

NORTHLAND POWER INC.

DISCLOSURE AND TRADING POLICY

Northland Power Inc. (the “**Corporation**”) is committed to providing its shareholders, employees, and other stakeholders, with disclosure of material information relating to its business and affairs accurately, fairly and on a timely basis.

Purpose of this Policy

The purpose of this Disclosure and Trading Policy (“**Policy**”) is to ensure that the Corporation meets its disclosure obligations under the provisions of securities laws and Toronto Stock Exchange rules. This Policy applies to the Corporation and to all other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the “**Entities**”) (collectively, “**Northland**”) and their representatives, employees, officers and directors (collectively, “**Representatives**”).

The Corporation is a reporting issuer and its securities are listed on the Toronto Stock Exchange (the “**TSX**”). As a consequence, the Corporation is subject to the rules of the TSX and to various Canadian securities laws relating to the disclosure and use of material information about the Corporation and insider trading. The wrongful use of material confidential information relating to the Corporation before it is released to the public may, under applicable securities laws, result in liability for the Corporation, Representatives of the Corporation and/or the individual involved. This Policy is also meant to remind all Representatives of the Corporation of their legal obligation not to inform (i.e., “tip”) other people outside the Corporation of undisclosed material information and not to trade in securities of the Corporation based on such information.

While the Corporation will be reasonable in its application of this Policy, any violation may require the Corporation to take appropriate actions, including, without limitation, termination of employment or office for the individuals involved.

Scope

This Policy is intended to govern the use and dissemination of material information concerning the Corporation and to create consistent disclosure practices by the Corporation. It applies to all methods of communication to the public by the Representatives of the Corporation, including: written statements made in the Corporation’s annual and quarterly reports; management’s discussion and analysis (MD & A), news and earnings releases; letters to shareholders; speeches by senior management; statements made at meetings and on telephone calls with financial analysts and investors; interviews with the media and press conferences; and information contained on the Corporation’s website.

Principles of Disclosure of Material Information

All Northland Representatives must adhere to the following disclosure principles:

- Northland Representatives will not provide selective disclosure to anyone outside the Corporation, other than in the necessary course of business. This exemption may permit discussions with rating agencies, legal counsel, financial advisors, auditors, regulators.
- Material changes concerning the Corporation whether favourable or unfavourable will be publicly disclosed by the Corporation promptly by news wire release to be followed by the filing of a material change report. The only exceptions that may occur will be in restricted circumstances where securities regulations permit the maintenance of confidentiality for a period of time and regulatory filings on a confidential basis. Similarly other material information will be publicly disclosed by the Corporation promptly by news wire release except when doing so would be contrary to the interests of the Corporation, such as when negotiating an important agreement.
- All public disclosure must include any information the omission of which would make the rest of the disclosure misleading in any way.
- In the event of any unintentional selective disclosure of material information about the Corporation, any omitted information will be immediately and broadly disseminated to the public via a news wire release.
- Disclosure must be corrected immediately if it contains a material error when released.
- The Corporation will disclose information consistently to all audiences, including the investment community, media, customers and employees.

Role of the Audit Committee

The Audit Committee for the Corporation is responsible for setting and enforcing the overall policy on disclosure for the Corporation.

The President and Chief Executive Officer (“**CEO**”) or Chief Financial Officer (“**CFO**”) of the Corporation have the authority to issue all press releases by the Corporation. All press releases regarding earnings guidance and/or containing financial information based on the Corporation’s financial statements must be reviewed and approved by the Audit Committee.

Material Information

“**Material information**” means any information relating to the business and affairs of the Corporation that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the Corporation’s securities.

Examples of information regarding the Corporation which may be material are: financial results; negotiations concerning contracts with outside parties; possible dispositions or acquisitions of significant assets, properties, corporations or businesses; important

regulatory or business developments; financings; changes of senior executives of the Corporation or the Entities or of the individual directors; litigation; and labour negotiations.

In certain circumstances, senior Representatives of the Corporation may withhold information from public disclosure for legitimate business purposes. The information, if it constitutes a material change within the meaning of applicable securities laws, must nonetheless be filed with Canadian securities regulators on a confidential basis and be reviewed by the Corporation every ten days. The Corporation will only withhold information consistent with the circumstances outlined in Canadian securities laws and in such cases will take appropriate precautions to keep the information confidential.

The Corporation's management will continuously monitor information and developments with Northland and externally which may constitute a material fact or material change and must be disclosed by the Corporation in order to comply with securities laws.

Representatives should restrict access to confidential information concerning the Corporation to individuals within Northland who "need to know" that information and should take care to ensure that such confidential information is not inadvertently disclosed.

The Board of Directors expects that management will keep the Board of Directors fully apprised of all significant business, regulatory and financial developments in order for the Corporation to determine materiality and the appropriateness of and timing for public release of the information, or whether the information should remain confidential.

Timing of and Procedure for Disclosure

The CEO or the CFO of the Corporation will manage all of the Corporation's news releases, including releases of material information.

The CEO or the CFO of the Corporation will ensure that, where appropriate, the Corporation's legal counsel first review all news releases where the subject matter has been determined by them to be material, in order to ensure that the Corporation's disclosure is in compliance with applicable securities laws and TSX requirements. Once a decision is made that information is material and will not be the subject of a confidential filing, it must be disclosed immediately and broadly disseminated to the public. The Corporation uses a wire service to disseminate news releases.

If the Corporation intends to issue a press release during trading hours, the CEO or the CFO or his designate will send a copy of the release to the market surveillance group of the TSX at least one half hour before the planned news release time. If the Corporation intends to issue a press release outside trading hours, the Corporation will ensure that the TSX is advised of the press release before trading begins.

If the Corporation plans to hold a conference call discussing the information being released, the news release should include information about the date and time of the call, the subject matter of the call and the means for accessing it. Transcripts of the call will be

made available on the Corporation's website and a copy will be provided to anyone who requests one.

After public dissemination, all of the Corporation's disclosures will be monitored to ensure accurate media reporting and take corrective measures, if necessary.

When necessary, the Corporation will file a material change report with securities regulators.

Responding to Market Rumours

The Corporation does not comment on market rumours or speculation, particularly where it is clear that information released by the Corporation is not the source or basis of such market rumours. After consultation with the Audit Committee, a spokesperson for the Corporation may respond to such a rumour, if it is causing market volatility or if the TSX or securities regulator requests that the Corporation make such a statement.

Communications with Financial Analysts and Investors

The CEO and the CFO are responsible for monitoring communications with financial analysts and investors. The CEO or the CFO should be notified of all meetings with financial analysts and/or investors. Any presentation materials used in these meetings should be made public on the Corporation's website or mailed to any investors upon request.

The Corporation will not provide confidential, proprietary or material non-public information in communications with financial analysts or investors. Any information disclosed will be factual and not speculative.

If a Representative other than a senior executive of the Corporation holds a one-on-one meeting with an outside party such as a financial analyst or investor, the CEO or the CFO of the Corporation must be advised by the Representative whether any new material information was disclosed during the discussion. If so, that information will be publicly disclosed immediately. Where practicable, more than one Representative should be present at all individual or group meetings.

The Corporation will not discriminate among recipients of information. The Corporation will not discuss near term operational results or future earnings nor will it comment on earnings estimates of analysts or investors, except as required by law. Similarly, the Corporation will not review financial analysts' reports or models but it may confirm or correct publicly released historical information contained in analysts' reports. However, only the CEO or the CFO may make such confirmations. The Corporation will not confirm or attempt to influence a financial analyst's opinions or conclusions.

If forward-looking information is contained in a press release or other disclosure document, the release or document should contain a disclaimer about such information and a statement that the Corporation will not update such information, except as required by law.

The Corporation will not re-circulate financial analysts' reports outside the Corporation or place them on the Corporation's web site.

Quiet Periods

The Corporation will observe a quarterly quiet period, during which no earnings guidance or comments with respect to the current quarter's operations or expected results will be provided. During a quiet period, communications will be limited to responding to inquiries concerning publicly available or non-material information.

The Audit Committee has determined that the Corporation will observe a quarterly quiet period between the end of the second week of each quarter and the time of filing the release of a quarterly earnings announcement. A quiet period may be required at other times, if circumstances warrant. If a quiet period, other than the regularly scheduled quarterly quiet period, is imposed, the CFO will circulate a memorandum indicating that fact.

Corporate Web Site

The Corporation maintains a web site that contains investor information. Documents of interest to investors that are available in paper copy will be made available on the web site. These include the annual report, annual information form, quarterly reports, management proxy circulars and news releases.

Management is responsible for ensuring that the information is up-to-date. News releases will be added to the web site as soon as possible after they are released to the wire service. Other documents and presentations will be placed on the web site as soon as possible after they are available.

Information posted on the Corporation's web site should be dated. Outdated information should be moved into archives on a regular basis.

Trading in Securities and Tipping

Securities laws expressly prohibit the purchase or sale of securities of the Corporation by a person in possession of material non-public corporate information. Securities laws also prohibit passing that information to other persons ("**tipping**"), other than in the necessary course of business. If tipping occurs, those other persons (including friends and family members) are subject to the same restriction on trading and tipping as insiders of the Corporation even though they may not be employed by or associated in any way with the Corporation.

To ensure that Representatives do not abuse their position by using material non-public information to trade in securities of the Corporation, the Corporation has adopted the "Trading Restrictions" (attached as Schedule "A"), which prohibit trading for certain Representatives at certain specific times (when they may have knowledge of or access to undisclosed financial results) until two trading days after the regular release of quarterly

and annual financial results and during any period during which a “black-out” period has been imposed.

If a “black out” period, other than a regularly scheduled “black out” period, is imposed, the CFO will circulate a memorandum indicating that fact.

Despite the above, each Representative of the Corporation must understand that, if the person has knowledge of information that may be or may become material or is likely to result in a material change, and such information has not been publicly disclosed, he or she cannot trade, even where no “black out” is in effect.

Approved by the Board of Directors as of January 1, 2011

SCHEDULE “A”

Trading Restrictions

(1) Representatives of the Corporation or its affiliates may not trade in securities of the Corporation:

(a) in each year during the period commencing on

(i) in the case of accounting staff and senior executives, January 15,
or

(ii) in the case of directors, February 10,

and ending on the second trading day after the date of issuance of a press release announcing the annual financial results of the Corporation; and

(b) in each year during the periods commencing on

(i) in the case of accounting staff and senior executives, the 15th day of April, July or October, or

(ii) in the case of directors, the 1st day of May¹, August or November,

and ending on the second trading day after the date of issuance of a press release announcing the latest quarterly financial results of the Corporation;

(c) during any “black out” period that has been imposed.

(2) A “black out” period imposed by the Corporation applies equally to all Representatives of Northland. The Audit Committee, on the recommendation of the CEO, CFO or Chief Operating Officer, may impose a “black out” period. If a “black out” period is imposed, the CFO will circulate a memorandum announcing that fact. No trading is permitted in securities of the Corporation during any “black out” period.

(3) Despite any provision in these Guidelines, no Representative of Northland who at any time has actual knowledge of material undisclosed information relating to the Corporation is permitted to trade, either directly or indirectly, in securities of the Corporation or to disclose that information except as required in the necessary course of business. Any concern over the interpretation of this rule should be referred to the CEO or the CFO of the Corporation.

(4) All trades of the Corporation’s securities by any Representative of Northland or any of their “**associates**” (which includes corporations in which one has a ten percent or greater interest, spouses, and in-house relatives) must be reported within three calendar days from the trade to the CEO or the CFO of the Corporation. The report must include

¹ except in 2011, when the period starts on the 1st day of June instead of the 1st day of May

the date of trade, number of securities bought and/or sold and the purchase or selling price.