfolio of projects in earlier stages of development.

Specific facilities Northland operates, has under construction or in development are listed below:

Operating Facilities

Project ⁽¹⁾	Ownership (%)	Capacity (MW)	Net Ownership Interest (MW)	Power off-taker & rating	PPA expiry	Fuel-supply expiry
Iroquois Falls	100	120.0	120.0	OEFC† (AA low)*	Dec. 2021	2015–16
Kingston	100	110.0	110.0	OEFC (AA low)*	Jan. 2017	2017
Thorold	100	265.0	265.0	OPA†† (A high)*	Mar. 2030	N/A ⁽²⁾
Spy Hill	100	86.0	86.0	SaskPower (AA+)**	Oct. 2036	N/A ⁽³⁾
Panda-Brandywine	19	230.0	43.7	Sempra††† (BBB+)**	May 2014	N/A ⁽⁴⁾
Jardin	100 ⁽⁵⁾	127.5	127.5	Hydro-Québec (A+)**	Nov. 2029	N/A ⁽⁶⁾
Mont Louis	100	100.5	100.5	Hydro-Québec (A+)**	Sept. 2031	N/A ⁽⁶⁾
German Wind Farms	100	21.5	21.5	N/A ⁽⁷⁾	N/A ⁽⁷⁾	N/A ⁽⁶⁾
Rooftop solar	75	1.0	0.8	OPA†† (A high)*	Apr. – Sept. 2031	N/A ⁽⁶⁾
Cochrane	75 ⁽⁸⁾	42.0	31.5	OEFC (AA low)*	Jan. 2015	2016
Kirkland Lake	75 ⁽⁸⁾	132.0	99.0	OEFC (AA low)*	Aug. 2015 & Aug. 2030 ⁽⁹⁾	2015

† Ontario Electricity Financial Corporation

†† Ontario Power Authority

††† Sempra Energy Trading LLC
 * Ratings by Dominion Bond Rating Service
 ** Ratings by Standard & Poor's

- (1) Northland also owns a small wood chipping facility located on Vancouver Island, British Columbia.
- (2) The cost of natural gas purchased by Thorold at market prices including variable transportation charges is effectively recovered through sales of electricity to the wholesale electricity market pursuant to an OPA PPA.
- (3) The power off-taker provides all required fuel to operate the facility or effectively takes gas-price risk under a tolling arrangement.
- (4) Sempra provides all required fuel to operate Panda-Brandywine.
- (5) Northland completed the purchase of the remaining 66.5% interest in Jardin on January 29, 2010.
- (6) Wind and solar availability is based on long-term site studies undertaken as part of the development decision-making process. Northland assumes the risk that the actual wind and resources will meet expectations.
- (7) German electricity production is purchased by local power utilities at predetermined prices as required by German federal legislation.
- (8) Northland owns the land and buildings which are leased long-term to the project owner and has only a minor ownership interest in the generator equipment; however, the management agreements provide Northland with an effective 75% economic interest upon reaching certain thresholds under the facilities financing agreements.
- (9) The PPA expires in 2015 with respect to gas-fired sales and 2030 with respect to wood-fired sales.

Project Under Construction

Project ⁽¹⁾	Ownership (%)	Capacity (MW)	Net Ownership Interest (MW)	Power off-taker & rating	PPA expiry	Fuel-supply expiry
North Battleford	100	260.0	260.0	SaskPower (AA+)**	20 years from COD ⁽¹⁾	N/A ⁽²⁾

** Rating by Standard & Poor's

- (1) Commercial operations date (COD) is expected to occur on or prior to June 1, 2013.
- (2) The power off-taker effectively takes gas price risk under a tolling arrangement.

Advanced Development Projects

Project ⁽¹⁾	Ownership (%)	Capacity (MW)	Net Ownership Interest (MW)	Power off-taker & rating	PPA expiry
McLean's Mountain	50	60.0	30.0	OPA (A high)*	20 years from COD ⁽¹⁾
Kabinakagami	50	26.0	13.0	OPA (A high)*	40 years from COD ⁽¹⁾
Grand Bend	100	100.0	100.0	OPA (A high)*	20 years from COD ⁽¹⁾
Ground-Mount Solar	100	130.0	130.0	OPA (A high)*	20 years from COD ⁽¹⁾
Frampton	67	24.0	16.0	Hydro-Québec** (A+)	20 years from COD

* Ratings by Dominion Bond Rating Service

** Ratings by Standard & Poor's

- (1) OPA's Feed-in-Tariff Program (wind, solar and run-of-river hydro)

Northland's operating cash flows are diversified over five geographically separate regions and regulatory regimes. Northland continues to actively develop its green renewable energy projects that have been awarded long-term PPAs under Ontario's FIT Program. Northland's FIT PPAs provide for a total of 316 MW of capacity comprising 130 MW from 13 ground-mounted solar projects located across the province, the 60 MW Manitoulin Island wind farm in partnership with Mnidoo Mnising Power, a partnership formed by the United Chiefs and Councils of Mnidoo Mnising First Nations, the 100 MW Grand Bend wind farm and 26 MW from four run-of-river hydro projects on the Kabinakagami River in partnership with Constance Lake First Nation. Total investment for projects developed by Northland under the FIT Program could reach \$1.4 billion over the next four years.

Northland has a portfolio of power projects at various stages of development. In some cases, these projects are being developed in response to specific procurement plans announced by the OPA, Hydro-Québec, SaskPower or other entities. In other cases, they are being developed to meet anticipated needs for new power resources in various jurisdictions.

Prospects in earlier stages of development represent approximately 2,200 MW of Northland's current 2,800 MW development pipeline capacity. This potential capacity encompasses projects that are expected to use various technologies, including natural gas, hydro, wind and solar.

RECENT DEVELOPMENTS

In the last two quarters of 2011, Northland completed two significant projects, the 100.5 MW Mont Louis Wind Farm in Quebec and the 86 MW Spy Hill natural gas peaking facility in Saskatchewan. As a result of the completion of these projects, certain securities became eligible in January 2012 for conversion into Common Shares and Class A shares pursuant to the terms of the 2009 merger between the former Northland Power Income Fund and Northland Power Inc., as further described in Northland's articles of arrangement (the "**Articles**"). Consequently, in January 2012, 4,206,270 of Northland's Class C Convertible Shares held by NPHI converted into Class A Shares on a one-for-one basis. Additionally, in January 2012, senior management of Northland exercised 5,267,372 Replacement Rights thereby acquiring Common Shares on a one-for-one basis, pursuant to the terms of these securities.

USE OF PROCEEDS

The Securities will be issued from time to time at the discretion of Northland in an aggregate principal amount of up to \$500,000,000 in Canadian currency, or the approximate equivalent thereof if Securities are issued in foreign currencies or currency units, during the 25 month period from the date of this Prospectus. The net proceeds to be derived from the issue of the Securities offered by this Prospectus will be the issue price thereof less any commission paid in connection therewith. Such net proceeds cannot be estimated at the date hereof as the amount thereof will depend on the extent to which the Securities are issued hereunder and the terms and conditions of such Securities. Northland expects that such net proceeds will be used to reduce outstanding indebtedness, to finance existing or future development projects or acquisitions and/or for general corporate purposes. The estimated amount of net proceeds and the specific use of proceeds and the business objectives to be achieved from the issuance of any Securities will be described in the relevant Prospectus Supplement.

CONSOLIDATED CAPITALIZATION OF NORTHLAND

As at December 31, 2011, Northland had 78,027,019 Common Shares outstanding. In addition, Northland had \$36.4 million of Series A Debentures outstanding which are convertible at the option of the holder at any time until December 31, 2014 into fully paid Common Shares at a conversion price of \$12.42 per Common Share and 6,000,000 Series 1 Shares outstanding. The outstanding long-term debt of Northland (excluding current portion and derivative financial instruments) as at December 31, 2011 was approximately \$938.9 million. Since December 31, 2011 there have been no material changes to the long-term debt of Northland.

EARNINGS COVERAGE RATIOS OF NORTHLAND

The following does not reflect the issuance of any Securities under this Prospectus.

Northland's dividend requirements on all of the Series 1 Shares adjusted to a before-tax equivalent using an effective income tax rate of 31%, amounted to approximately \$11.4 million for the 12 months ended December 31, 2011. Northland's borrowing cost requirements for the 12 months ended December 31, 2011 amounted to approximately \$77.5 million. Northland's income or loss attributable to Common shareholders of Northland before borrowing costs and income tax for the 12 months ended December 31, 2011 was approximately \$41.1 million, which is 0.46 times Northland's aggregate dividend and borrowing cost requirements for the period. In order to achieve an earnings coverage ratio of one-to-one for the 12 months ended December 31, 2011, Northland would need to have earned an additional \$130.0 million.

The earnings coverage ratio is below 1.0 because Northland recorded multiple non-cash adjustments during 2011 amounting to a net loss of \$143.3 million. These non-cash adjustments include change in fair value of interest rate swaps, the fair value loss on convertible Class B shares, write-down of deferred development costs, one-time impairments of property, plant and equipment and contracts and goodwill which other than goodwill may be reversed in the future depending on market economics and is off-set by the gain on transition to lease accounting. The earnings coverage ratio after giving effect to reversing the non-cash accounting losses is 1.15 to one.

Northland's earnings coverage ratio, if calculated using Northland's earnings before interest, income tax, depreciation and other non-cash items of approximately \$150.7 million for the 12-months ended December 31, 2011 and the dividend and borrowing cost requirements set out above, is 1.70 times Northland's aggregate dividend and borrowing cost requirements for the period.

RATINGS

Northland's Series 1 Shares have been assigned a rating of "P-3" by S&P. A "P-3" rating by S&P is the second highest of the three sub-categories within the third highest rating of the eight standard categories of ratings utilized by S&P for preferred shares.

Preferred share ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The preferred share rating assigned to the Series 1 Shares may not reflect the potential impact of all risks on the value of the Series 1 Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the rating.

DESCRIPTION OF THE COMMON SHARES

Holders of Common Shares are entitled to one vote in respect of each Common Share held at any meeting of the shareholders of Northland except meetings at which only the holders of a specified class or series of shares of Northland are entitled to vote. Subject to the rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors in its discretion from time to time. In addition, subject to the prior rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of the Common Shares are entitled to that portion of the balance of the assets of Northland equal to the ratio that the outstanding number of Common Shares is to the aggregate of the number of Common Shares outstanding and the product of the number of Class A Shares outstanding and the Class A Conversion Rate (as defined in the Articles) upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its shareholders.

DESCRIPTION OF THE PREFERRED SHARES

Issuance in Series

The Board of Directors may from time to time issue Preferred Shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the Board of Directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of Preferred Shares.

Voting

Subject to applicable corporate law, the Preferred Shares of each series shall be non-voting and not entitled to receive notice of any meeting of shareholders, provided that the designation, rights, privileges, restrictions and conditions may provide that if Northland shall fail, for a specified period, which is at least two years, to pay dividends at the prescribed rate on any series of the Preferred Shares, thereupon, and so long as any such dividends shall remain in arrears, the holders of that series of Preferred Shares shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class or series of shares are entitled to attend.

DESCRIPTION OF THE DEBENTURES

General

The following description of the Debentures is a brief summary of their material attributes and characteristics. The following summary uses words and terms which are defined in the Indenture (defined below). This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the Indenture. The particular terms and provisions of the Debentures offered by a Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Debentures.

The Debentures will be issued as a new series under and pursuant to the provisions of the trust indenture dated August 26, 2004, as amended and restated as of October 14, 2009 and as supplemented by the first supplemental indenture on October 15, 2009 and as supplemented by the second supplemental indenture on January 1, 2011 and as it may be further amended, restated and supplemented from time to time (the “**Indenture**”), between Northland and Computershare Trust Company of Canada, in its role as trustee under the Indenture (the “**Debenture Trustee**”).

The Indenture permits the issuance of Debentures without limitation as to the aggregate principal amount.

The Debentures will be direct obligations of Northland and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to all Senior Indebtedness of Northland as described under “Description of the Debentures — Subordination”. The Debentures will rank *pari passu* with every other series of debentures that have been issued, or may hereafter be issued, under the Indenture.

Subordination

The payment of the principal of, and interest on, Debentures will be subordinated in right of payment, in the circumstances referred to below and more particularly as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of Northland. “Senior Indebtedness” of Northland is defined in the Indenture as all indebtedness of Northland (whether outstanding as at the date of the Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. The Indenture does not limit the ability of Northland to incur additional indebtedness, including additional Senior Indebtedness at any time or from time to time or other indebtedness or otherwise mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing.

The Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to Northland, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of Northland, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of Northland, all creditors under any Senior Indebtedness will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon.

In addition to the foregoing, pursuant to the terms of the Indenture, neither the Debenture Trustee nor the Debentureholders shall be entitled to demand or otherwise attempt to enforce in any manner, institute proceedings for the collection of, or institute any proceedings against Northland including, without limitation, by way of any bankruptcy, insolvency or similar proceedings or any proceeding for the appointment of a receiver, liquidator, trustee or other similar official (it being understood and agreed that the Debenture Trustee and/or the Debentureholders shall be permitted to take any steps necessary to preserve the claims of the Debentureholders in any such proceeding and any steps necessary to prevent the extinguishment or other termination of a claim or potential claim as a result of the expiry of a limitation period), or receive any payment or benefit in any manner whatsoever on account of indebtedness represented by the Debentures at any time when an event of default (howsoever designated) has occurred and is continuing under any Senior Indebtedness and is continuing and, in each case, notice of such event of default has been given by or on behalf of the lender or lenders party to such Senior Indebtedness to Northland (the “**Senior Indebtedness Postponement Provisions**”).

Modification

The rights of the holders of the Debentures or of any series of Debentures may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make

binding on all Debentureholders resolutions passed at meetings of the Debentureholders by votes cast thereat by holders of not less than 66⅔% of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding Debentures. In certain cases, the modification will, instead of or in addition to the foregoing, require assent by the holders of the required percentage of Debentures of each particularly affected series. Under the Indenture, the Debenture Trustee will have the right to make certain amendments to the Indenture in its discretion, without the consent of the Debentureholders.

Events of Default

The Indenture provides that an event of default (“**Event of Default**”) in respect of the Debentures will occur if certain events described in the Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, on the Debentures, whether at the Maturity Date, upon redemption, by acceleration or otherwise; (iii) default in the performance of any material covenant in the Indenture that is not cured within 30 days of Northland receiving notice in writing specifying such default and requiring it to be cured; or (iv) certain events of bankruptcy, insolvency or reorganization of Northland under bankruptcy or insolvency laws. Subject to the Senior Indebtedness Postponement Provisions, if an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding Debentures, declare the principal of (and premium, if any) and accrued interest on all outstanding Debentures to be immediately due and payable.

Offers for Debentures

The Indenture contains provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by Debentureholders who did not accept the offer on the terms offered by the offeror.

Reports to Holders

Northland shall file with the Debenture Trustee, within 15 days after the filing thereof with the Ontario Securities Commission, copies of Northland’s annual report and the information, documents and other reports that Northland is required to file with the Ontario Securities Commission and deliver to security holders. Notwithstanding that Northland may not be required to remain subject to the reporting requirements of the Ontario Securities Commission, Northland shall provide to the Debenture Trustee (a) within 90 days after the end of each fiscal year, an audited annual financial statement of Northland, and (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of Northland which shall, at a minimum, contain such information as is required to be provided in financial statements under the laws of Canada or any province thereof to security holders of a company with securities listed on the TSX, whether or not Northland has any of its securities so listed. Each of such reports will be prepared in accordance with applicable Canadian disclosure requirements and generally accepted accounting principles. Northland will provide copies of such information, documents and reports to Debentureholders upon request.

Governing Law

Each of the Indenture and the Debentures are governed by, and construed in accordance with, the laws of the Province of Ontario applicable to contracts executed and to be performed entirely in such Province.

DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

The Subscription Receipts will be issued under a subscription receipt agreement. The following sets forth certain general terms and provisions of the Subscription Receipts. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Subscription Receipts. This description will include, without limitation, where applicable; (i) the number of Subscription Receipts; (ii) the price at which the Subscription Receipts will be offered; (iii) the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Common Shares and/or other securities of Northland; (iv) the number of Common Shares and/or other securities of Northland that may be issued

or delivered upon exchange of each Subscription Receipt; and (v) any other material terms and conditions of the Subscription Receipts. Common Shares and/or other securities of Northland issued or delivered upon the exchange of Subscription Receipts will be issued for no additional consideration.

DESCRIPTION OF SHARE CAPITAL OF NORTHLAND

Northland is authorized under its Articles to issue the following classes of shares in the capital of Northland:

- an unlimited number of Common Shares;
- 42,478,451 Class A Shares;
- 8,067,723 Class B Convertible Shares;
- 8,496,078 Class C Convertible Shares; and
- an unlimited number of Preferred Shares, issuable in series, of which 6,000,000 have been designated as Series 1 Shares and of which 6,000,000 have been designated as Series 2 Shares.

The following is a summary of rights, privileges, restrictions and conditions attached to the Class A Shares, the Class B Convertible Shares, Class C Convertible Shares, Series 1 Shares and Series 2 Shares.

Description of the Class A Shares

There are currently 29,851,868 Class A Shares outstanding, all of which are held by NPHI. As of January 16, 2012 (the “**Conversion Date**”), the Class A Shares are convertible into Common Shares of Northland on a one-for-one basis and participate equally share for share with the Common Shares in dividends. The Class A Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below under “Description of the Share Capital of Northland – Appointment Rights of Class A Shares and Class C Convertible Shares”. The Class A Shares, all of which are held by NPHI, are non-transferable, except on a reorganization of NPHI. On liquidation, subject to the rights of the Preferred Shares, the Class B Convertible Shares, the Class C Convertible Shares and the Common Shares, the holders of the Class A Shares share in the distribution of the balance of the assets of Northland.

Description of the Class B Convertible Shares

There are currently 8,067,723 Class B Convertible Shares outstanding. The Class B Convertible Shares are convertible into Class A Shares on a one-for-one basis based on Development Profit (as defined in the Articles) generated by qualifying projects of Northland only after all Class C Convertible Shares have been converted. The Class B Convertible Shares are non-voting and are not entitled to dividends. Each Class B Convertible Share has the right to receive \$0.001 per share on liquidation. The Class B Convertible Shares, all of which are held by NPHI, are not transferable, except on a reorganization of NPHI.

Description of the Class C Convertible Shares

There are currently 4,289,808 Class C Convertible Shares outstanding. The Class C Convertible Shares are convertible into Class A Shares on a one-for-one basis based on the first \$100 million of Development Profit (as defined in the Articles) generated by qualifying projects of Northland. The Class C Convertible Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below under “Description of the Share Capital of Northland – Appointment Rights of Class A Shares and Class C Convertible Shares”. The Class C Convertible Shares are not entitled to dividends but have the right to receive \$0.001 per share on liquidation. The Class C Convertible Shares, all of which are held by NPHI, are not transferable, except on a reorganization of NPHI.

Appointment Rights of Class A Shares and Class C Convertible Shares

NPHI, as the only holder of the Class A Shares and Class C Convertible Shares, can exercise special appointment rights for directors as long as it holds Class A Shares and the thresholds described in the Articles are met. If NPHI converts all of the Class A Shares and Class C Convertible Shares that it holds into Common Shares, it will no longer have special director appointment rights.

So long as NPHI is controlled directly or indirectly by James C. Temerty and the aggregate number of votes attributed to the Class A Shares and the Class C Convertible Shares and the NPHI Held Common Shares represents at least 15% of the votes attributed to the Voting Shares outstanding, holders of the Class A Shares and the Class C Convertible Shares will have the right to elect 49% of the directors of Northland and if such NPHI ownership threshold is less than 15% but at least 10% of the Voting Shares, then NPHI's right to elect directors of Northland is reduced to 40% of the directors.

If NPHI is controlled directly or indirectly by a Temerty Entity, (and not Mr. Temerty), and the aggregate number of votes attributed to the Class A Shares and the Class C Convertible Shares and Temerty Entity Held Common Shares represents at least 20% of the votes attributed to the Voting Shares outstanding, then holders of the Class A Shares and the Class C Convertible Shares will have the right to elect up to 49% of the directors of Northland, or 40% of the directors of Northland if the ownership threshold is less than 20% but at least 15%.

NPHI can decide whether to exercise the special director election rights for any particular director election. If NPHI exercises the special director election rights for a particular election, then the holders of the Common Shares are entitled to elect the balance of the directors. If NPHI does not elect to exercise, the holders of the Class A Shares and the Class C Shares vote with the holders of the Common Shares for all directors.

Description of the Series 1 Shares

The following is a summary of certain provisions attaching to the Series 1 Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 1 Shares.

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.80%.

“Bloomberg Screen GCAN5YR Page” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Yields.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by Northland, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period from and including the Closing Date to, but excluding, September 30, 2015.

“Subsequent Fixed Rate Period” means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2015 to, but excluding, September 30, 2020 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, September 30 in the fifth year thereafter.

Dividends

During the Initial Fixed Rate Period, the holders of the Series 1 Shares will be entitled to receive fixed, cumulative, preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last Business Day of March, June, September and December in each year during the Initial Fixed Rate Period, at an annual rate equal to \$1.3125 per share.

During each Subsequent Fixed Rate Period, the holders of Series 1 Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last Business Day of March, June, September and December in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by Northland on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding on Northland and all holders of Series 1 Shares. Northland will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 1 Shares.

Payments of dividends and other amounts in respect of the Series 1 Shares will be made by Northland to CDS, or its nominee, as the case may be, as registered holder of the Series 1 Shares. As long as CDS, or its nominee, is the registered holder of the Series 1 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 1 Shares for the purposes of receiving payment on the Series 1 Shares.

Redemption

The Series 1 Shares will not be redeemable by Northland prior to September 30, 2015. On September 30, 2015 and on September 30 every five years thereafter (or, if such date is not a Business Day, the immediately following Business Day), and subject to certain other restrictions set out below under the heading “Description of the Series 1 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series 1 Shares by payment in cash of a per share sum equal to \$25.00, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by Northland).

If less than all of the outstanding Series 1 Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series 1 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 1 Shares.

Conversion of Series 1 Shares into Series 2 Shares

Each holder of Series 1 Shares will have the right, at its option, on September 30, 2015 and on September 30 every five years thereafter (a “**Series 1 Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to Northland of evidence of payment of the tax (if any) payable, all or any of its Series 1 Shares into Series 2 Shares on the basis of one Series 2 Share for each Series 1 Share converted. If a Series 1 Conversion Date falls on a day that is not a Business Day, such Series 1 Conversion Date will be the immediately following Business Day. The conversion of Series 1 Shares may be effected upon written notice (each notice an “**Election Notice**”) given by the registered holder of the Series 1 Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series 1 Conversion Date. Once received by Northland, an election notice is irrevocable.

Northland will, at least 30 days and not more than 60 days prior to the applicable Series 1 Conversion Date, give notice in writing to the then registered holders of the Series 1 Shares of the Series 1 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 1 Conversion Date, Northland will give notice in writing to the then registered holders of the Series 1 Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 2 Shares for the next succeeding Quarterly Floating Rate Period (as these terms are defined below).

If Northland gives notice to the registered holders of the Series 1 Shares of the redemption on a Series 1 Conversion Date of all the Series 1 Shares, Northland will not be required to give notice as provided hereunder to the registered holders of the Series 1 Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 1 Shares and the right of any holder of Series 1 Shares to convert such Series 1 Shares will cease and terminate in that event.

Holders of Series 1 Shares will not be entitled to convert their shares into Series 2 Shares if Northland determines that there would remain outstanding on a Series 1 Conversion Date fewer than 1,000,000 Series 2 Shares, after having taken into account all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares and all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares. Northland will give notice in writing to all affected holders of Series 1 Shares of their inability to convert their Series 1 Shares at least seven days prior to the applicable Series 1 Conversion Date. Furthermore, if Northland determines that there would remain outstanding on a Series 1 Conversion Date fewer than 1,000,000 Series 1 Shares, after having taken into account all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares and all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares, then, all, but not part, of the remaining outstanding Series 1 Shares will automatically be converted into Series 2 Shares on the basis of one Series 2 Share for each Series 1 Share, on the applicable Series 1 Conversion Date. Northland will give notice in writing to this effect to the then registered holders of such remaining Series 1 Shares at least seven days prior to the applicable Series 1 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 1 Shares into Series 2 Shares (and upon an automatic conversion), Northland reserves the right not to issue Series 2 Shares to any person whose address is in, or whom Northland or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require Northland to take any action to comply with the securities or analogous laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under “Description of the Series 1 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may at any time purchase for cancellation all or any number of the Series 1 Shares outstanding at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Northland or any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of Northland and of holders of shares of Northland ranking prior to the Series 1 Shares, the holders of the Series 1 Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by Northland), before any amount is paid or any assets of Northland are distributed to the holders of any other class of shares of Northland. Upon payment of such amounts, the holders of the Series 1 Shares will not be entitled to share in any further distribution of the assets of Northland.

Priority

The Series 1 Shares rank senior to the Common Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs. The Series 1 Shares rank on a parity with every other series of Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series 1 Shares are outstanding, Northland will not, without the approval of the holders of the Series 1 Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of Northland ranking as to capital and dividends junior to the Series 1 Shares) on any shares of Northland ranking as to dividends junior to the Series 1 Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of Northland ranking as to return of capital and dividends junior to the Series 1 Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of Northland ranking as to capital junior to the Series 1 Shares;

- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 1 Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preferred Shares, ranking as to the payment of dividends or return of capital on a parity with the Series 1 Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series 1 Shares and on all other shares of Northland ranking prior to or on a parity with the Series 1 Shares with respect to the payment of dividends have been declared and paid or monies set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 1 Shares as a series and any other approval to be given by the holders of the Series 1 Shares may be given by a resolution signed by all holders of the Series 1 Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of 10% of the outstanding Series 1 Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 1 Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 1 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 1 Share held by such Holder.

Voting Rights

The holders of the Series 1 Shares will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of all holders of Series 1 Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of Northland, unless and until Northland shall have failed to pay eight quarterly dividends on the Series 1 Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of Northland properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series 1 Shares will be entitled to receive notice of and to attend each meeting of Northland's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of Northland on the basis of one vote in respect of each Series 1 Share held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Series 1 Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

Description of the Series 2 Shares

The following is a summary of certain provisions attaching to the Series 2 Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 2 Shares.

“Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.80% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Quarterly Commencement Date” means the last day of each of March, June, September and December in each year.

“Quarterly Floating Rate Period” means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2015 to, but excluding, December 31, 2015, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on 90-day Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Dividends

The holders of the Series 2 Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last Business Day of March, June, September and December in each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by Northland on the Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon Northland and upon all holders of Series 2 Shares. Northland will, on the relevant Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 2 Shares.

Payments of dividends and other amounts in respect of the Series 2 Shares will be made by Northland to CDS, or its nominee, as the case may be, as registered holder of the Series 2 Shares. As long as CDS, or its nominee, is the registered holder of the Series 2 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 2 Shares for the purposes of receiving payment on the Series 2 Shares.

Redemption

The Series 2 Shares will not be redeemable by Northland on or prior to September 30, 2015. Subject to certain other restrictions set out below under the heading “Description of the Series 2 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series 2 Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on September 30, 2020 and on September 30 every five years thereafter (each a “**Series 2 Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series 2 Conversion Date after September 30, 2015, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by Northland). If a Series 2 Conversion Date falls on a day that is not a Business Day, such Series 2 Conversion Date will be the immediately following Business Day.

If less than all of the outstanding Series 2 Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series 2 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 2 Shares.

Conversion of Series 2 Shares into Series 1 Shares

Each holder of Series 2 Shares will have the right, at its option, on any Series 2 Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to Northland of evidence of payment of the tax (if any) payable, all or any of its Series 2 Shares into Series 1 Shares on the basis of one Series 1 Share for each Series 2 Share converted. If a Series 2 Conversion Date falls on a day that is not a Business Day, such Series 2 Conversion Date will be the immediately following Business Day. The conversion of Series 2 Shares may be effected upon an Election Notice given by the registered holder of the Series 2 Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series 2 Conversion Date. Once received by Northland, an Election Notice is irrevocable.

Northland will, at least 30 days and not more than 60 days prior to the applicable Series 2 Conversion Date, give notice in writing to the then registered holders of the Series 2 Shares of the Series 2 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 2 Conversion Date, Northland will give notice in writing to the then registered holders of Series 2 Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and of the Annual Fixed Dividend Rate applicable to the Series 1 Shares for the next Subsequent Fixed Rate Period.

If Northland gives notice to the registered holders of the Series 2 Shares of the redemption on a Series 2 Conversion Date of all the Series 2 Shares, Northland will not be required to give notice as provided hereunder to the registered holders of the Series 2 Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 2 Shares and the right of any holder of Series 2 Shares to convert such Series 2 Shares will cease and terminate in that event.

Holders of Series 2 Shares will not be entitled to convert their shares into Series 1 Shares if Northland determines that there would remain outstanding on a Series 2 Conversion Date fewer than 1,000,000 Series 1 Shares, after having taken into account all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares and all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares. Northland will give notice in writing to all affected holders of Series 2 Shares of their inability to convert their Series 2 Shares at least seven days prior to the applicable Series 2 Conversion Date. Furthermore, if Northland determines that there would remain outstanding on a Series 2 Conversion Date fewer than 1,000,000 Series 2 Shares, after having taken into account all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares and all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares, then, all, but not part, of the remaining outstanding Series 2 Shares will automatically be converted into Series 1 Shares on the basis of one Series 1 Share for each Series 2 Share, on the applicable Series 2 Conversion Date. Northland will give notice in writing to this effect to the then registered holders of such remaining Series 2 Shares at least seven days prior to the applicable Series 2 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 2 Shares into Series 1 Shares (and upon an automatic conversion), Northland reserves the right not to issue Series 1 Shares to any person whose address is in, or whom Northland or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require Northland to take any action to comply with the securities or analogous laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under “Description of the Series 2 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may at any time purchase for cancellation all or any number of the Series 2 Shares outstanding at the lowest price or prices at which in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Northland or any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of Northland and of holders of shares of Northland ranking prior to the Series 2 Shares, the holders of the Series 2 Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by Northland), before any amount is paid or any assets of Northland are distributed to the holders of any other class of shares of Northland. Upon payment of such amounts, the holders of the Series 2 Shares will not be entitled to share in any further distribution of the assets of Northland.

Priority

The Series 2 Shares rank senior to the Common Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs. The Series 2 Shares rank on a parity with every other series of Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series 2 Shares are outstanding, Northland will not, without the approval of the holders of the Series 2 Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of Northland ranking as to capital and dividends junior to the Series 2 Shares) on any shares of Northland ranking as to dividends junior to Series 2 Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of Northland ranking as to return of capital and dividends junior to the Series 2 Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of Northland ranking as to capital junior to the Series 2 Shares;
- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 2 Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or pay off of all Series 2 Shares, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preferred Shares, ranking as to the payment of dividends or return of capital on a parity with the Series 2 Shares;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series 2 Shares and on all other shares of Northland ranking prior to or on a parity with the Series 2 Shares with respect to the payment of dividends have been declared and paid or monies set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 2 Shares as a series and any other approval to be given by the holders of the Series 2 Shares may be given by a resolution signed by all holders of the Series 2 Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of 10% of the outstanding Series 2 Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 2 Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 2 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 2 Share held by such holder.

Voting Rights

The holders of the Series 2 Shares will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of all holders of Series 2 Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of Northland, unless and until Northland shall have failed to pay eight quarterly dividends on the Series 2 Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of Northland properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series 2 Shares will be entitled to receive notice of and to attend each meeting of Northland's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of Northland on the basis of one vote in respect of each Series 2 Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Series 2 Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

MARKET FOR SECURITIES

Common Shares

The outstanding Common Shares of Northland are listed and posted for trading on the TSX under the trading symbol "NPI". The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Common Shares as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
March (March 1 to 22)	\$17.890	\$16.840	2,179,361
February	\$17.830	\$16.820	2,374,565
January	\$18.080	\$16.540	2,665,621
2011			
December.....	\$18.000	\$16.660	2,773,521
November.....	\$17.040	\$16.060	2,359,878
October.....	\$16.670	\$15.080	2,544,986
September.....	\$16.450	\$15.000	3,256,860
August.....	\$16.500	\$14.590	3,194,066
July.....	\$16.770	\$15.850	1,887,895
June.....	\$17.200	\$15.500	3,250,890
May.....	\$17.340	\$15.790	2,086,013
April.....	\$16.350	\$15.470	2,230,102
March.....	\$16.100	\$14.930	3,222,355

Preferred Shares

The outstanding Series 1 Preferred Shares of Northland are listed and posted for trading on the TSX under the trading symbol "NPI.PR.A". The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Series Preferred Shares as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
March (March 1 to 22)	\$26.100	\$25.000	36,691
February	\$25.860	\$25.350	58,910
January	\$26.530	\$25.400	47,061
2011			
December.....	\$25.670	\$25.230	52,958
November.....	\$25.590	\$25.200	76,290
October.....	\$25.400	\$24.580	86,021
September.....	\$25.660	\$25.000	56,267
August.....	\$25.800	\$24.730	97,850
July.....	\$25.840	\$25.450	61,106
June.....	\$25.790	\$25.250	65,497
May.....	\$26.170	\$25.510	95,275
April.....	\$25.990	\$25.450	73,327
March.....	\$26.080	\$25.050	65,830

Debentures

The outstanding Series A Debentures of Northland are listed and posted for trading on the TSX under the trading symbol "NPI.DB.A". The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Series A Debentures as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
March (March 1 to 22)	\$143.250	\$135.910	680,000
February	\$142.000	\$135.400	756,000
January	\$145.000	\$134.180	1,125,000
2011			
December.....	\$144.500	\$134.620	569,000
November	\$136.000	\$131.320	831,000
October	\$133.360	\$122.000	680,000
September.....	\$131.670	\$122.040	7,673,000
August	\$130.500	\$121.000	385,000
July	\$134.110	\$128.000	423,000
June.....	\$138.010	\$125.060	1,872,000
May.....	\$139.370	\$127.660	1,392,000
April	\$130.970	\$126.260	1,614,000
March	\$128.300	\$120.000	1,399,000

PLAN OF DISTRIBUTION

Northland may sell the Securities to or through underwriters or dealers, and also may sell Securities to one or more other purchasers directly, if permitted under applicable securities law, or through agents. Each Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters or dealers, the purchase price or prices of the Securities and the proceeds to Northland from the sale of the Securities.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or negotiated prices.

Underwriters or dealers who participate in the distribution of Securities may be entitled under agreements to be entered into with Northland to indemnification by Northland against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or dealers may be required to make in respect thereof. Such underwriters or dealers may be customers of, engage in transactions with, or perform services for, Northland in the ordinary course of business.

In connection with any offering of Securities, the underwriters or dealers may over allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser that acquires Securities forming part of an over-allocation position acquires such Securities under this Prospectus.

RISK FACTORS

Prospective investors in a particular offering of the Securities should carefully consider, in addition to information contained in the Prospectus Supplement relating to that offering and the information incorporated by reference herein for the purposes of the offering, the risk factor listed below and risks described in Northland's then current annual information form, as well as Northland's then current annual management's discussion and analysis and interim management's discussion and analysis, if applicable, to the extent incorporated by reference herein for the purposes of that particular offering of Securities.

No Market for the Securities

There is currently no trading market for any Preferred Shares (other than the Series 1 Shares), Debentures (other than the Series A Debentures) or Subscription Receipts that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which the securities trade may be adversely affected. Whether or not the securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and Northland's financial condition, historic financial performance and future prospects.

LEGAL MATTERS

Certain legal matters relating to the offering of the Securities will be passed upon by Borden Ladner Gervais LLP with respect to matters on behalf of Northland.

As of March 22, 2012 the partners and associates of Borden Ladner Gervais LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of Northland. Linda Bertoldi, a partner of Borden Ladner Gervais LLP, is a Director of Northland. If any underwriters or dealers named in a Prospectus Supplement retained their own counsel to pass upon legal matters relating to the Securities, such counsel will be named in the Prospectus Supplement.

AUDITORS

The auditors of Northland are Ernst & Young LLP, Chartered Accountants, Toronto, Ontario. To the knowledge of Northland, Ernst & Young LLP is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

CONTRACTUAL RIGHTS OF RESCISSION

Original purchasers of Debentures that are convertible into other securities of Northland or of Subscription Receipts will have a contractual right of rescission against Northland in respect of the conversion, exchange or exercise of such a Debenture or Subscription Receipt. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law.

Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

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, revisions 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 the particulars of these rights or consult with a legal adviser.

GLOSSARY OF TERMS

In this Prospectus, the following terms have the meanings set forth below unless otherwise indicated:

“\$” means Canadian dollars, unless otherwise specified.

“**AIF**” means the annual information form of Northland dated March 31, 2011 for the year ended December 31, 2010.

“**Annual Financial Statements**” means the audited consolidated financial statements of Northland for the year ended December 31, 2011.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.80%.

“**Arrangement**” means the arrangement under the provisions of section 182 of the *Business Corporations Act* (Ontario), on the terms and conditions set forth in the plan of arrangement attached to the Articles.

“**Articles**” means the articles of arrangement of Northland, dated January 1, 2011.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Yields.

“**Board of Directors**” means the board of directors of Northland.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is a statutory or civic holiday in the place where the Corporation has its head office.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Class A Shares**” means the Class A shares of Northland.

“**Class B Convertible Shares**” means the Class B convertible shares of Northland.

“**Class C Convertible Shares**” means the Class C convertible shares of Northland.

“**Cochrane**” means a 42 MW biomass and natural gas-fired combined cycle facility located near Cochrane, Ontario.

“**Common Shares**” means the common shares of Northland.

“**Debenture Trustee**” means Computershare Trust Company of Canada in its role as trustee under the Indenture.

“**Debentures**” means debenture of Northland issued pursuant to the Indenture.

“**Election Notice**” means the written notice given to the Corporation by holders of Series 1 Shares or Series 2 Shares to effect the conversion of such shares.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.80% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Frampton**” means the 24 MW wind farm project under development in Frampton, Quebec.

“**Fund**” means Northland Power Income Fund, a trust established pursuant to the laws of the Province of Ontario.

“**German Wind Farms**” means the wind farms totalling 22 MW located in eastern Germany.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity

of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Grand Bend**” means the 100 MW wind farm to be located in the Grand Bend area of Ontario.

“**Ground-Mount Solar**” means the 130 MW Ontario ground-mounted solar portfolio comprising 13 projects under development.

“**Held**” means to beneficially own or have control or direction over.

“**Indenture**” means the trust indenture between Northland and the Debenture Trustee made as of August 26, 2004 as amended, restated and supplemented from time to time.

“**Initial Fixed Rate Period**” means the initial five year period from and including July 28, 2010 to, but excluding September 30, 2015.

“**Iroquois Falls**” means the 120 MW electricity and steam generating facility located in Iroquois Falls, Ontario and all ancillary assets.

“**Jardin**” means the 127.5 MW wind farm located in the Gaspésie region of Quebec.

“**Kabinakagami**” means the four run-of-river hydro projects totalling 26 MW in development on the Kabinakagami River near Hearst, Ontario.

“**Kingston**” means the 110 MW natural-gas-fired combined cycle facility located in eastern Ontario.

“**Kirkland Lake**” means the 102 MW biomass and natural gas-fired combined cycle baseload power plant and a 30 MW natural gas-fired peaking facility located near Kirkland Lake, Ontario.

“**McLean’s Mountain**” means the 60 MW wind farm development project located on Manitoulin Island, Ontario.

“**Mount Louis**” means the 100.5 MW wind farm located in the Gaspésie region of Quebec.

“**MW**” or “**Megawatt**” means a megawatt, which is 1,000 kilowatts or 1,000,000 watts of electrical energy.

“**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators, as amended from time to time.

“**North Battleford**” means the 260 MW natural-gas-fired combined-cycle project under construction in northwest Saskatchewan.

“**Northland**” means Northland Power Inc.

“**NPHI**” means Northland Power Holdings Inc., a corporation incorporated under the laws of the Province of Ontario and indirectly wholly-owned by James C. Temerty, the Chair of Northland.

“**NPHI Held Common Shares**” means those Common Shares Held by NPHI and/or James C. Temerty for which NPHI has provided to the Board of Directors such reasonable evidence as the Board of Directors may require regarding the ownership of the Common Shares Held by NPHI and James C. Temerty together with an undertaking from the registered holder thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors.

“**OPA**” means the Ontario Power Authority.

“**Panda-Brandywine**” means the 230 MW combined-cycle Panda-Brandywine facility located outside Washington, D.C.

“**PPA**” means a power purchase agreement.

“**Preferred Shares**” means the preferred shares of the Corporation, issuable in a series.

“**Prospectus**” means this short form base shelf prospectus.

“**Prospectus Supplement**” means a supplement to this Prospectus setting forth the specific variable terms of any offering of Securities.

“**Quarterly Commencement Date**” means the last day of each of March, June, September and December in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2015 to, but excluding, December 31, 2015, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

“**SaskPower**” means the Saskatchewan Power Corporation.

“**Securities**” means, collectively, the Common Shares, Preferred Shares, Debentures and Subscription Receipts of Northland.

“**Series 1 Conversion Date**” means September 30, 2015 and September 30 every five years thereafter.

“**Series 1 Shares**” means the Cumulative Rate Reset Preferred Shares, Series 1 of Northland.

“**Series 2 Conversion Date**” means September 30, 2020 and September 30 every five years thereafter.

“**Series 2 Shares**” means the Cumulative Floating Rate Preferred Shares, Series 2 of Northland.

“**Series A Debentures**” means the 6.25% convertible unsecured subordinated debentures, Series A of Northland due December 31, 2014.

“**Solar Projects**” means the 13 ground-mounted solar projects totalling 130 MW to be located across Ontario.

“**Spy Hill**” means the 86 MW natural-gas-fired peaking facility located in eastern Saskatchewan.

“**Subscription Receipts**” means subscription receipts of Northland.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2015 to, but excluding, September 30, 2020 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, September 30 in the fifth year thereafter.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder.

“**Temerty Entity**” means The Temerty Family Foundation, the spouse or child of, or the estate of, James C. Temerty.

“**Temerty Entity Held Common Shares**” means those Common Shares Held by a Temerty Entity for which NPFI has provided to the Board of Directors such reasonable evidence as the Board of Directors may require regarding the ownership of the Common Shares Held by Temerty Entities together with an undertaking from the registered owners thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on 90-day Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Thorold**” means the 265 MW (nominal) natural gas-fired cogeneration facility located in Thorold, Ontario.

“**TSX**” means the Toronto Stock Exchange.

AUDITORS' CONSENT

We have read the short form base shelf prospectus of Northland Power Inc. ("**Northland**") dated March 23, 2012 relating to the sale and issue of Common Shares, Preferred Shares, Debentures and Subscription Receipts of Northland. 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 prospectus of our report to the Shareholders of Northland on the consolidated balance sheets as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of income (loss), comprehensive (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010. Our report is dated February 22, 2012.

Toronto, Ontario
March 23, 2012

(Signed) Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

CERTIFICATE OF NORTHLAND

Dated: March 23, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada.

NORTHLAND POWER INC.

(Signed) JOHN W. BRACE
Chief Executive Officer

(Signed) PAUL J. BRADLEY
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) JAMES C. TEMERTY
Director

(Signed) LINDA L. BERTOLDI
Director