

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 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 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

May 15, 2012



**NORTHLAND
POWER**

NORTHLAND POWER INC.

\$120,000,000

4,800,000 Cumulative Rate Reset Preferred Shares, Series 3

The Prospectus, as supplemented by this prospectus supplement, qualifies the distribution (the “Offering”) of 4,800,000 Cumulative Rate Reset Preferred Shares, Series 3 (the “Series 3 Shares”) of Northland Power Inc. (“Northland”) at a price of \$25.00 per Series 3 Share (the “Offering Price”). For the initial period from and including the Closing Date (as defined herein) to, but excluding December 31, 2017 (the “Initial Fixed Rate Period”), the holders of Series 3 Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the board of directors (the “Board of Directors”) of Northland, payable quarterly on the last Business Day (as defined herein) of March, June, September and December in each year at an annual rate equal to \$1.25 per share. The initial dividend will be payable June 29, 2012 and will be \$0.1267 per share, based on the anticipated closing date of May 24, 2012 (the “Closing Date”). See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”), the holders of the Series 3 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 (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for each Subsequent Fixed Rate Period will be equal to the sum of the Government of Canada Yield (as defined herein) on the 30th day prior to the first day of such Subsequent Fixed Rate Period plus 3.46%. See “Details of the Offering”.

Option to Convert Into Series 4 Shares

Each holder of Series 3 Shares will have the right, at its option, to convert all or any of its Series 3 Shares into Cumulative Floating Rate Preferred Shares, Series 4 (the “Series 4 Shares”) of Northland on the basis of one Series 4 Share for each Series 3 Share converted, subject to certain conditions, on December 31, 2017 and on December 31 every five years thereafter. The holders of Series 4 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 Series 4 Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate for a Quarterly Floating Rate Period (as defined herein) will be equal to the sum of the T-Bill Rate (as defined herein) plus 3.46% per annum (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See “Details of the Offering”.

The Series 3 Shares will not be redeemable by Northland prior to December 31, 2017. On December 31, 2017 and on December 31 every five years thereafter, subject to certain other restrictions set out in “Details of the Offering – Description of the Series 3 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 for cash all or any number of the outstanding Series 3 Shares for \$25.00 per Series 3 Share, 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). See “Details of the Offering – Description of the Series 3 Shares – Redemption”.

The Series 4 Shares will not be redeemable by Northland on or prior to December 31, 2017. Subject to certain other restrictions set out in “Details of the Offering – Description of the Series 4 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 4 Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on December 31, 2022 and on December 31

(continued on next page)

every five years thereafter (each a “**Series 4 Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series 4 Conversion Date after December 31, 2017, 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). See “Details of the Offering – Description of the Series 4 Shares – Redemption”.

The Series 3 Shares and the Series 4 Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See “Risk Factors”.

The Toronto Stock Exchange (the “**TSX**”) has conditionally approved the listing of the Series 3 Shares and the Series 4 Shares. The Series 3 Shares will be listed under the symbol “NPL.PR.C”. Listing is subject to Northland fulfilling all of the listing requirements of the TSX on or before August 13, 2012.

Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation (“**S&P**”), has assigned a rating of P-3 for the Series 3 Shares. See “Ratings”.

**Price: \$25.00 per Series 3 Share
to yield initially 5.00% per annum**

CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., RBC Dominion Securities Inc., TD Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc., FirstEnergy Capital Corp. and Macquarie Capital Markets Canada Ltd. are acting as underwriters (collectively, the “**Underwriters**”) of this Offering. The Underwriters, as principals, conditionally offer the Series 3 Shares, subject to prior sale, if, as and when issued and sold by Northland and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of Northland by Borden Ladner Gervais LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. The terms of the Offering were established through negotiation between Northland and CIBC World Markets Inc. on behalf of the Underwriters. See “Plan of Distribution”.

Subject to applicable laws and in connection with this distribution, the Underwriters may effect transactions which stabilize or maintain the market price of the Series 3 Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

	Price to the Public	Fees⁽¹⁾	Net Proceeds to Northland⁽²⁾
Per Series 3 Share	\$25.00	\$0.75	\$24.25
Total.....	\$120,000,000	\$3,600,000	\$116,400,000

Notes:

- (1) The Underwriters’ fee for the Series 3 Shares is \$0.25 for each such share sold to certain institutions and \$0.75 per share for all other Series 3 Shares sold by the Underwriters. The Underwriters’ fee indicated in the table assumes that no Series 3 Shares are sold to such institutions and is equal to 3% of the gross proceeds of the Offering.
- (2) After deducting the Underwriters’ fee, but before deducting the aggregate expenses of the Offering, estimated to be \$400,000, which, together with the Underwriters’ fee, will be paid by Northland.

After the Underwriters have made a bona fide effort to sell all of the Series 3 Shares offered pursuant to this Offering, at the Offering Price fixed in this prospectus supplement, the Underwriters may reduce the Offering Price 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”.

Each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., RBC Dominion Securities 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”.

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

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased pursuant to this Offering. 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”. Investing in the Series 3 Shares and the Series 4 Shares involves risks that should be considered by prospective purchasers, certain of which are described at pages S-16 through S-18 of this prospectus supplement, pages 21 to 22 of the Prospectus, and at pages 45 to 53 of Northland’s Annual Information Form dated March 30, 2012.

Subscriptions for the Series 3 Shares will be received by the Underwriters 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. The closing of the Offering is expected to occur on or about May 24, 2012 or on such later date as Northland and the Underwriters may agree, but in any event, not later than June 25, 2012. At closing, a book entry only certificate representing the Series 3 Shares distributed hereunder will be issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Closing Date. Northland understands that a purchaser of Series 3 Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series 3 Shares are purchased. See “Book-Entry Only System”.

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

TABLE OF CONTENTS

	Page
IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS.....	S-2
DOCUMENTS INCORPORATED BY REFERENCE	S-2
FORWARD-LOOKING STATEMENTS.....	S-3
USE OF PROCEEDS	S-4
EARNINGS COVERAGE RATIOS OF NORTHLAND	S-4
RATINGS.....	S-4
CONSOLIDATED CAPITALIZATION OF NORTHLAND.....	S-5
DETAILS OF THE OFFERING	S-5
BOOK-ENTRY ONLY SYSTEM	S-12
PLAN OF DISTRIBUTION.....	S-12
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	S-14
ELIGIBILITY FOR INVESTMENT.....	S-15
RISK FACTORS	S-16
TRADING PRICE AND VOLUME OF THE SECURITIES OF NORTHLAND	S-18
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	S-19
LEGAL MATTERS	S-20
PURCHASERS' STATUTORY RIGHTS	S-20
AUDITORS' CONSENT	A-1
CERTIFICATE OF NORTHLAND.....	C-1
CERTIFICATE OF THE UNDERWRITERS.....	C-2

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 Cumulative Rate Reset Preferred Shares, Series 3 (the “**Series 3 Shares**”) of Northland Power Inc. (“**Northland**”) being offered and also adds to and updates certain information contained in the Prospectus (as defined herein) and the documents incorporated by reference therein. The second part, the accompanying base shelf prospectus, gives more general information, some of which may not apply to the Series 3 Shares offered hereunder. The accompanying base shelf prospectus is referred to as the “**Prospectus**” in this prospectus supplement.

Northland is not, and the Underwriters (as defined below) are not, making an offer to sell these Series 3 Shares 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 Series 3 Shares 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 March 30, 2012 for the year ended December 31, 2011 (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, together with the auditors’ report thereon dated February 22, 2012 (the “**Annual Financial Statements**”);
- (c) management’s discussion and analysis related to the Annual Financial Statements;
- (d) unaudited consolidated financial statements of Northland for the three months ended March 31, 2012, including the consolidated balance sheets as at March 31, 2012 and December 31, 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months ended March 31, 2012 and 2011 and related notes (the “**Q1 Financial Statements**”);
- (e) management’s discussion and analysis related to the Q1 Financial Statements; and
- (f) management information circular dated April 20, 2012 prepared in connection with the annual meeting of Shareholders to be held on May 24, 2012.

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 Series 3 Shares 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.

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 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 supplement, the Prospectus and the documents incorporated by reference herein are based on assumptions that were 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.

USE OF PROCEEDS

The net proceeds from the offering of Series 3 Shares under the Prospectus, as supplemented by this prospectus supplement (the “**Offering**”), after deducting fees payable to the Underwriters (as defined below) and estimated expenses of the Offering, are estimated to be \$116 million. Northland intends to use the funds to fund the equity portion of its first six ground mounted solar projects, fund additional ground mounted solar project development, repay bank indebtedness, replenish working capital and for general corporate purposes.

EARNINGS COVERAGE RATIOS OF NORTHLAND

Northland’s dividend requirements on all of the preferred shares of Northland, issuable in series (the “**Preferred Shares**”), after giving effect to the issue of the Series 3 Shares, and adjusted to a before-tax equivalent using an effective income tax rate of 32%, amounted to approximately \$21 million for the 12-months ended December 31, 2011 and for the 12-months ended March 31, 2012. Northland’s borrowing cost requirements for the 12-months ended December 31, 2011 and March 31, 2012 amounted to approximately \$77.5 million and \$82.7 million, respectively. Northland’s loss before borrowing costs and income taxes for the 12-months ended December 31, 2011 and March 31, 2012 was approximately \$41.1 million and \$5.9 million, respectively, which is (0.42) times Northland’s aggregate dividend and interest requirements for the 12-months ended December 31, 2011 and (0.06) times Northland’s aggregate dividend and interest requirements for the 12-months ended March 31, 2012. In order to achieve an earnings coverage ratio of one-to-one for the 12-months ended December 31, 2011 and for the 12-months ended March 31, 2012, Northland would need to have earned an additional \$139.1 million and \$109.1 million, respectively.

The earnings coverage ratios are below 1.0 for both periods because Northland recorded multiple non-cash adjustments amounting to a net loss of \$143.3 million for the 12-months ended December 31, 2011 and a net loss of \$119.3 million for the 12-months ended March 31, 2012. These non-cash adjustments include changes in fair value of interest rate swaps, the fair value loss on convertible Class B shares of Northland, 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 offset by the gain on transition to lease accounting. The earnings coverage ratio after giving effect to reversing the non-cash accounting adjustments would have been 1.04 to one for the 12-months ended December 31, 2011 and 1.10 to one for the 12-months ended March 31, 2012.

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 \$161.6 million for the 12-months ended March 31, 2012 and the dividend and borrowing cost requirements set out above, is 1.54 times Northland’s aggregate dividend and borrowing cost requirements for the 12-months ended December 31, 2012 and 1.57 times for the 12-months ended March 31, 2012.

RATINGS

Northland’s Series 3 Shares have been assigned a rating of “P-3” by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation (“**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 3 Shares may not reflect the potential impact of all risks on the value of the Series 3 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. Any rating may not remain in effect for any given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, Northland is under no obligation to update this prospectus supplement. The lowering of any rating of the Series 3 Shares may negatively affect the quoted market price, if any, of such shares. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the rating.

Northland has paid S&P the customary fees in connection with obtaining the rating described herein. Over the past two years, Northland has made certain payments to S&P for services unrelated to the provision of such rating.

CONSOLIDATED CAPITALIZATION OF NORTHLAND

As at March 31, 2012, Northland had 84,045,243 common shares (“**Common Shares**”), 29,851,868 Class A Shares, 8,067,723 Class B Convertible Shares, and 4,289,808 Class C Convertible Shares outstanding. In addition, Northland has: (i) \$33.2 million of the 6.25% convertible unsecured subordinated debentures, Series A of Northland due December 31, 2014 (the “**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 (ii) 6,000,000 Cumulative Rate Reset Preferred Shares, Series 1 of Northland (the “**Series 1 Shares**”) outstanding. The outstanding long-term debt of Northland (excluding current portion and derivative financial instruments) as at March 31, 2012 was approximately \$1.0 billion. Since March 31, 2012 there have been no material changes to the long-term debt of Northland. Upon completion of the Offering, Northland will have 4,800,000 Series 3 Shares outstanding.

DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions to be attached to the Series 3 Shares and the Cumulative Floating Rate Preferred Shares, Series 4 of Northland (the “**Series 4 Shares**”).

Description of the Series 3 Shares

The following is a summary of certain provisions attaching to the Series 3 Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 3 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 3.46%.

“**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 (as defined below) to, but excluding December 31, 2017.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including December 31, 2017 to, but excluding, December 31, 2022 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, December 31 in the fifth year thereafter.

Issue Price

The Series 3 Shares will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of the Series 3 Shares will be entitled to receive fixed, cumulative, preferential cash dividends, as and when declared by the board of directors of Northland (the “**Board of Directors**”), payable quarterly on the last Business Day (a “**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 Northland has its head office) of March, June, September and December in each year during the Initial Fixed Rate Period, at an annual rate equal to \$1.25 per share. The initial dividend will be payable June 29, 2012 and will be \$0.1267 per share, based on the anticipated closing date of May 24, 2012 (the “**Closing Date**”).

During each Subsequent Fixed Rate Period, the holders of Series 3 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 3 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 3 Shares.

Payments of dividends and other amounts in respect of the Series 3 Shares will be made by Northland to CDS Clearing and Depository Services Inc. (“**CDS**”), or its nominee, as the case may be, as registered holder of the Series 3 Shares. As long as CDS, or its nominee, is the registered holder of the Series 3 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 3 Shares for the purposes of receiving payment on the Series 3 Shares.

Redemption

The Series 3 Shares will not be redeemable by Northland prior to December 31, 2017. On December 31, 2017 and on December 31 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 3 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 3 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 3 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 3 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 3 Shares. See “Risk Factors”.

Conversion of Series 3 Shares into Series 4 Shares

Each holder of Series 3 Shares will have the right, at its option, on December 31, 2017 and on December 31, every five years thereafter (a “**Series 3 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 3 Shares into Series 4 Shares on the basis of one Series 4 Share for each Series 3 Share converted. If a Series 3 Conversion Date falls on a day that is not a Business Day, such Series 3 Conversion Date will be the immediately following Business Day. The conversion of Series 3 Shares may be effected upon written notice (each notice an “**Election Notice**”) given by the registered holder of the Series 3 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 3 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 3 Conversion Date, give notice in writing to the then registered holders of the Series 3 Shares of the Series 3 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 3 Conversion Date, Northland will give notice in writing to the then registered holders of the Series 3 Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 4 Shares for the next succeeding Quarterly Floating Rate Period (as these terms are defined herein).

If Northland gives notice to the registered holders of the Series 3 Shares of the redemption on a Series 3 Conversion Date of all the Series 3 Shares, Northland will not be required to give notice as provided hereunder to the registered holders of the Series 3 Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 3 Shares and the right of any holder of Series 3 Shares to convert such Series 3 Shares will cease and terminate in that event.

Holders of Series 3 Shares will not be entitled to convert their shares into Series 4 Shares if Northland determines that there would remain outstanding on a Series 3 Conversion Date fewer than 1,000,000 Series 4 Shares, after having taken into account all Election Notices in respect of Series 3 Shares tendered for conversion into Series 4 Shares and all Election Notices in respect of Series 4 Shares tendered for conversion into Series 3 Shares. Northland will give notice in writing to all affected holders of Series 3 Shares of their inability to convert their Series 3 Shares at least seven days prior to the applicable Series 3 Conversion Date. Furthermore, if Northland determines that there would remain outstanding on a Series 3 Conversion Date fewer than 1,000,000 Series 3 Shares, after having taken into account all Election Notices in respect of Series 3 Shares tendered for conversion into Series 4 Shares and all Election Notices in respect of Series 4 Shares tendered for conversion into Series 3 Shares, then, all, but not part, of the remaining outstanding Series 3 Shares will automatically be converted into Series 4 Shares on the basis of one Series 4 Share for each Series 3 Share, on the applicable Series 3 Conversion Date. Northland will give notice in writing to this effect to the then registered holders of such remaining Series 3 Shares at least seven days prior to the applicable Series 3 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 3 Shares into Series 4 Shares (and upon an automatic conversion), Northland reserves the right not to issue Series 4 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: (i) applicable law; and (ii) the provisions described below under “Description of the Series 3 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 3 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 3 Shares, the holders of the Series 3 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 shares ranking junior as to capital to the Series 3 Shares. Upon payment of such amounts, the holders of the Series 3 Shares will not be entitled to share in any further distribution of the assets of Northland.

Priority

The Series 3 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 3 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 3 Shares are outstanding, Northland will not, without the approval of the holders of the Series 3 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 3 Shares) on any shares of Northland ranking as to dividends junior to the Series 3 Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of Northland ranking as to capital and dividends junior to the Series 3 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 3 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 3 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 capital or dividends on a parity with the Series 3 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 3 Shares and on all other shares of Northland ranking prior to or on a parity with the Series 3 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 Toronto Stock Exchange (“TSX”), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 3 Shares as a series and any other approval to be given by the holders of the Series 3 Shares may be given by a resolution signed by all holders of the Series 3 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 3 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 3 Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 3 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 3 Share held by such holder.

Voting Rights

The holders of the Series 3 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 3 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 3 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 3 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 3 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 *Income Tax Act* (Canada) and the regulations thereunder (the “Tax Act”), to pay or cause payment of the tax, under Part VI.1 of the

Tax Act at a rate such that the corporate holders of Series 3 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 4 Shares

The following is a summary of certain provisions attaching to the Series 4 Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 4 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 3.46% (calculated on the basis of the actual number of days 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 December 31, 2017 to, but excluding, March 31, 2018, 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.

Issue Price

The Series 4 Shares will have an issue price of \$25.00 per share.

Dividends

The holders of the Series 4 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 4 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 4 Shares.

Payments of dividends and other amounts in respect of the Series 4 Shares will be made by Northland to CDS, or its nominee, as the case may be, as registered holder of the Series 4 Shares. As long as CDS, or its nominee, is the registered holder of the Series 4 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 4 Shares for the purposes of receiving payment on the Series 4 Shares.

Redemption

The Series 4 Shares will not be redeemable by Northland on or prior to December 31, 2017. Subject to certain other restrictions set out below under the heading “Description of the Series 4 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 4 Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on December 31, 2022 and on December 31, every five years thereafter (each a “**Series 4 Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series 4 Conversion Date after December 31, 2017, 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 4 Conversion Date falls on a day that is not a Business Day, such Series 4 Conversion Date will be the immediately following Business Day.

If less than all of the outstanding Series 4 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 4 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 4 Shares. See “Risk Factors”.

Conversion of Series 4 Shares into Series 3 Shares

Each holder of Series 4 Shares will have the right, at its option, on any Series 4 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 4 Shares into Series 3 Shares on the basis of one Series 3 Share for each Series 4 Share converted. If a Series 4 Conversion Date falls on a day that is not a Business Day, such Series 4 Conversion Date will be the immediately following Business Day. The conversion of Series 4 Shares may be effected upon an Election Notice given by the registered holder of the Series 4 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 4 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 4 Conversion Date, give notice in writing to the then registered holders of the Series 4 Shares of the Series 4 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 4 Conversion Date, Northland will give notice in writing to the then registered holders of Series 4 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 3 Shares for the next Subsequent Fixed Rate Period.

If Northland gives notice to the registered holders of the Series 4 Shares of the redemption on a Series 4 Conversion Date of all the Series 4 Shares, Northland will not be required to give notice as provided hereunder to the registered holders of the Series 4 Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 4 Shares and the right of any holder of Series 4 Shares to convert such Series 4 Shares will cease and terminate in that event.

Holders of Series 4 Shares will not be entitled to convert their shares into Series 3 Shares if Northland determines that there would remain outstanding on a Series 4 Conversion Date fewer than 1,000,000 Series 3 Shares, after having taken into account all Election Notices in respect of Series 4 Shares tendered for conversion into Series 3 Shares and all Election Notices in respect of Series 3 Shares tendered for conversion into Series 4 Shares. Northland will give notice in writing to all affected holders of Series 4 Shares of their inability to convert their Series 4 Shares at least seven days prior to the applicable Series 4 Conversion Date. Furthermore, if Northland determines that there would remain outstanding on a Series 4 Conversion Date fewer than 1,000,000 Series 4 Shares, after having taken into account all Election Notices in respect of Series 4 Shares tendered for conversion into Series 3 Shares and all Election Notices in respect of Series 3 Shares tendered for conversion into Series 4 Shares, then, all, but not part, of the remaining outstanding Series 4 Shares will automatically be converted into Series 3 Shares on the basis of one Series 3 Share for each Series 4 Share, on the applicable Series 4 Conversion Date. Northland will give notice in writing to this effect to the then registered holders of such remaining Series 4 Shares at least seven days prior to the applicable Series 4 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 4 Shares into Series 3 Shares (and upon an automatic conversion), Northland reserves the right not to issue Series 3 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: (i) applicable law; and (ii) the provisions described below under “Description of the Series 4 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 4 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 4 Shares, the holders of the Series 4 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 shares ranking junior as to capital to the Series 4 Shares. Upon payment of such amounts, the holders of the Series 4 Shares will not be entitled to share in any further distribution of the assets of Northland.

Priority

The Series 4 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 4 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 4 Shares are outstanding, Northland will not, without the approval of the holders of the Series 4 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 4 Shares) on any shares of Northland ranking as to dividends junior to the Series 4 Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of Northland ranking as to capital and dividends junior to the Series 4 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 4 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 4 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 capital or dividends on a parity with the Series 4 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 4 Shares and on all other shares of Northland ranking prior to or on a parity with the Series 4 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 4 Shares as a series and any other approval to be given by the holders of the Series 4 Shares may be given by a resolution signed by all holders of the Series 4 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 4 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 4 Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 4 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 4 Share held by such holder.

Voting Rights

The holders of the Series 4 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 4 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 4 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 4 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 4 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 of the Tax Act at a rate such that the corporate holders of Series 4 Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

BOOK-ENTRY ONLY SYSTEM

Registration of interests in and transfers of the Series 3 Shares and of the Series 4 Shares, as applicable, will be made only through a book-entry only system administered by CDS. On or about May 24, 2012, the expected Closing Date, but no later than June 25, 2012, Northland will deliver to CDS certificates evidencing the aggregate number of Series 3 Shares subscribed for under the Offering. Series 3 Shares and Series 4 Shares must be purchased, transferred and surrendered for conversion or redemption through a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for securities deposited with CDS (a "**CDS Participant**"). All rights of an owner of Series 3 Shares or Series 4 Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Series 3 Shares or Series 4 Shares, as applicable. Upon purchase of any Series 3 Shares or Series 4 Shares, as applicable, the owner will receive only the customary confirmation. References in this prospectus supplement to a holder of Series 3 Shares or Series 4 Shares means, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Series 3 Shares or Series 4 Shares to pledge the Series 3 Shares or Series 4 Shares, as applicable, or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Northland has the option to terminate registration of the Series 3 Shares or Series 4 Shares through the book entry only system in which case certificates for Series 3 Shares or Series 4 Shares, as applicable, in fully registered form will be issued to beneficial owners of such shares or their nominees.

PLAN OF DISTRIBUTION

Pursuant to the underwriting agreement dated May 15, 2012 (the "**Underwriting Agreement**") between CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., RBC Dominion Securities Inc., TD Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc., FirstEnergy Capital Corp. and Macquarie Capital Markets Canada Ltd. (collectively, the "**Underwriters**") and Northland, Northland has agreed to issue and sell an aggregate of 4,800,000 Series 3 Shares to the Underwriters, and the Underwriters have agreed to purchase such Series 3 Shares on May 24, 2012 or such other date as Northland and the Underwriters may agree, but in any event, not later than June 25, 2012. Delivery of such Series 3 Shares is conditional upon payment on closing by the Underwriters to Northland of \$25.00 per Series 3 Share for a total consideration of \$120,000,000, against delivery of a certificate representing such Series 3 Shares and subject to compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement. The Underwriting Agreement provides that Northland will pay or cause to be paid to the Underwriters a fee of \$0.25 per Series 3 Share sold to certain institutional investors and a fee of \$0.75 per Series 3 Share sold to all other investors, in consideration for their services in connection with the Offering.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are obligated to take up and pay for all Series 3 Shares agreed to be purchased under the Underwriting Agreement. The Underwriting Agreement also provides that Northland will indemnify the Underwriters and each of their respective directors, officers, employees, agents and other representatives against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or will contribute to payments the Underwriters may be required to make in respect thereof.

Pursuant to the terms of the Underwriting Agreement, subject to certain exceptions, (i) Northland has agreed not to authorize, offer, issue or sell, or announce its intention to sell any Preferred Shares, other than the Series 3 Shares, nor agree or become bound to do any of the foregoing during the period commencing on the date of this prospectus supplement and ending 90 days after the Closing Date, without the prior written consent of CIBC World Markets Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld.

Pursuant to policy statements of certain securities commissions or regulatory authorities, the Underwriters may not, throughout the period of distribution under this Offering, bid for or purchase Series 3 Shares. The foregoing restriction is subject to exceptions, including a bid or purchase permitted under the rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 3 Shares. In connection with this Offering, and subject to the foregoing, the Underwriters may effect transactions which stabilize or maintain the market price for the Series 3 Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Series 3 Shares initially at \$25.00 per Series 3 Share (the “**Offering Price**”). After the Underwriters have made a reasonable effort to sell all of the Series 3 Shares offered in this Offering at the price specified herein, the Offering Price of the Series 3 Shares may be decreased, and further changed from time to time, to an amount not greater than the Offering Price and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series 3 Shares is less than the gross proceeds paid by the Underwriters to Northland. Any such reduction should not affect the proceeds received by Northland.

Each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and TD Securities Inc. is a wholly-owned subsidiary of a Canadian chartered bank (collectively, the “**Banks**”) 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. As at the date hereof, approximately \$512 million was outstanding to the Banks under such credit facilities.

The decision to distribute the Series 3 Shares hereunder and the determination of the terms of the Offering were made through negotiations between Northland and the Underwriters.

The Offering is being made in each of the provinces of Canada. Neither the Series 3 Shares nor the Series 4 Shares have been nor will be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or any state U.S. securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Underwriters have agreed that they will not offer, sell or deliver the Series 3 Shares offered hereby within the United States except for sales pursuant to an exemption from registration under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Series 3 Shares 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 other than pursuant to an exemption from registration under the U.S. Securities Act.

The TSX has conditionally approved the listing of the Series 3 Shares and the Series 4 Shares. The Series 3 Shares will be listed under the symbol “NPI.PR.C”. Listing is subject to Northland fulfilling all of the listing requirements of the TSX on or before August 13, 2012.

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 of McCarthy Tétrault LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Series 3 Shares acquired pursuant to this Prospectus and Series 4 Shares acquired upon the conversion of Series 3 Shares so acquired (a “**Holder**”) who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm’s length with and is not affiliated with Northland, holds any Series 3 Shares, and will hold any Series 4 Shares, as the case may be, as capital property and is not exempt from tax under Part I of the Tax Act.

Generally, the Series 3 Shares and the Series 4 Shares will be capital property to a Holder provided the Holder does not hold such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of a trade. Certain Holders who might not otherwise be considered to hold Series 3 Shares or Series 4 Shares as capital property may, in certain circumstances, be entitled to have them and every other “Canadian security”, as defined in the Tax Act, owned by such Holder in the taxation year of the election and each subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder that is a “financial institution” for the purposes of the “mark-to-market property” rules, a Holder that is a “specified financial institution”, a Holder an interest in which would be a “tax shelter investment” or a Holder to whom the “functional currency” reporting rules apply, each as defined in the Tax Act. Such Holders should consult their own tax advisors. Furthermore, this summary is not applicable to a Holder that is a corporation that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm’s length, in the aggregate, dividends in respect of more than 10% of the Series 3 Shares or the Series 4 Shares, as the case may be, outstanding at the time the dividend is received. This summary assumes that all issued and outstanding Series 3 Shares and Series 4 Shares are listed on a designated stock exchange (as defined in the Tax Act, which currently includes the TSX) in Canada at such times as dividends (including deemed dividends) are paid or received on such shares.

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 particular Holder. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by the Minister of Finance prior to the date hereof (the “**Proposals**”) and counsel’s understanding of the current administrative and assessing policies and practices of the Canada Revenue Agency (“**CRA**”) published in writing by it prior to the date hereof. This summary does not otherwise take into account or anticipate any change in law, whether by legislative, governmental or judicial decision or action nor any changes in the administrative and assessing policies and practices of the CRA, nor does it take into account or consider any other federal or any provincial, territorial or foreign income tax legislation or considerations. No assurances can be given that the Proposals will be enacted as proposed or at all.

Dividends

Dividends (including deemed dividends) received on the Series 3 Shares or the Series 4 Shares by an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends designated by Northland as “eligible dividends” in accordance with the Tax Act.

Dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends) received on the Series 3 Shares or the Series 4 Shares by a corporation will be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

The Series 3 Shares and the Series 4 Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 3 Shares and the Series 4 Shares require Northland to make the election under Part VI.1 of

the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 3 Shares and the Series 4 Shares.

A “private corporation”, as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay refundable tax under Part IV of the Tax Act of 33⅓% on dividends received (or deemed to be received) on the Series 3 Shares and the Series 4 Shares to the extent such dividends are deductible in computing its taxable income.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 3 Shares or Series 4 Shares (on redemption for cash or otherwise, but not on conversion of Series 3 Shares for Series 4 Shares or of Series 4 Shares for Series 3 Shares as the case may be) will generally realize a capital gain (a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (are less than) the adjusted cost base of such shares to such Holder. The amount of any deemed dividend arising on the redemption or purchase for cancellation by Northland of Series 3 Shares or Series 4 Shares generally will not be included in computing the proceeds of disposition to a Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. If the Holder is a corporation, any such capital loss arising may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the extent and under the circumstances prescribed by the Tax Act. Analogous rules apply to a partnership or trust of which a corporation is a member or beneficiary.

Generally, one-half of any capital gain will be included in computing the Holder’s income as a taxable capital gain and one-half of a capital loss must normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard. Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act. Taxable capital gains of a Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax of 6⅔%.

Redemption

If Northland redeems or otherwise acquires Series 3 Shares or Series 4 Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by Northland in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by Northland and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not a dividend.

Conversion

The conversion of a Series 3 Share into a Series 4 Share and a Series 4 Share into a Series 3 Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a Holder of a Series 4 Share or Series 3 Share, as the case may be, received on the conversion will be deemed to be equal to the Holder’s adjusted cost base of the converted Series 3 Share or Series 4 Share, as the case may be, immediately before the conversion. The adjusted cost base of all of the Series 3 Shares and the Series 4 Shares held by the Holder will be determined in accordance with the cost averaging rules in the Tax Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to Northland and McCarthy Tétrault LLP, counsel to the Underwriters, the Series 3 Shares, provided they are listed on a designated stock exchange (which currently includes the TSX), if issued on the date hereof, would be qualified investments under the Tax Act and the Regulations thereunder for a trust governed by a registered retirement savings plan (a “RRSP”), a registered retirement income fund (“RRIF”), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account (“TFSA”).

Notwithstanding the foregoing, the holder of a TFSA and the annuitant under a RRSP or RRIF that holds Series 3 Shares will be subject to a penalty tax if the Series 3 Shares are a “prohibited investment” for the purposes of the Tax Act. Series 3 Shares will generally be a “prohibited investment” if the holder or the annuitant, as the case may be, does not deal at arm’s length with Northland for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in Northland or a corporation, partnership or trust with which Northland does not deal at arm’s length for the purposes of the Tax Act. Holders of a TFSA and annuitants of a RRSP or RRIF should consult their own tax advisors as to whether the Series 3 Shares will be a prohibited investment in their particular circumstances.

RISK FACTORS

An investment in the Series 3 Shares or the Series 4 Shares is subject to a number of risks described below and in the documents incorporated by reference herein. Before deciding whether to invest in the Series 3 Shares or Series 4 Shares, 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 45 to 53 of the AIF.

Credit rating may not reflect actual performance of Northland.

The credit rating applied to the Series 3 Shares is an assessment, by the rating agency, of Northland’s ability to pay its obligations. The credit rating is based on certain assumptions about the future performance and capital structure of Northland that may or may not reflect the actual performance or capital structure of Northland. Changes in the credit rating of the Series 3 Shares or in any credit rating assigned to the Series 4 Shares in the future may affect the market price or value and the liquidity of the Series 3 Shares or the Series 4 Shares, as applicable. There is no assurance that any credit rating assigned to the Series 3 Shares or the Series 4 Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the rating agency.

The market value of Series 3 Shares and Series 4 Shares will be affected by a number of factors and, accordingly, their trading prices will fluctuate.

From time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Series 3 Shares and the Series 4 Shares for reasons unrelated to Northland’s performance. The value of those Series 3 Shares and Series 4 Shares are also subject to market fluctuations based upon factors which influence Northland’s operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

The value of Series 3 Shares and Series 4 Shares will be affected by the general creditworthiness of Northland. Northland’s management discussion and analysis for the year ended December 31, 2011 is incorporated by reference in this prospectus supplement and discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on Northland’s business, financial condition or results of operations. See also the discussion under “Earnings Coverage Ratios of Northland”, which ratios are relevant to an assessment of the risk that Northland will be unable to pay dividends on the Series 3 Shares and the Series 4 Shares.

The market value of the Series 3 Shares and the Series 4 Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. The market price or value of the Series 3 Shares and the Series 4 Shares will decline as prevailing interest rates for comparable instruments rise, and increase as prevailing interest rates for comparable instruments decline. Real or anticipated changes in credit ratings on the Series 3 Shares and the Series 4 Shares may also affect the cost at which Northland can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

Prevailing yields on similar securities will affect the market value of the Series 3 Shares and the Series 4 Shares. Assuming all other factors remain unchanged, the market value of the Series 3 Shares and the Series 4 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Bond Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities may affect the market value of the Series 3 Shares and the Series 4 Shares.

The market value of Series 3 Shares and Series 4 Shares may also be influenced by similar factors that affect the trading prices of the Common Shares, including Northland’s financial results and complex and interrelated

political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which Northland's securities are traded and the market segment of which Northland is a part.

Northland may redeem Series 3 Shares and Series 4 Shares.

Northland may choose to redeem the Series 3 Shares and the Series 4 Shares from time to time, in accordance with its rights described under "Details of the Offering – Description of the Series 3 Shares – Redemption" and "Details of the Offering – Description of the Series 4 Shares – Redemption", including when prevailing interest rates are lower than the yields borne by the Series 3 Shares and the Series 4 Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yields on the Series 3 Shares or the Series 4 Shares being redeemed. Northland's redemption right also may adversely impact a purchaser's ability to sell Series 3 Shares and Series 4 Shares as the optional redemption date or period approaches.

The Series 3 Shares and the Series 4 Shares do not have a fixed maturity date, may not be redeemed at the holder's option and may be liquidated by the holder only in limited circumstances.

Neither Series 3 Shares nor the Series 4 Shares have a fixed maturity date and are not redeemable or retractable at the option of the holders of Series 3 Shares or Series 4 Shares, as applicable. The ability of a holder to liquidate its holdings of Series 3 Shares or Series 4 Shares may be limited.

There is currently no trading market for the Series 3 Shares and the Series 4 Shares.

There is currently no trading market for the Series 3 Shares and the Series 4 Shares. There can be no assurance that an active trading market will develop for the Series 3 Shares after the Offering or for the Series 4 Shares following the issuance of any of those shares, or if developed, that such a market will be sustained at the Offering Price of the Series 3 Shares or the issue price of the Series 4 Shares. If an active or liquid market for the Series 3 Shares and the Series 4 Shares fails to develop or be sustained, the prices at which the Series 3 Shares and the Series 4 Shares trade may be adversely affected.

The public Offering Prices of the Series 3 Shares and the Series 4 Shares have been determined by negotiation between Northland and Underwriters based on several factors and may bear no relationship to the prices at which the Series 3 Shares and the Series 4 Shares will trade in the public market subsequent to such offering. See "Plan of Distribution".

Creditors of Northland rank ahead of holders of Series 3 Shares and Series 4 Shares in the event of an insolvency or winding-up of Northland.

Creditors of Northland rank ahead of holders of Series 3 Shares and Series 4 Shares in the event of an insolvency or winding-up of Northland.

The Series 3 Shares and the Series 4 Shares rank equally with other Preferred Shares, including Series 1 Shares and the Cumulative Floating Rate Preferred Shares, Series 2 of Northland that may be outstanding in the event of an insolvency or winding-up of Northland. If Northland becomes insolvent or is wound-up, Northland's assets must be used to pay debt, including inter-company debt, before payments may be made on Series 3 Shares, Series 4 Shares and other Preferred Shares.

The dividend rates on the Series 3 Shares and the Series 4 Shares will reset.

The dividend rate in respect of the Series 3 Shares will reset on December 31, 2017 and on December 31, every five years thereafter. The dividend rate in respect of the Series 4 Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series 4 Shares, given their floating interest component, entail risks not associated with investments in the Series 3 Shares.

Investments in the Series 4 Shares, given their floating interest component, entail risks not associated with investments in the Series 3 Shares. The resetting of the applicable rate on a Series 4 Share may result in a lower yield compared to fixed rate Series 3 Shares. The applicable rate on a Series 4 Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which Northland has no control.

The Series 3 Shares and the Series 4 Shares may be converted or redeemed without the holders' consent in certain circumstances.

An investment in the Series 3 Shares, or in the Series 4 Shares, as the case may be, may become an investment in Series 4 Shares, or in Series 3 Shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described under “Details of the Offering – Description of the Series 3 Shares – Conversion of Series 3 Shares into Series 4 Shares” and “Details of the Offering – Description of the Series 4 Shares – Conversion of Series 4 Shares into Series 3 Shares”. Upon the automatic conversion of the Series 3 Shares into Series 4 Shares, the dividend rate on the Series 4 Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 4 Shares into Series 3 Shares, the dividend rate on the Series 3 Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 3 Shares into Series 4 Shares, and vice versa, in certain circumstances. See “Details of the Offering – Description of the Series 3 Shares – Conversion of Series 3 Shares into Series 4 Shares”, “Details of the Offering – Description of the Series 4 Shares – Conversion of Series 4 Shares into Series 3 Shares”.

The declaration of dividends on the Series 3 Shares and the Series 4 Shares is at the discretion of the Board of Directors.

Holders of Series 3 Shares and Series 4 Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors even if Northland has sufficient funds, net of its liabilities, to pay such dividends.

Northland may not declare or pay a dividend if there are reasonable grounds for believing that (i) Northland is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of Northland's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of Northland will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by Northland under guarantees in respect of which a demand for payment has been made. See “Consolidated Capitalization of Northland”.

Holders of the Series 3 Shares and the Series 4 Shares do not have voting rights except under limited circumstances.

Holders of Series 3 Shares and Series 4 Shares will generally not have voting rights at meetings of the shareholders of Northland except under limited circumstances. Holders of Series 3 Shares and Series 4 Shares will have no right to elect the Board of Directors. See “Details of the Offering”.

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>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
May (May 1 to 14).....	\$18.10	\$17.32	1,326,312
April	\$17.78	\$16.85	1,993,371
March	\$17.89	\$16.67	2,877,478
February	\$17.83	\$16.82	2,374,565
January	\$18.08	\$16.54	2,665,621
2011			
December	\$18.00	\$16.66	2,773,521
November	\$17.04	\$16.06	2,359,878
October	\$16.67	\$15.08	2,544,986
September	\$16.45	\$15.00	3,256,860
August	\$16.50	\$14.59	3,194,066
July	\$16.77	\$15.85	1,887,895

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
June	\$17.20	\$15.50	3,250,890
May	\$17.34	\$15.79	2,086,013

Preferred Shares

The outstanding Series 1 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 1 Shares as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
May (May 1 to 14).....	\$25.70	\$25.14	36,675
April	\$25.75	\$25.05	90,073
March	\$26.10	\$25.00	44,732
February	\$25.86	\$25.35	58,910
January	\$26.53	\$25.40	47,061
2011			
December	\$25.67	\$25.23	52,958
November	\$25.59	\$25.20	76,290
October	\$25.40	\$24.58	86,021
September.....	\$25.66	\$25.00	56,267
August	\$25.80	\$24.73	97,850
July	\$25.84	\$25.45	61,106
June	\$25.79	\$25.25	65,497
May	\$26.17	\$25.51	95,275

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			
May (May 1 to 14).....	\$145.000	\$140.050	4,350
April	\$142.500	\$136.250	5,480
March	\$143.250	\$134.040	7,550
February	\$142.000	\$135.400	7,560
January	\$145.000	\$134.180	11,250
2011			
December	\$144.500	\$134.620	5,690
November	\$136.000	\$131.320	8,310
October	\$133.360	\$122.000	6,800
September.....	\$131.670	\$122.040	76,730
August	\$130.500	\$121.000	3,850
July	\$134.110	\$128.000	4,230
June	\$138.010	\$125.060	18,720
May	\$139.370	\$127.370	13,920

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 Series 3 Shares 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 Series 3 Shares 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 LLP, 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.

AUDITORS' CONSENT

We have read the prospectus supplement (the "Prospectus Supplement") of Northland Power Inc. ("Northland") dated May 15, 2012 to the short form base shelf prospectus dated March 23, 2012 relating to the sale and issue of \$120,000,000 of cumulative rate reset preferred shares, series 3 of Northland at a price of \$25.00 per share. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the Prospectus Supplement, of our report to the shareholders of Northland on the consolidated balance sheets of Northland 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
May 15, 2012

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

CERTIFICATE OF NORTHLAND

Dated: May 15, 2012

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: May 15, 2012

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) *“James A. Tower”*

SCOTIA CAPITAL INC.

By: (signed) *“Thomas I. Kurfurst”*

**NATIONAL BANK
FINANCIAL INC.**

By: (signed) *“Iain Watson”*

**RBC DOMINION
SECURITIES INC.**

By: (signed) *“Robert Nicholson”*

TD SECURITIES INC.

By: (signed) *“John Kroeker”*

**CANACCORD GENUITY
CORP.**

By: (signed) *“Alan Polak”*

**CORMARK
SECURITIES INC.**

By: (signed) *“Marc Murnaghan”*

**FIRSTENERGY CAPITAL
CORP.**

By: (signed) *“Erik B. Bakke”*

**MACQUARIE CAPITAL
MARKETS
CANADA LTD.**

By: (signed) *“Paul Huebener”*