]NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2014

February 23, 2015

NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

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INTRODUCTION AND USE OF DEFINED TERMS

All capitalized terms used in this Annual Information Form ("**Annual Information Form**" or "**AIF**") have the meanings assigned to them under the heading "Glossary of Terms", unless otherwise defined. All currency amounts in this AIF are in Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained in this AIF is given as at or for the year ended December 31, 2014.

FORWARD-LOOKING STATEMENTS

*This AIF contains certain forward-looking statements that are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future adjusted EBITDA, free cash flows, dividend payments and dividend payout ratios; the construction, completion, attainment of commercial operations, cost and output of development projects; plans for raising capital; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Northland Power Inc. ("**Northland**" or the "**Company**") and its subsidiaries. These statements are 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 and 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, natural events, construction risks, counterparty risks, operational risks, risks relating to co-ownership, the variability of revenues from generating facilities powered by intermittent renewable resources, power market risks and possible inflation risks and the other factors described in Northland's 2014 Annual Report and in this AIF dated February 23, 2015, both of which can be found at www.sedar.com under Northland's profile and on Northland's website at 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 AIF are based on assumptions that were considered reasonable on February 23, 2015. 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.*

NON-IFRS MEASURES

This AIF includes references to Northland's adjusted EBITDA, free cash flow, free cash flow payout ratio, payout ratio and free cash flow per share, measures not prescribed by IFRS. Adjusted EBITDA, free cash flow, free cash flow payout ratio, payout ratio and free cash flow per share, as presented, may not be comparable to similar measures presented by other companies. These measures should not be considered alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that adjusted EBITDA, free cash flow, free cash flow payout ratio, payout ratio and free cash flow per share are widely accepted financial indicators used by investors and securities analysts to assess the performance of a company, including its ability to generate cash through operations.

Readers should refer to *Section 5: Consolidated Results* and *Section 6: Equity, Liquidity and Capital Resources* in Northland's Management's Discussion & Analysis in the 2014 Annual Report for an explanation of adjusted EBITDA and free cash flow and a reconciliation of Northland's reported adjusted EBITDA to its consolidated income (loss) and a reconciliation of Northland's free cash flow to its cash provided by operating activities.

CORPORATE STRUCTURE

Northland Power Inc. is a corporation governed by the *Business Corporations Act* (Ontario). The head and registered office of Northland is located at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, M4V 3A1.

The following is a list of Northland's principal subsidiary entities (Northland's ownership and voting interest of each such subsidiary is 100% except as indicated in the footnotes), showing the jurisdiction where they were incorporated or otherwise established.

Subsidiary	Jurisdiction of Incorporation / Establishment
Iroquois Falls Corp.	Ontario
Kingston LP	Ontario
Thorold LP	Ontario
Spy Hill LP	Ontario
North Battleford LP	Ontario
Ground-mounted Solar Entities	Ontario
Jardin LP	Quebec
Mont Louis LP	Quebec
German Wind Farms	Germany
McLean's LP(1)	Ontario
Kirkland Lake Corp.(2)	Ontario
Cochrane Power Corp.(2)	Ontario
CEEC(2)	Ontario
Buitengaats C.V. and ZeeEnergie C.V.(3)	Netherlands
Nordsee One GmbH(4)	Germany

(1) McLean's LP is owned 50% by Northland.
(2) On April 1, 2013, Northland acquired a 68% ownership interest in CEEC, which has voting control of Kirkland Lake Corp. and Cochrane Corp.
(3) In May 2014, Northland acquired a 60% interest in Buitengaats C.V. and ZeeEnergie C.V. (which collectively own Gemini).
(4) In September 2014, Northland acquired an 85% interest in Nordsee One GmbH (which owns Nordsee One).

See more details in "Narrative Description of the Business – Northland's Facilities".

OVERVIEW

Northland's business strategy is based on providing a balance of stability and growth to investors. The Company's objective is to maximize long-term shareholder value by maintaining stable and sustainable dividends and pursuing sustainable growth in the independent power industry. Northland aims to achieve this objective by maintaining a robust but disciplined development pipeline along with maintaining the expertise to manage projects from inception throughout their lifecycle.

Northland has been delivering on customers' needs for energy since 1987 by developing, building, owning and operating clean (natural gas) and green (wind, solar and biomass) power generation projects. The Company has developed or acquired a diversified portfolio of power generation projects in Canada that produce long-term stable cash flows, providing regular dividends to Shareholders since becoming publicly traded in 1997.

As of December 31, 2014, Northland owned or had a net economic interest in power producing facilities with a total capacity of approximately 1,345 MW. Northland's operating assets comprise facilities that produce electricity from natural gas and renewable resources for sale under long-term PPAs with creditworthy customers in order to ensure cash flow stability.

Northland's construction projects as of December 31, 2014 consist of 40 MW of ground-mounted solar projects and the 600 MW (360 MW net interest to Northland) offshore wind project located 85 km off the North East coast of the Netherlands ("**Gemini**"). Northland's advanced development projects include the 332 MW (282 MW net interest to Northland) offshore wind project located in the North Sea, in German territorial waters ("**Nordsee One**") and the 100 MW (50 MW net interest to Northland) Grand Bend wind project. Northland expects to begin construction on these projects in 2015. In addition, Northland has an extensive portfolio of projects in earlier stages of development.

GENERAL DEVELOPMENT OF THE BUSINESS

Northland Power's principal activity is the development, construction, ownership and operation of independent power projects.

Summary of Northland's Project Activity

- On February 20, 2015, Northland sold its 66.7% interests in the 24 MW (16 MW net interest to Northland) advanced stage development wind project located in Frampton, Quebec.

- In January 2015, Northland entered into an agreement to sell a 37.5% equity interest in the Ground-mounted Solar Phase III Projects to Taykwa Tagamou Nation and Wahgoshig First Nation. Closing of the sale is contingent on the achievement of certain conditions and receipt of third-party approvals.

- On September 4, 2014, Northland acquired an 85% equity stake in three offshore wind development projects from RWE Innogy GmbH ("RWE"), consisting of Nordsee One, as well as Nordsee Two and Nordsee Three, which are in early stages of development. Nordsee One is entitled to a feed-in tariff subsidy for approximately 10 years under the German Renewable Energy Act. Financial close for Nordsee One is expected in the first half of 2015, with in-water construction anticipated to begin in 2016. The project is expected to be completed by the end of 2017. Nordsee Two and Nordsee Three are anticipated to be developed over the next decade as offshore wind tariffs are extended and the grid infrastructure is made available.

- In May 2014, Northland acquired an indirect 60% controlling interest in Project Gemini, a 600 MW offshore wind project located off the coast of the Netherlands in the North Sea. The purchase price and subsequent equity investment and subordinated loan into the project were funded through a combination of Northland's $250 million corporate term facility, cash on hand and funds raised from the March 5, 2014 public offering of 5.00% convertible unsecured subordinated debentures, Series B of Northland due June 30, 2019 ("**2019 Debentures**") (see below for financing details). Construction of the Gemini Offshore Wind Project is in progress with commercial operations targeted for 2017.

- In May 2014, the 60 MW (30 MW net to Northland) McLean's Mountain Wind Farm attained COD.

- In May 2014, JP Morgan exercised its contractual right to terminate Panda Brandywine's PPA resulting in Northland receiving a one-time dividend payment of $4.1 million and the transfer of the generating assets of the Panda-Brandywine Facility to JP Morgan.

- In April 2014, Northland sold its wood chipping facility in British Columbia for $0.8 million and recorded a gain of $0.5 million

- In February 2014, Northland commenced construction on the last four ground-mounted solar projects ("**Ground-mounted Solar Phase III Projects**") which are expected to reach COD in 2015.

- Construction commenced in 2013 on three ground-mounted solar projects ("**Ground-mounted Solar Phase II Projects**"), two of which reached COD in early 2014 and the third in October 2014.

- The first six ("**Ground-mounted Solar Phase I Projects**") of the thirteen ground-mounted solar projects all reached COD between June and September 2013.

- In June 2013, the North Battleford Facility attained COD.

- In April 2013, Northland acquired from The Probyn Group™ the controlling interest in CEEC and all the shares of Chapais Services. CEEC owns the voting shares in Kirkland Lake Corp. and Cochrane Power Corp. which respectively own the 132 MW Kirkland Lake Facility and the 40 MW Cochrane Facility which were already managed and operated by Northland. CEEC also owns the voting shares of the general partner of Chapais.

Summary of Northland's Project Financing Activity

- In October 2014, Northland announced the closing of a $232 million, 4.397% senior secured amortizing Series A bond issuance by its wholly-owned subsidiary, Northland

Power Solar Finance One LP. The bonds are non-recourse to Northland but are secured by Northland's six Ground-mounted Solar Phase I Projects. The bonds were rated BBB (high) by DBRS and will be fully amortized by their maturity in June 2032. The proceeds from the bond issuance were used to repay the existing bank debt of the Ground-mounted Solar Phase I Projects, settle the associated interest rate swaps, pay transaction costs and a one-time distribution to Northland for general corporate purposes.

- In May 2014, Project Gemini completed €2.0 billion of non-recourse project financing with a syndicate of international financial institutions and public financing agencies. The project loans include a 3-year construction period and a 14-year amortization period. Should the loan not be fully repaid by December 31, 2022, the credit agreement provides for an acceleration of principal payments, subject to available cash flow and the discontinuance of distributions to the equity partners. The interest rate for the project has been hedged over the full loan amortization period with an effective interest rate of approximately 4.75%.

- In April 2014, Northland completed $240 million of non-recourse project financing and a $25 million letter of credit facility for five ground-mounted solar projects with a syndicate of lenders. Once term conversion is achieved, the loan will require blended payments of principal and interest based on an 18-year amortization period. The all-in rate including interest rate swaps and credit spreads is 5.58% during operation escalating 25 basis points every 4 years.

- In October 2013, McLean's LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $135 million senior secured construction and term loan. The senior debt will be repaid through quarterly blended payments of principal and interest starting on March 31, 2017, until maturity on March 31, 2034, with the principal payments fully amortizing the loan over this period. The senior debt was funded at closing and bears interest, paid quarterly (monthly prior to term conversion), at a rate of 6.01%. MMPLP, an entity controlled by the members of the UCCMM, holds a 50% interest in McLeans LP.

- In September 2013, Northland completed $84 million of non-recourse project financing and a $4.5 million letter of credit facility for two of the sites within Ground-mounted Solar Phase II with two commercial banks. The long-term loan requires blended payments of principal and interest based on an 18-year amortization period to maturity. As required under the loan provisions, on October 11, 2013, Northland entered into interest rate swaps to effectively fix the variable interest rate of the non-recourse debt. The all-in rate including interest rate swaps and credit spreads is 5.735%.

- In September 2013, Northland announced the closing of $667.3 million 4.958% senior secured amortizing Series A bonds issued by North Battleford LP. The bonds were rated A (low) by DBRS and will be fully amortized by their maturity in December 2032.

- In January 2013, Northland announced the closing of $156.3 million 4.14% senior secured amortizing Series A bonds issued by Spy Hill LP. The bonds were rated A (stable) by DBRS and will be fully amortized by their maturity in March 2036.

- In January 2013, Kingston LP repaid in full its non-recourse bank term loan and senior secured note and settled its associated interest rate swaps.

- In July, 2012, Northland completed $227 million of non-recourse project financing and a $30 million letter of credit facility for the Ground-mounted Solar Phase I Projects. The bank debt was subsequently repaid through a bond offering in October 2014.

Summary of Northland's Corporate Financing Activity

- On February 18, 2015, Northland completed an additional amendment to its corporate credit facility. The primary components of the amendment include: (i) the receipt of lender commitments for the $100 million accordion feature of the revolving credit facility, which increased the revolving facility from $350 million to $450 million; (ii) an extension of the revolving facility maturity date to March 2020, and (iii) changes to certain financial ratios and sub-limits in order to provide liquidity and support Northland's ongoing development activities. The maturity date of the $250 million term facility remains unchanged at March 2018 and includes a one year renewal option.

- In January 2015, Northland announced the closing of a $157.5 million offering of 4.75% convertible unsecured subordinated debentures maturing on June 30, 2020 ("**2020 Debentures**"). Net proceeds from this offering will be used to fund a portion of Northland's investments in Nordsee One, the Grand Bend wind farm, to replenish working capital and for general corporate purposes.

- On March 7, 2014, Northland completed an amendment to its corporate credit facility with a syndicate of financial institutions. The credit facility was increased from $250 million to $600 million and consists of a $350 million revolving facility and a $250 million term facility. The revolving facility is available for general corporate purposes. The maturity of the revolving facility has been extended from May 2017 to March 2019, with further annual renewal options. The revolving facility also incorporates a $100 million accordion feature which provides Northland with access to additional revolving credit, at the Company's option, if required, conditional upon pro forma compliance with the financial covenants and no default or event of default existing. Any existing lender requested to provide any additional commitments in respect of the revolving facility shall be entitled to agree or decline to participate in its sole discretion. If the amount of requested additional revolving commitment is not provided in full by the existing lenders, the balance of such request may be provided by other financial institutions subject to the satisfaction of requirements under Northland's corporate credit facility. On April 22, 2014, Northland accessed its term facility for the full $250 million, net of costs, to fund a portion of its investment in Project Gemini. The term facility matures in March 2018 and has a one-year renewal option. The underlying interest rate on the term facility borrowings was hedged through 2018 at an average interest rate of 1.48% plus the applicable credit spread. Subsequently, a portion of Northland's term facility that was utilized to assist with the investment in Gemini was converted from Canadian dollars into Euros.

- In March 2014, Northland announced the closing of a $157.5 million offering of 9,843,750 common shares and $78.8 million of 2019 Debentures. Northland also issued, on a private placement basis, 3,125,000 common shares to a subsidiary of Northland Power Holdings Inc., a company controlled by the Chairman of Northland, James C. Temerty in connection with the Pre-emptive Rights, Tendering and Voting Agreement. The aggregate gross proceeds from the offering and private placement were $286.3 million ($275.7 million after transaction costs and underwriters' fees). Net proceeds raised from this offering, along with a combination of Northland's $250 million corporate term facility and cash on hand were used to purchase Northland's share of Gemini and subsequent equity investment and subordinated loan into the project.

- In August 2013, Northland's remaining Class C Shares and all of its Class B Shares were converted to Class A Shares and all of its remaining contingent Replacement Rights were convertible to Common Shares pursuant to the terms of those securities. Consistent with the First Determination Process (see below for more details), a process for determining the convertibility of these securities (the "**Second Determination Process**") was established. Similar to the First Determination Process, the Special Committee retained BMO Capital Markets as the Financial Advisor to determine the Fair Market Value and the Development Profits of the recently completed North Battleford Facility and Ground-mounted Solar Phase I Projects which achieved commercial operations in 2013.

  The Class C and B Shares that were converted into Class A shares were subsequently converted into the equivalent number (12,357,531) of Common Shares. In addition, as a result of the Second Determination Process, the remaining 759,355 contingent Replacement Rights were converted into Common Shares of Northland.

  As of the date of this AIF, Northland Power Holdings Inc., a corporation controlled by the Chairman of Northland, James C. Temerty, had converted all but 1,000,000 Class A Shares into Common Shares of Northland.

- In May 2012, Northland issued 4.8 million cumulative rate reset Series 3 Preferred Shares, for aggregate gross proceeds of $120 million. The holders of Series 3 Preferred Shares will have the right to convert their shares into cumulative floating rate preferred shares, series 4 (the "**Series 4 Preferred Shares**"), subject to certain conditions, on December 31, 2017 and on December 31 of every fifth year thereafter. The holders of Series 4 Preferred Shares will be entitled to receive quarterly floating rate cumulative dividends, as and when declared by the Board of Directors, at a rate equal to the then three month Government of Canada Treasury Bill yield plus 3.46%. Northland used the net proceeds from the offering to fund the equity portion of Ground-mounted Solar Phase 1 Projects, to fund additional ground-mounted solar project development, to repay bank indebtedness, to replenish working capital, and for general corporate purposes

- In January 2012 (the "**Conversion Date**"), all of Northland's Class A Shares became exchangeable on a one-for-one basis into Common Shares and became entitled to dividends on the same basis as Northland's Common Shares. Additionally, 4,528,269 Replacement Rights held by senior management of Northland became exercisable and were subsequently exchanged for Common Shares; this included the 388,937

Replacement Rights that were previously subject to a reduction if Northland failed to declare annual dividends of at least $1.08 per Common Share prior to the Conversion Date. Pursuant to certain adjustments, 5,464 contingent Replacement Rights were cancelled.

The terms of Northland's Class B Convertible Shares and Class C Convertible Shares provided that these securities could be converted into Class A Shares or exchanged for Common Shares at defined milestones related to the development profits attributable to certain of Northland's electricity generation projects as they achieved commercial operation. In addition, up to an additional 759,355 contingent Replacement Rights held by Northland management could be convertible into Common Shares in proportion to the remaining Class C Convertible Shares that became eligible for conversion into Class A Shares.

A process for determining the convertibility of these securities (the "**First Determination Process**") was established under the terms of the Merger and restated in the Company's Articles. Northland's 100.5 MW Mont Louis Wind Farm, 86 MW Spy Hill Facility and four rooftop solar projects achieved commercial operations in 2011. These projects, along with the South Kent development project that was sold in 2011, were included in the First Determination Process. A special committee of the independent directors of Northland (the "**Special Committee**") was appointed by the board to oversee the First Determination Process and the Special Committee retained BMO Nesbitt Burns Inc. as its independent financial advisor to determine the fair market value and the development profits of these projects as required by the Company's Articles.

In January 2012, as a result of the First Determination Process, 4,206,270 Class C Convertible Shares were converted into Class A Shares on a one-for-one basis and 739,103 contingent Replacement Rights were converted into Common Shares.

NARRATIVE DESCRIPTION OF THE BUSINESS

Electricity Industry Overview

ONTARIO

Ontario government policies are intended to foster the development of renewable and clean energy generation projects as well as conservation and demand management programs as targeted through the Minister of Energy's 2013 Long-Term Energy Plan ("**LTEP**") and directives. The Ontario Power Authority ("**OPA**") has been the principal body utilized by the Ontario government to procure new generation and to implement conservation and demand management initiatives. On January 1, 2015 the OPA merged with the Ontario Independent Electricity System Operator ("**IESO**"); the merged entity will be continued as the IESO and combines the OPA and IESO mandates and will fully assume all obligations and liabilities under all outstanding OPA contracts. The merged IESO will conduct future procurement programs and processes for natural gas, wind, solar and other technologies and will remain subject to directives from the Minister of Energy.

In 2009, the OPA was directed by the Minister of Energy to launch the Feed-in Tariff Program ("**FIT Program**"). The FIT Program offers stable prices under long-term contracts for energy generated from renewable sources, including biomass, wind, solar PV and waterpower and established domestic content requirements for wind and solar projects. As a result of a World Trade Organization ("**WTO**") ruling, any FIT or microFIT contracts signed by the OPA after July 25, 2014 will no longer include domestic content requirements. Suppliers who hold FIT or microFIT contracts made before July 25, 2014 must continue to comply with the domestic content requirements stipulated in those contracts.

In 2014, the OPA continued its development of a new competitive process for the procurement of renewable energy projects larger than 500 kW ("**LRP**"). Under Phase 1 of the LRP, 300 MW of renewable projects will be procured. The LRP included a Phase 1 Request for Qualifications ("**LRP RFQ**") stage, under which proponents were qualified to proceed to the next stage of the process and Northland and other proponents were deemed as qualified applicants. In late 2014, the Minister of Energy directed the OPA to open Phase 1 of the LRP Request for Proposals process ("**RFP**"). After a detailed consultation and stakeholder engagement process in 2014, a final version of the LRP contract will be released by the IESO in early 2015. Proposals from the RFP are expected to be accepted in June, 2015.

The OPA was also directed to develop a new standard offer procurement program to procure 150 MW of combined heat and power ("**CHP**") projects 20 MW or less that provide thermal energy to "targeted sectors" (greenhouse operations, agri-food and district energy programs). In late 2014, the Minister directed the OPA to suspend negotiations for new contracts for "Outstanding Non-Utility Generation ("**NUG**") Facilities" pending an assessment of the framework for NUG contracting in Ontario. This assessment is expected to be completed by July 1, 2015.

The Minister also released several directives in 2014 which aimed to advance the procurement of energy storage and the OPA and the IESO undertook competitive processes in 2014 for energy storage.

QUEBEC

The electricity industry in Quebec is structured around two government bodies: Hydro-Québec, one of the largest electric utilities in North America with broad powers to generate, supply and deliver electricity in Quebec, and the Régie de l'énergie ("**Régie**"), the provincial regulator responsible both for reconciling the public interest, consumer protection and the fair treatment of electricity carriers and distributors, and for approving the Electricity Supply Plan of the distribution arm of Hydro-Québec. The last Electricity Supply Plan was submitted in November 2009 to 2013 and was expected to be updated in 2014. However, no updated Electricity Supply Plan has been released to the public.

In December 2014, Hydro-Québec announced that it had accepted 3 bids for wind projects totalling 446.4 MW through its latest call for tenders process. Currently, Hydro-Québec has access to more than 2,187 MW of wind power and plans to integrate a total of 4,000 MW by 2015.

SASKATCHEWAN

Most of Saskatchewan’s electricity requirements are served by SaskPower, a Crown corporation and vertically-integrated utility which operates under the authority of the *Power Corporation Act* (Saskatchewan). SaskPower maintains an extensive power system that consists of $6.3 billion in generation, transmission and distribution infrastructure with a total available capacity of 4,094 MW (3,513 MW produced by SaskPower facilities and 581 MW produced by independent power producers (“**IPPs**”)) through long-term power purchase agreements.

SaskPower has stated that its electrical load forecast is growing above long-term averages due to increased economic activity in the province. In order to meet this demand, SaskPower has stated that it intends to add 1,300 MW to the system by 2017 followed by 3,750 MW by 2033.

Although coal-fired generation is the primary component in Saskatchewan’s supply mix, SaskPower is currently undertaking a number of projects with IPPs including wind and hydroelectric projects under its Green Options Plan (currently under review). SaskPower has announced a goal of having wind represent 8.5% of its total generating capacity by 2017.

THE NETHERLANDS

In the Netherlands, the electricity market is governed by the *Electricity Act 1998* (the "**Electricity Act**"). The national regulatory authority of the electricity market is the Authority for Consumers and Markets (*Autoriteit Consument en Markt*, the "**ACM**"), who among others, safeguards access to the electricity grid and ensures that the tariffs and conditions for connections and transportation set by grid operators are non-discriminatory. Together with the ACM, the Ministry of Economic Affairs is responsible for energy policy in the Netherlands.

The high voltage (i.e. 110kV and higher) national electricity transmission grid in the Netherlands is owned and operated by TenneT, a fully state-owned company. The national transmission grid branches off into 27 regional distribution grids. The distribution grids are operated by eight distribution grid operators, which are owned directly or indirectly by (local) authorities.

In 2013, approximately 4.5% of the national gross supply came from renewable sources. This percentage is targeted to increase to 14% in 2020 (in accordance with the minimum standard set out in the European Directive on Renewable Energy (2009/28/EC)) and to 16% in 2023, as stated in the Energy Agreement for Sustainable Growth (Energieakkoord voor duurzame groei, the "Energy Agreement").

The most important financial incentive in the Netherlands to achieve the renewable energy targets is the subsidy under the Renewable Energy Production Incentive Plus (Stimulering Duurzame Energieproductie, "**SDE**"). SDE subsidises the difference between the production costs of 'green' energy and 'grey' energy (i.e. from fossil fuels) for 5, 12 or 15 years depending on the technology, in the form of a subsidy per kilowatt-hour of energy produced.

On March 20, 2014, the Minister of Economic Affairs and the Minister of Infrastructure and Environment published a draft of a new *Offshore Wind Energy Act* (*Wet Wind Energie op Zee*) which introduces a new permit system for the construction of offshore wind parks. The draft *Offshore Wind Energy Act* (“**Draft Act**”) is intended to simplify and expedite the decision-making process for realisation of offshore wind projects in order to achieve the renewable energy targets as set out in the Energy Agreement.

The Draft Act is currently being reviewed by the Second Chamber (Tweede Kamer and is expected to enter into force on July 1, 2015.

GERMANY

The '*Energiewende*' (energy transition), i.e. the change from conventional power sources and nuclear power to renewable power sources, is a major part of the program of every German government since 1998 (although the idea as such stems from the 1970s). At present, approximately one fourth of Germany's energy comes from wind, solar, hydro and biomass. The rest is provided by conventional energy sources (in particular soft coal, coal and gas) as well as nuclear energy.

The cornerstones of the '*Energiewende*' are the following:

- By 2022, the last German nuclear power plant will be shut down;
- By 2050, 80 per cent of the German electrical power supply shall be generated by renewable energy sources;
- Emissions of greenhouse gases shall be reduced by 80-95 per cent by 2050;
- Germany shall become less dependent on oil and gas imports; and
- Use of energy shall become more efficient (covering areas such as the building sector, the heating sector etc.).

The most relevant laws with regard to the '*Energiewende*' and renewable energy sources are the *Energy Industry Act* ('*EnWG*') and the *Renewable Energy Law* ('*EEG*'), which stipulate that renewable energies are privileged vis-à-vis conventional energy sources, also in case of grid congestions.

The offshore wind sector will be one of the most relevant sectors with regard to the '*Energiewende*'. In addition to the expansion corridor (installation of 6.5 gigawatts until 2020 and 15 gigawatts until 2030), in order to reduce the costs for the end-user, the law stipulates that until the end of 2017, a maximum grid capacity of 7.7 gigawatts may be awarded to offshore wind farms (and once this threshold is reached, no further capacities may be awarded for grid connection systems which will be ready prior to 2021).

Northland Facilities

Northland's 2014 audited consolidated financial statements include the results of Northland and its subsidiaries, of which the most significant are:

- Iroquois Falls Corp., which owns the Iroquois Falls Facility;
- Kingston LP, which owns the Kingston Facility;
- Thorold LP, which owns the Thorold Facility;
- Jardin LP, which owns the Jardin d'Éole Facility;

- DK Windpark Kavelstorf GmbH & Co. KG and DK Burgerwindpark Eckolstädt GmbH & Co. KG, which own the German Wind Farms;
- Mont Louis LP, which owns the Mont Louis Wind Farm;
- Spy Hill LP, which owns the Spy Hill Facility;
- North Battleford LP, which owns the North Battleford Facility;
- Kirkland Lake Corp. which owns the Kirkland Lake Facility;
- Cochrane Power Corp. which owns the Cochrane Facility;
- Ground-mounted Solar Entities, which own thirteen ground-mounted solar facilities;
- McLean’s LP, which owns the McLean’s Mountain Wind Farm;
- ZeeEnergie C.V. and Buitengaats C.V., which collectively own Gemini which is under construction; and
- Nordsee One GmbH, which owns Nordsee One which, is in advanced development.

Northland’s financial results consolidate the financial results for Kirkland Lake and Cochrane facilities that Northland continues to manage on behalf of third-party, non-voting shareholders and CEEC. Northland also had a 19% equity interest in the Panda-Brandywine thermal facility. In May 2014, Panda-Brandywine’s contract counterparty exercised its option to end the PPA and take ownership of the related facility assets. Northland also has a 75% equity interest in four, small rooftop solar projects in Ontario and receives management fees from Chapais Énergie, Société en Commandite (“Chapais”) for managing its 28 MW biomass-fired power facility in Chapais, Quebec.

Operating Facilities

Facility	Gross Project Capacity	Northland's Economic Interest		Contract Counterparty	PPA Term	% of 2014 Adjusted EBITDA(2)	% of 2013 Adjusted EBITDA(2)
		%	Capacity				
THERMAL:							
Iroquois Falls	120.0 MW	100%	120.0 MW	OEFC	December 2021(3)	11%	15%
Kingston	110.0 MW	100%	110.0 MW	OEFC	January 2017(3)	15%	20%
Thorold	265.0 MW	100%	265.0 MW	OPA	March 2030	16%	22%
Spy Hill	86.0 MW	100%	86.0 MW	SaskPower	October 2036	5%	7%
North Battleford	260.0 MW	100%	260.0 MW	SaskPower	June 2033	27%	20%
RENEWABLE:							
Jardin	127.5 MW	100%	127.5 MW	Hydro-Québec	November 2029	5%	7%
Mont Louis	100.5 MW	100%	100.5 MW	Hydro-Québec	September 2031	4%	6%
German Wind Farms	21.5 MW	100%	21.5 MW	N/A(1)	N/A(1)	<1%	1%
Ground-mounted Solar Phase I & II	90.0 MW	100%	90.0 MW	OPA	June – September 2033/2034	14%	6%
MANAGED:							
Cochrane	42.0 MW	77%(4)	32.3 MW	OEFC	May 2015(5)	1%(6)	1%(6)
Kirkland Lake	132 MW	77%(4)	101.6 MW	OEFC	August 2030(7)	7%(6)	6%(6)
OTHER:							
Rooftop Solar	1.0 MW	75%	0.8 MW	OPA	April – September 2031	<1%	<1%
Chapais	28.0 MW	0%(8)	n/a(8)	Hydro-Québec	November 2015	<1%	n/a
Gemini(9)	600.0 MW	60%	360 MW	The Government of the Netherlands	20 years from COD	3%(10)	n/a
Corporate(11)	n/a	n/a	n/a	n/a	n/a	(11%)	(11%)

Notes:

(1) German electricity production is purchased by local power utilities at predetermined prices under German federal legislation.
(2) Represents the approximate percentage of adjusted EBITDA, a non-IFRS measure that was generated by each facility.
(3) Northland has the option to extend the PPAs subject to terms and conditions to be negotiated. Iroquois Falls' PPA can be renewed for a further five (5) year term and Kingston's can be renewed for a further term of 60 consecutive month's minimum.
(4) On April 1, 2013, Northland acquired a 68% controlling interest in CEEC, which has voting control of the Kirkland Lake and Cochrane facilities. The 77% referenced in the above table represents Northland's net economic interest in Kirkland Lake and Cochrane.
(5) The current PPA has been extended to May 2015. A four-month extension was provided to allow the Cochrane and the OPA more time to negotiate a new contract.
(6) Northland's audited consolidated financials include the results for Kirkland Lake, Cochrane and CEEC following Northland's April 1, 2013 acquisition of the controlling interest in CEEC. Fees and dividends earned by Northland from those entities following the acquisition are considered intercompany amounts and eliminate on consolidation. However, in the calculation of adjusted EBITDA as shown in the above table, Northland includes the fees and dividends earned rather than all adjusted EBITDA generated by these entities.
(7) The Kirkland Lake PPA for the biomass and the base natural gas-fired portion of the facility terminates in 2030. However, under the terms of the PPA, new natural gas-fired rates are to be negotiated between the OEFC and Kirkland Lake prior to the end of August 2015. Kirkland Lake is in the process of renegotiating such new rates with OEFC. In January 2015, Kirkland Lake, signed a new 20-year contract with the OPA for the 30 MW natural gas peaking portion of the facility.
(8) Chapais is controlled by its senior secured lenders and by the managing general partner's Class B Preferred shareholders. As a result, Northland only receives management fees from Chapais.
(9) Gemini is currently under construction. Please see "Projects Under Construction" table for additional details.
(10) Northland has loaned €80 million of subordinated debt to Gemini, but due to Northland acquiring the controlling interest of Gemini in

May 2014, Northland consolidates the financial results of Gemini and as a result Northland's subordinated loan and earned interest (investment income) are eliminated upon consolidation. Interest earned on this subordinated loan is however included in Northland's consolidated adjusted EBITDA as "Gemini sub debt interest", but will only be included in free cash flow as received.

(11) Included in Corporate is adjusted EBITDA generated by Chips LP, write-off of deferred development and management, administration and development expenditures.

Except as otherwise noted, all contract counterparties are of investment grade as rated by one or more rating agencies.

2014 Revenue Breakdown by Segment *(in millions of dollars)*

Segment	**Electricity**	**Steam**	**Natural Gas**	**Other**	**Total**
Thermal	481.4	9.1	20.0	0.1	**510.6**
Renewable	113.8	-	-	-	**113.8**
Managed(1)	123.9	-	11.3	-	**135.2**
Other	-	-	-	0.5	**0.5**
Total	**719.1**	**9.1**	**31.3**	**0.6**	**760.1**

Notes:

(1) Managed revenue in the above table represents revenue earned for the Kirkland Lake and Cochrane managed facilities.

2013 Revenue Breakdown by Segment *(in millions of dollars)*

Segment	**Electricity**	**Steam**	**Natural Gas**	**Other**	**Total**
Thermal	378.0	8.4	3.8	0.2	**390.4**
Renewable	67.0	-	-	-	**67.0**
Managed(1)	90.2	-	0.3	7.7	**98.2**
Other(2)	-	-	-	1.6	**1.6**
Total	**535.2**	**8.4**	**4.1**	**9.5**	**557.2**

Notes:

(1) Managed revenue in the above table represents fees and dividends earned (under Other) from Kirkland Lake and Cochrane, until April 1, 2013. After April 1, 2013 all fees and dividends from Kirkland Lake and Cochrane are considered intercompany transfers and eliminated on consolidation. After April 1, 2013, Kirkland Lake's and Cochrane's reported revenues are included in the above table (under Electricity and Natural Gas).

(2) Included in Other are revenues from Northland's small wood chipping facility that was sold in April 2014.

Projects under Construction

Facility	**Gross Project Capacity**	**Northland's Economic Interest**		**Contract Counterparty**	**PPA Term(1)**
		%	**Capacity**		
Ground-mounted Solar Phase III	40.0 MW	100%(2)	40.0 MW	OPA	20 years
Gemini Offshore Wind	600.0 MW	60%	360.0 MW	The Government of The Netherlands	15 years

Notes:

(1) From the commercial operations date.

(2) In January 2015, Northland announced an agreement to sell a 37.5% equity interest in the ground-mounted solar sites under construction to Taykwa and Wahgoshig. Closing of the sale is contingent on the achievement of certain conditions and receipt of third-party approvals.

Projects in Advanced Development

Facility	Gross Project Capacity	Northland's Economic Interest		Contract Counterparty	PPA Term[1]
		%	Capacity		
Grand Bend Wind	100.0 MW	50%	50.0 MW	OPA	20 years
Frampton Wind [2]	24.0 MW	67%	16.0 MW	Hydro-Québec	20 years
Nordsee One Offshore Wind	332.0 MW	85%	282.0 MW	TenneT TSO Gmbh[3]	~10 years

Notes:

(1) From the commercial operations date.
(2) On February 20, 2015, Northland sold its interests in the Frampton wind project.
(3) The State of The Netherlands is the ultimate parent of TenneT TSO GmbH.

All advanced development projects have signed PPAs or other fixed tariff mechanisms.

Except as otherwise noted, all electricity off-takers are of investment grade as appraised by one or more rating agencies.

Thermal Facilities

Northland owns and operates approximately 841 MW of net thermal generation located in Ontario and Saskatchewan. Thermal facilities generate electricity through combustion which creates hot expansive gases that spin gas turbines coupled to electrical generators. By using natural gas to fuel the gas turbines at each of Iroquois Falls, Kingston, Thorold, Spy Hill, and North Battleford, Northland is using the cleanest-burning fossil fuel. Natural gas combustion results in extremely low atmospheric emissions of sulfur dioxide or small particulate matter, and far lower emissions of carbon monoxide, NO_x, and greenhouse gases such as reactive hydrocarbons and carbon dioxide, than the combustion of other fossil fuels. Northland's Kirkland Lake and Cochrane facilities (which Northland has voting control and manages on behalf of third party, non-voting shareholders), generate electricity using natural gas. The Kirkland Lake and Cochrane facilities also use wood waste to generate electricity.

All Northland thermal facilities hold all necessary permits and approvals required for operations and have an environmental monitoring and reporting system in place.

The following describes Northland's current wholly owned operating thermal facilities:

IROQUOIS FALLS

The 120 MW Iroquois Falls facility sells electricity to OEFC under a PPA and supplied steam to the neighbouring Resolute Iroquois Falls Mill until December 2014 when the mill ceased operations. The PPA obligates OEFC to purchase certain quantities of electricity ranging from a monthly average of 77 MW in the summer months to 96 MW in the winter (the yearly average is approximately 85 MW) and to purchase additional electricity if the Resolute Iroquois Falls Mill ceases to take steam. The PPA may be extended for a further five (5) year term at or prior to its 2021 expiry upon request by either party, subject to terms and conditions to be negotiated.

Iroquois Falls purchases natural gas pursuant to supply contracts with creditworthy counterparties that end in 2015 and 2016, respectively. The gas is transported through regulated pipelines owned by TransCanada and Union Gas Limited from western Canada to the plant site under firm service agreements that run to 2016. On April 10, 2013, Northland entered into a long-term financial gas contract primarily to stabilize the price of future gas purchases from 2017 until the end of the PPA in 2021.

Iroquois Falls operates to deliver the maximum amount of electricity that the OEFC is obligated to purchase under the PPA during on-peak periods, when PPA prices are highest. Iroquois Falls' electricity production capacity exceeds that required to supply 100% of the on-peak and off-peak electricity volume under its PPA. This excess capacity is used to sell electricity and ancillary services to the Ontario wholesale electricity market when market conditions are favourable. During times when Iroquois Falls has unused contracted pipeline transportation capacity and market conditions allow, natural gas is purchased at market prices in Alberta, then delivered and resold in eastern Canada to mitigate firm costs under the transportation contract; this activity recovers some fixed costs but provides little or no profit to Iroquois Falls. At times of high market gas prices, it is economical for Iroquois Falls to reduce off-peak electricity production and resell contracted natural gas and gas transportation on the spot market.

The maintenance of the two GE LM 6000 PD gas turbines is contracted to GE under a maintenance agreement that, based upon the expected usage of the turbines, will continue until 2015, when it may be renewed. The agreement includes provisions for routine maintenance and repairs, as well as upgrades and improvements. Payments to GE are based on the usage of the gas turbines. Iroquois Falls also participates in the GE gas turbine lease pool, which guarantees the availability of replacement gas turbines on short notice, minimizing the impact of extended outages.

KINGSTON

The 110 MW Kingston Facility sells electricity to OEFC under a PPA for up to a specified annual quantity of electricity until 2017. The PPA may be renewed upon request by Kingston for a further term of 60 consecutive months minimum, subject to rates, terms and conditions to be negotiated at or prior to its expiry.

Kingston has a natural gas purchase agreement and management agreement for the supply of natural gas until 2017. TransCanada and Union Gas Limited transport the gas to the Kingston Facility under long-term firm transportation agreements that expire in 2017.

Kingston delivers the maximum amount of electricity that OEFC is obligated to purchase under the PPA during higher-priced on-peak periods. At times of high market gas prices it is economical for Kingston to reduce off-peak electricity production and resell contracted natural gas and gas transportation, either on the spot market or under forward contracts up to three years in the future.

A significant portion of Kingston's GE 6FA gas turbine maintenance is contracted to GE under an agreement that expires in 2016 and covers all gas turbine parts, part repairs and related costs.

On January 23, 2013, Kingston's project financing was repaid in full.

THOROLD

The 265 MW Thorold Facility sells electricity to the OPA under a 20-year CHP Contract and supplies steam and electricity to the adjacent Resolute Thorold Mill under a 20-year energy supply agreement. Thorold is a dispatchable facility that generally produces electricity only when Ontario market conditions are economic, but has a contractual structure designed to insulate it from volume risk and volatility in electricity and natural gas prices. Thorold effectively receives a fixed amount (a revenue requirement) under its PPA that is intended to cover fixed operating costs, debt service and returns on equity. Amounts received from or paid to the OPA to achieve the revenue requirement depend largely upon the difference between actual gross margins earned in the electricity market and margins deemed to have been earned based on market conditions and contract parameters. The revenue requirement structure ensures Thorold's gross profit from the PPA is generally fixed and largely dependent on its ability to operate according to the contract parameters. Thorold can occasionally earn additional gross profit from the Ontario electricity market during certain system or operating conditions.

Thorold is configured around a GE 7FA industrial gas turbine, associated heat recovery steam generator and a steam turbine. Thorold has a 25-year contractual services agreement with GE to cover planned and unplanned maintenance and repairs on the combustion turbine, generator, control systems and auxiliaries supplied by GE.

In accordance with the terms of Thorold's credit agreement, Thorold maintains a major maintenance reserve to help smooth the cash flow impact of periodic costs arising from major maintenance inspections and overhauls. The major maintenance reserve can be funded with cash or a letter of credit; cash is currently being retained in a separate interest-bearing account. Thorold is also required under certain conditions to maintain a debt service reserve, which can be funded with cash or a letter of credit. A debt service reserve will be established during 2015.

SPY HILL

The Spy Hill Facility is an 86 MW natural-gas-fired peaking facility located on land leased from SaskPower. It generates electricity and provides grid stability to SaskPower under the terms of its 25-year PPA. Spy Hill's PPA is designed to ensure predictable, stable and sustainable cash flows by providing monthly payments that cover all fixed costs, debt service and investment returns and by passing through fuel costs to SaskPower, thus insulating the project against changes in natural gas market prices. Northland is responsible for operating the plant to achieve specified efficiency and reliability levels.

The facility comprises two GE LM 6000 gas turbines. Spy Hill entered into a gas turbine parts and services agreement with GE for the duration of the PPA. The agreement includes a fixed quarterly payment to cover some annual inspection and monitoring fees and a lump-sum major maintenance payment at approximately 25,000 hours of operation. Any additional parts and services for unplanned events will be procured at agreed-upon rates and discounts from GE.

Upon the expiry of the Spy Hill's PPA, SaskPower has the option to purchase the facility for $1.

In accordance with the terms of Spy Hill LP's bond refinancing, Spy Hill LP is required to maintain a major maintenance reserve to help smooth the cash flow impact of periodic costs arising from major maintenance inspections and overhauls. The major maintenance reserve can be funded with cash or a letter of credit; cash is currently being retained in a separate interest-bearing account. Spy Hill LP is also required to maintain a debt service reserve, which can be funded with cash or a letter of credit.

NORTH BATTLEFORD

The North Battleford Facility is a 260 MW natural-gas-fired combined-cycle baseload plant located in Saskatchewan. North Battleford began commercial operations on June 5, 2013 after being successfully completed on schedule and under budget. The North Battleford Facility receives monthly capacity-related payments under its PPA that are based on the facility's ability to deliver electricity during non-holiday weekday on-peak periods, and are designed to cover all fixed costs, debt service and investment returns. Other tariffs under the PPA compensate the North Battleford Facility for certain variable and fixed costs of production, including the supply and transportation of natural gas, the costs of which are effectively passed through to SaskPower. Northland is responsible for operating the plant to achieve specified efficiency and reliability levels. The contractual structure of the project is designed to ensure predictable, stable and sustainable cash flows over the entire 20-year term of the PPA.

The North Battleford facility uses a GE 7FA gas turbine with an associated heat recovery steam generator and a steam turbine to generate electricity. North Battleford has entered into a 25-year agreement with GE to cover planned and unplanned maintenance and repairs on the combustion turbine, generator, control systems and auxiliaries supplied by GE.

In accordance with the terms of North Battleford LP's bond refinancing, North Battleford LP is required to maintain a major maintenance reserve to help smooth the cash flow impact of periodic costs arising from major maintenance inspections and overhauls. The major maintenance reserve can be funded with cash or a letter of credit; cash is currently being retained in a separate interest-bearing account. North Battleford LP is also required to maintain a debt service reserve, which can be funded with cash or a letter of credit.

Thermal facilities with non-controlling interests

The following describes the thermal facilities that Northland has voting control and manages on behalf of third party, non-voting shareholders:

COCHRANE POWER CORP.

The Cochrane Facility is a 42 MW natural-gas- and biomass-fired combined-cycle generating station. During 2014, the PPA term was extended to May 2015 however negotiations with the OPA (now the IESO) for a new long-term PPA have been suspended. Management is currently addressing this issue with the stakeholders.

The facility is configured around a GE LM 2500 PE gas turbine coupled with a HRSG, and a steam turbine. The facility also produces steam by burning wood waste, which provides approximately 25% of the facility's capacity.

Northland owns the land and buildings of the Cochrane Facility and leases them to Cochrane Power Corp. under a long-term lease that expires September 2040. Northland operates and maintains the Cochrane Facility and manages Cochrane Power Corp. on behalf of the other shareholders under the terms of a management agreement with Cochrane Power Corp.

The lease and base management payment under the management agreement are both adjusted annually with changes to CPI. In addition, effective December 2013, Northland became entitled to a performance incentive fee equal to 75% of Cochrane Power Corp.'s cash flows after all operating and financing expenditures.

KIRKLAND LAKE CORP.

The Kirkland Lake Facility comprises a 102 MW natural-gas- and biomass-fired baseload power plant and a 30 MW natural gas peaking facility. The Kirkland Lake Facility has a long-term PPA with OEFC that will require price renegotiation in August 2015 with respect to baseload gas-fired portion of the facility and 2030 with respect to wood-fired portion. In late 2014, an agreement was reached with OEFC to extend the PPA term for the 30 MW peaking facility for 20 years to August 2035. Negotiations continue on the baseload, gas-fired portion of the PPA.

The Kirkland Lake baseload plant comprises three GE LM 2500 gas turbines coupled with HRSGs and two steam turbines. Steam is also produced by three wood-waste fuelled combustors integrated with three boilers, which provide approximately 12% of the facility's net output.

The Kirkland Lake peaking plant comprises a GE LM 2500 Plus gas turbine which operates independently of the baseload plant and provides short-notice power to the Ontario electricity grid when required.

Northland owns the land and buildings at the Kirkland Lake plant site and has leased them to Kirkland Lake Corp. under a lease that expires in November 2041. Northland executed management agreements with Kirkland Lake Corp. regarding the original baseload plant and the later peaker plant, both of which expire in November 2041, under which Northland operates and maintains the Kirkland Lake Facility and manages Kirkland Lake Corp. on behalf of its other shareholders.

The base management payments under the Kirkland Lake Management Agreements are adjusted annually with changes to CPI. In addition, Northland is entitled to a performance incentive fee equal to 75% of Kirkland Lake Corp.'s cash flows after all operating and financing expenditures.

Thermal facility managed by a third party

The following describes the thermal facility that Northland had an economic interest in that was managed by a third party:

PANDA-BRANDYWINE

The Panda-Brandywine Facility was a 230 MW natural gas fired combined cycle facility located in Brandywine, Maryland, near Washington, D.C. Northland owned a 19% interest in the facility. The Panda-Brandywine Facility previously sold electrical capacity and energy to JP Morgan pursuant to a PPA that expired in May 2014. JP Morgan notified Panda-Brandywine, L.P. that it would not be extending the PPA beyond May 2014, and as a result was contractually required to pay US$27.5 million to the Panda-Brandywine owners in exchange for transferring the assets to JP Morgan. Northland received a one-time dividend payments of $3.2 million related to this transaction.

Wind Facilities

Northland owns and operates approximately 280 MW of wind generation facilities. Wind turbines harness and convert the kinetic energy of wind into electrical energy. Wind power projects are less technically complex than traditional thermal generation projects, and can be constructed in a much shorter time frame. Wind power projects also have much lower operating expenses because they do not require fuel and generally incur lower equipment maintenance costs. Northland's wind facilities are expected to produce more electricity in the winter because it tends to be windier than in the summer months.

The following describes Northland's current operating wind facilities:

JARDIN

The 127.5 MW Jardin Wind Farm is located primarily on leased agricultural land on the south shore of the St. Lawrence River, near Matane in the Gaspésie region of Quebec.

The Jardin Wind Farm comprises 85 GE 1.5sle wind turbines with a capacity of 1.5 MW each. Jardin entered into a 7-year operations support agreement with GE in June 2012, which provides ongoing maintenance and service on the wind turbines and related equipment.

Jardin has a 20-year PPA with Hydro-Québec to supply up to 150 MW of electricity and receives an incentive payment from the federal government for a period of 10 years under the ecoENERGY for Renewable Power program. Under the terms of its PPA, Jardin shares 75% of the ecoENERGY incentive with Hydro-Québec.

MONT LOUIS

The 100.5 MW Mont Louis wind farm is located near the town of Saint-Maxime-du-Mont-Louis in the Gaspésie region of Quebec on public land leased from the Quebec Ministry of Natural Resources.

Mont Louis comprises 67 GE 1.5sle wind turbines with a capacity of 1.5 MW each. Mont Louis has an 8-year operations support agreement with GE that provides ongoing maintenance and service on the wind turbines and related equipment.

Mont Louis has a 20-year PPA with Hydro-Québec to supply up to 100.5 MW of electricity and receives an incentive payment from the federal government for a period of 10 years under the ecoENERGY for Renewable Power program. Under the terms of the PPA, 75% of this incentive is shared with Hydro-Québec.

GERMAN WIND FARMS

Northland owns two operating wind farms in Germany with a total installed capacity of 21.5 MW.

The 7.2 MW Kavelstorf wind farm comprises four Nordex N60 1.3 MW turbines and two Nordex N54 1.0 MW turbines. The Kavelstorf wind farm is located in northern Germany near Rostock and has been operational since April 2001. The 14.3 MW Eckolstädt wind farm includes 11 Bonus Energy A/S (a member of the Siemens AG group) turbines rated at 1.3 MW each. The Eckolstädt wind farm is located near Jena in central Germany and has been operational since January 2000.

All electricity generated by the German Wind Farms is supplied to local power utilities under the terms of German federal government renewable energy legislation. Turbine maintenance contracts are in place with an affiliate of the turbine manufacturer at Kavelstorf and an experienced service provider at Eckolstädt. EDF EN Deutschland GmbH (formerly enXco GmbH), an entity with considerable wind power experience, manages the daily operations of the wind farms, and Northland provides general oversight.

MCLEAN'S MOUNTAIN

McLean's Mountain Wind Farm is a 60 MW (30 MW net Northland interest) wind project located on leased land on Manitoulin Island, Ontario which has been developed through a 50/50 partnership with UCCM.

The project comprises 24 wind turbines with a capacity of 2.5 MW each, supplied by GE and was constructed by H.B. White Canada Corp. McLean's Mountain has a 10-year operations support agreement with GE that provides ongoing maintenance and service on the wind turbines and related equipment.

The project has a 20-year PPA with the OPA under the FIT Program. McLean's reached commercial operations in May 2014.

Solar Facilities

In 2010, Northland was awarded 20-year PPAs for 13 individual 10 MW ground-mounted solar projects qualifying under the Green Energy Act 2009 (collectively, the "**GMS Projects**"). The 130 MW of GMS Projects were built or are being built in phases, and have all been financed. As of December 31, 2014, nine projects totaling 90 MW are completed and operating, and four projects totaling 40 MW remain under construction. These four projects, also known as the Ground-mounted Solar Phase III Projects, are all expected to be completed in 2015. The nine completed GMS Projects are all operating according to Northland's expectations.

Northland's solar facilities use PV technologies to convert sunlight into electricity. Solar power projects have much lower operating expenses than thermal or wind projects.

During development of Northland's solar projects, a specialized engineering consulting firm prepares long-term production estimates using many years of meteorological data.

Electricity production from solar projects tends to be less variable than wind and is generally higher in the summer than in winter.

The following describes Northland's current operating solar facilities:

GROUND-MOUNTED SOLAR PHASE 1 PROJECTS

Northland's Ground-mounted Solar Phase I Projects are comprised of six individual 10 MW projects totalling 60 MW and are located near Smith Falls and Belleville in eastern Ontario, and Huntsville in central Ontario. Each project has a 20-year PPA with the OPA's FIT Program.

The Ground-mounted Solar Phase I Projects use PV modules provided by MEMC Group of Companies and were constructed by Miwel Construction, a wholly owned subsidiary of Aecon Group Inc. The projects achieved commercial operations sequentially between June and September 2013.

In October 2014, Northland announced the closing of a $232 million, 4.397% senior secured amortizing Series A bond issuance by its wholly owned subsidiary, Northland Power Solar Finance One LP. See "*General Development of the Business – Summary of Northland's Project Financing Activity*".

GROUND-MOUNTED SOLAR PHASE II PROJECTS

The Ground-Mounted Solar Phase II projects, comprised of three individual 10 MW projects totalling 30 MW, are located in eastern and central Ontario. Two of the projects reached commercial operations in early 2014 and the third in October 2014.

The first two projects of Phase II were constructed by Miwel Construction, a wholly owned subsidiary of Aecon Group Inc., while the third project was constructed by H.B White Canada Corp. The PV modules for all three projects were supplied by MEMC Singapore PTE Ltd., and SMA Solar Technology Canada, Inc., respectively, with manufacturing completed in Ontario to meet the domestic content requirements of the FIT Program.

LOBLAW ROOFTOP SOLAR PROJECTS

Northland operates and owns in partnership with Loblaw, four rooftop solar facilities that total approximately 1 MW. The Loblaw rooftop solar projects are in various municipalities in Ontario and achieved commercial operations throughout 2011. The facilities have 20-year guaranteed-price PPAs under the OPA's FIT Program.

Projects Under Construction

GROUND-MOUNTED SOLAR PHASE III PROJECTS

As described previously, in 2010 Northland was awarded 20 year PPAs for 13 individual 10 MW ground mounted solar projects qualifying under the Green Energy Act 2009. The 130 MW of GMS Projects were built or are being built in phases, and have all been financed. As of December 31, 2014, nine projects totaling 90 MW are completed and operating, and four projects totaling 40 MW remain under construction. These four projects, also known as the Ground-mounted Solar Phase III projects, are all expected to be completed in 2015. The nine completed GMS Projects are all operating according to Northlands expectations.

All photo-voltaic (**PV**) modules, inverter assemblies, foundations, racking and most substation equipment have been procured and received for the Ground-mounted Solar Phase III projects.

In late December, 2014 Northland, terminated its EPC contract with White Canada Corp. ("**White**") for default of White's obligations to construct the Ground-mounted Solar Phase III projects. Northland subsequently retained Ganotec Inc., a subsidiary of Peter Kiewit Sons Co. Ltd., to assist with the completion of the projects. Northland previously used Peter Kiewit Sons Co. Ltd. to construct the Thorold and North Battleford facilities. Northland and Ganotec are in the process of estimating the costs to complete the projects. Northland does not expect the final GMS Project costs to exceed $775 million, which is approximately 12% higher than the $690 million originally estimated. This difference is largely attributable to potential increases in the Ground-mounted Solar Phase III projects from the $246 million previously disclosed, prior to cost recovery through legal claims against White and its U.S. parent, the potential benefit of force majeure claims in the related PPAs and prior to being able to fully explore cost mitigation strategies while completing the projects. The capital costs to complete the projects are expected be funded through cash and credit resources on hand. Although the final returns for the Ground-mounted Solar Phase III projects cannot be estimated at this time, the GMS Projects are expected to meet Northland's project return requirements.

As at December 31, 2014, Northland had incurred $184.8 million in construction costs related to its Ground-mounted Solar Phase III projects.

GEMINI 600 MW OFFSHORE WIND PROJECT – NETHERLANDS

In May 2014, Northland acquired a 60% interest in Project Gemini, located 85 kilometres off the coast of the Netherlands in the North Sea. Gemini is owned by a consortium consisting of Northland Power (60%), Siemens (20%), Van Oord Dredging and Marine Contractors BV (10%) and N.V. HVC (10%). The project was awarded 15-year electricity off-take agreements by the Government of the Netherlands.

Subsequent to the acquisition, Project Gemini reached financial close and all consortium owners contributed their required equity, totalling €438 million (CAD$662.7 million at the time). In addition, Northland and a pension fund have provided subordinated loans totalling €200 million (CAD$280.8 million as of December 31, 2014). The loans currently earn an interest rate of 13%.

The project will consist of 150 Siemens SWT-4.0-130 wind turbine generators installed on monopole foundation and transition piece assemblies, together with associated infrastructure including the electrical infrastructure required to connect the project to the Dutch electricity grid. It will be built under two main contracts: (i) a turbine supply agreement with Siemens; and (ii) a construction contract with Van Oord. Siemens will supply, install and commission the wind turbine generators and Van Oord will be responsible for all other engineering, procurement and construction work.

Engineering at Gemini is ongoing and will continue in support of procurement and construction activities. Fabrication of steel structures – monopiles, transition pieces, OHVS and OHVS jackets are progressing on schedule for delivery in 2015. Production and testing of the 220 kV export, infield and land cables are proceeding on schedule. High and medium voltage equipment production is underway. Foundation concrete work for the LHVS is underway. The first inwater activities began in August 2014 with Horizontal Directional Drilling activities in the tidal flats adjacent to the LHVS.

Project Gemini's total capital cost is approximately €2.8 billion (CAD$3.9 billion as of December 31, 2014). Full commercial operations are expected in 2017.

Projects in Advanced Development

Northland is in the advanced stages of developing 432 MW (332 MW net to Northland) of renewable wind energy projects with contracted PPAs or electricity offtake arrangements including Nordsee One and the 100 MW Grand Bend wind project. In February 2015, Northland sold its interests in the 24 MW (16 MW net interest to Northland) Frampton wind project. Completion of the sale is conditional on the achievement of certain conditions and receipt of third-party approvals. The table below provides the respective project capacity, Northland's economic interest, the power offtake counterparties and contract terms.

Advanced Development Projects	**Gross Project Capacity**	**Northland's Economic Interest**		**Region**	**Contract Counterparty**	**PPA Term**(1)
		%	**Capacity**			
Nordsee One Offshore Wind	332.0 MW	85%	282.0 MW	Germany	TenneT TSO GmbH(2)	~10 years
Grand Bend Wind Farm	100.0 MW	50%	50.0 MW	Ontario	OPA	20 years

(1) From the commercial operations date.
(2) The State of The Netherlands is the ultimate parent of TenneT TSO GmbH.

NORDSEE ONE OFFSHORE WIND FARM – GERMANY

On September 4, 2014, Northland acquired an 85% equity stake in three offshore wind projects located in the North Sea, 40 kilometres north of Juist Island in German territorial waters. The acquired projects include Nordsee One, in advanced development, and two early-stage development projects totalling approximately 670 MW – Nordsee Two and Nordsee Three, which are anticipated to be developed over the next decade as offshore wind tariffs are extended and the grid infrastructure is made available. RWE, a global leader in renewable energy with an interest in more than 8,000 MW of offshore wind assets under construction, in operation, and in development, will retain a 15% equity interest in the wind farms.

Nordsee One is located in an attractive location with respect to distance from shore and the quality of its wind resource. Once operational, the 332 MW wind farm is expected to generate enough electricity to supply the needs of 400,000 German households. The project is entitled to a FIT subsidy for approximately ten years under the *German Renewable Energy Act*, which is added to the market power price effectively generating a fixed unit price for energy sold. The project's estimated €1.2 billion (approximately CAD$1.7 billion) capital cost is expected to be recovered within the FIT period. Offshore wind development is a key feature of Germany's

'Energiewende' program, which has a stated goal of achieving 6,500 MW of installed off-shore wind capacity by 2020 and 15 GW by 2030.

Development of the Nordsee One project is well advanced. The required permits for the wind farm have been received, and the project is advancing toward achieving all related permit milestones. Major supply and construction contracts have been completed or are in final form and financing for the project is expected to be completed in the first half of 2015. In-water construction is planned to commence in 2016, and commercial operation is scheduled for the end of 2017.

Subsequent to year-end, on January 27, 2015, Nordsee purchased an interest rate swaption from several European commercial banks to effectively establish a cap of 1.145% on the project's underlying interest rate (excluding lender margins and other charges), based on the projected senior debt amortization schedule from November 2015 through December 2026. The swaption gives Nordsee the right, but not the obligation, to enter into an interest rate swap with a fixed rate of 1.145% and was executed to protect the project economics against increases in the underlying interest rate, Euribor, through June 30, 2015.

GRAND BEND WIND FARM – ONTARIO

Northland and an entity created by the Aamjiwnaang and Bkejwanong First Nations are jointly developing the 100 MW (50 MW net to Northland) Grand Bend wind farm project under a 50/50 partnership. The project has a 20-year PPA with the OPA under the FIT program. Development of the project is well advanced. The appeal of the project's REA was dismissed by the ERT in December 2014. Equipment supply and construction contracts are nearing completion, and construction activities are planned to commence in early 2015, with financial close expected in the first half of 2015 and commercial operations scheduled for spring 2016. Capital cost of the project is estimated to be approximately $385 million.

Other Projects

FRAMPTON 24 MW WIND PROJECT– QUEBEC

On January 12, 2015, Northland announced that it had entered into an agreement for the sale of its 66.7% interest in the advanced development 24 MW Frampton wind project to Boralex Inc. for a total consideration of approximately $11.5 million. On February 20, 2015 Northland announced the closing of the sale transaction. The sale will enable Northland to realize the project's economic returns at an earlier stage, and focus its resources on other large scale development and construction projects.

KABINAKAGAMI HYDRO PROJECTS – ONTARIO

Northland owns development rights to 26 MW (13 MW net to Northland) of hydro power to be provided from four run-of-river projects on the Kabinakagami River near Hearst, Ontario. The projects have been developed in 50/50 partnership with Constance Lake First Nation. Based upon the most current review of project costs and the OPA confirming in January 2014 that PPA prices would not be escalated with inflation, despite the projects being granted an extension due to permitting delays, the Kabinakagami hydro projects no longer meet Northland's policy requiring that they be "highly certain" of being developed and constructed. As a result, $5.2 million of previously deferred development costs related to the Kabinakagami hydro projects were written off during the first quarter of 2014.

Development Prospects

Northland actively pursues new power development opportunities that encompass a range of clean technologies, including natural gas, wind, solar and hydro, to provide a sustainable source of energy in various geographic regions and political jurisdictions. Northland believes this diversified strategy will mitigate the risk of adverse changes to local demographics or governmental policies.

During 2014 and through the date of this AIF, Northland continued to expand its earlier-stage development pipeline, pursuing opportunities that meet the Company's investment criteria in targeted markets including Canada, the United States, Europe, Latin America and Mexico. Northland has identified a number of opportunities in these jurisdictions. Northland's sustained focus is on purposefully advancing those development opportunities that align with the Company's business strategy while prudently managing the cost exposure of earlier-stage projects.

Competitive Conditions

Northland operates generation facilities and is undertaking development activities primarily in Canadian, American, European, Latin American and Mexican power markets. The nature and extent of competition Northland faces varies from jurisdiction to jurisdiction. Within these sectors and within renewable and clean energy electricity markets, Northland faces competition from large utilities and other independent power producers. In certain jurisdictions Northland also faces competition from generators who utilize inputs other than renewable and clean sources to generate electricity including coal, nuclear and oil.

In every jurisdiction in which it operates, Northland depends primarily upon the sale of its power to credit-worthy counterparties under long-term PPAs. In Canada, such counterparties include independent agencies, such as the IESO in Ontario and provincially owned utilities such as Hydro-Québec and SaskPower. Long-term power purchase agreements are generally the result of a competitive request for proposals process or a FIT program established by the relevant agencies or utilities in which Northland's competitors may also participate.

The capital cost to construct and operate as well as governmental programs in support of clean and renewable projects are important drivers of energy pricing and competition in most energy markets, including North America, Europe and Latin America. Numerous market factors may affect governmental policy and its support of clean and renewable energy development which in turn can affect the availability of opportunities for independent power producers, including Northland, to develop new power projects.

Northland manages the risk posed by such competitive conditions through its ongoing strategic planning process, its geographically diverse portfolio of projects, its disciplined approach to project development, its proven track-record and the experience of its management team.

Maintenance of Capacity

To maintain its capacity, defined as electricity production capacity measured in megawatts, Northland (i) invests in durable assets that have a long physical life; (ii) undertakes regular predictive and preventive maintenance; and (iii) makes improvements to major equipment when economically viable. All gas turbines at Northland's thermal facilities (including Kirkland Lake and Cochrane) are maintained under long-term contracts with the original equipment supplier, GE**,** that include provisions for routine inspections, maintenance and repairs, as well as periodic overhauls of the hot gas path components at intervals equivalent to approximately three operating years and major turbine overhauls at intervals equivalent to approximately six operating years. These overhauls return the gas turbines to essentially as-new condition. The wind turbines at Jardin, Mont Louis, McLean's and the German wind farms are also maintained by original suppliers and/or service providers under contracts. The solar panels and inverters at the Ground-mounted solar sites are covered under long-term warranties and parts agreements with the original equipment manufacturers. The cost of parts and maintenance under these contracts is included in operating expenses. Since the replacement and upgrading of Iroquois Falls' gas turbines in 2003, there has been no change to the capacity of any of Northland's facilities.

The thermal facilities, as described above, schedule annual three- to 10-day outages for equipment inspections, maintenance and repairs. Major shutdowns are generally for longer periods when steam turbine overhauls are required and, in the case of Kingston, Thorold and North Battleford, for gas turbine hot gas path and major overhauls. At Iroquois Falls, Kirkland Lake and Cochrane, the length of outages for gas turbine overhauls is reduced by the use of replacement turbines leased from GE, and lost revenue at Iroquois Falls is mitigated to a degree by the ability of the plant to partially recover lost PPA production with its excess capacity. Kingston is able to mitigate lost electricity production during shutdowns through the resale of contracted natural gas. Thorold and North Battleford are unable to directly mitigate lost income during outages; however, their power contract payments were sized to allow for periodic maintenance outages. Major shutdowns of the gas turbines at Spy Hill are not planned until many years in the future due to the expected low number of dispatch hours. Northland's wind turbines require periodic inspections and preventative maintenance which is scheduled to occur during low wind periods. Similar to Northland's wind facilities, the ground-mounted solar sites do not require scheduled major outages or overhauls, but instead are maintained through periodic inspections and preventative maintenance.

Environmental Matters

Northland operates electricity generation facilities which utilize either clean natural gas as a fuel, wood/biomass is also used or wind and solar resources. Northland's facilities are subject to environmental laws and regulations and must maintain in good standing licences, permits and approvals established by governmental authorities and regulatory agencies. Northland is also required to comply with local and municipal approvals and works to establish positive relationships with the communities in which its facilities are located.

Northland's initial capital budget for all of its facilities establishes the capital investment required to meet environmental standards for air emissions, sound, use of water and other resources. Northland has programs in place to ensure that once its facilities are in operation, capital is expended to ensure ongoing compliance with environmental standards.

Northland has internal processes and procedures to monitor environmental conditions and to ensure that it remains fully in compliance with all applicable laws, codes, standards and industry

Northland's corporate management system is integrated with the facilities' own management system. These management systems allow Northland and its facilities to have an overall environmental program where new facilities are built to meet compliance requirements and changes in regulation are monitored. In addition, each facility operates to stay in compliance and changes are made if required, to address and correct non-conformances.

Employees

As at December 31, 2014, Northland had 281 full-time employees.

Interest-Bearing Loans and Borrowings

Northland generally finances projects through secured credit arrangements at the subsidiary level that are non-recourse to Northland. Northland's subsidiaries' interest-bearing loans and borrowings include the following:

In thousands of dollars except as indicated	Note	Maturity	Rate[1]	**As at December 31, 2014[2]**	As at December, 2013
Thorold[3]	(a)	2015, 2030	6.6%	**336,979**	349,699
Spy Hill[3]	(b)	2036	4.1%	**149,477**	151,790
North Battleford [3]	(c)	2032	5.0%	**642,640**	658,706
Jardin [3]	(d)	2029	6.0%	**116,694**	121,941
Mont Louis	(e)	2031/2032	6.6%	**109,804**	113,401
Ground-mounted Solar Phase I[3]	(f)	2030	4.4%	**228,702**	219,615
Ground-mounted Solar Phase II	(g)	2032	5.7%	**82,377**	64,800
Ground-mounted Solar Phase III	(h)	18 years[4]	5.6%	**166,500**	-
McLean's	(i)	2034	6.0%	**135,200**	135,200
Kirkland Lake	(j)	2015	7.1%	**2,340**	6,418
Gemini[3]	(k)	2031	4.8%	**823,848**	-
Total				**$2,794,561**	$1,821,570

(1) The weighted average interest rates of the subsidiary borrowings.

(2) Excludes $17.3 million (2013 – $18.1 million) of letters of credit secured by facility- or project-level credit agreements.

(3) Net of transaction costs and / or fair value adjustments.

(4) From term conversion.

(a) The Thorold LP senior loan was funded 50% by bank lenders and 50% by institutional lenders. The institutional tranche of the Thorold LP senior loan, representing $201 million at financial closing, required the first blended quarterly payment of principal and interest at 6.32% on December 31, 2010, in accordance with a schedule designed to fully amortize the loan over its term until maturity on March 31, 2030. The bank tranche of the Thorold LP senior loan, representing $199.1 million at financial closing, was converted on November 30, 2010 to a term loan with payments of principal and interest at the prevailing rate plus an applicable spread over a 20-year amortization period to March 31, 2030, with maturity in September 2015. Northland expects to refinance the term loan prior to the September 2015 maturity. As required under provisions of the Thorold LP senior loan, Thorold LP entered into interest rate swap agreements that effectively fixed the interest rate of the bank tranche to March 2030. In the above table, certain fair value adjustments are $21.1 million, $23.1 million and 25.0 million in December 31, 2014, December 31, 2013, and December 31, 2012, respectively.

(b) On January 21, 2013, Spy Hill LP's issued $156.3 million in 4.14% senior secured amortizing Series A bonds. The bonds are rated A (stable) by DBRS and will be fully amortized by their maturity in March 2036. The proceeds from the bond issuance were used to repay Spy Hill's entire outstanding borrowings of $110.5 million at January 21, 2013.

(c) On September 20, 2013, North Battleford LP issued $667.3 million in 4.958% senior secured amortizing Series A bonds. The bonds are rated A (low) by DBRS and will be fully amortized by their maturity in December 2032. The proceeds from the bond issuance were used to repay Battleford's $542 million bank credit facility and settle $61.9 million in associated interest rate swaps

(d) On May 2, 2008, Jardin LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $153.0 million senior secured term loan ("**Jardin Senior Loan**"). Conversion to a term loan occurred on May 31, 2012. The Jardin Senior Loan is being repaid through quarterly blended payments of principal and interest at 6.0% until maturity on November 30, 2029, with the principal payments fully amortizing the loan over its term. Certain fair value adjustments to the Jardin Senior Loan are $6.9 million, $7.6 million and $8.3 million on December 31, 2014, December 31, 2013, and December 31, 2012, respectively.

(e) On November 17, 2010, Mont Louis LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $106 million senior secured term loan ("**Mont Louis Senior Loan**"). Conversion to a term loan occurred on January 31, 2012. The Mont Louis Senior Loan is being repaid through quarterly blended payments of principal and interest at 6.6% until maturity on September 16, 2031, with the principal payments fully amortizing the loan over its term. Investissement Québec, a provincial government investment agency also loaned $13.9 million to Mont Louis; repayment of the loan is guaranteed by Northland. The Investissement Québec loan is interest free until April 2015, at which time interest will be charged at the annual rate of 5% until April 2017. After 2017 and until the loan's maturity in March 2032, interest will be charged at the annual rate of 5.5%. The principal balance outstanding is due upon maturity of the loan in March 2032.

(f) On October 8, 2014, the Ground-mounted Solar Phase I Projects' term loan and interest rate swaps were repaid with the proceeds from $232 million, 4.397% senior secured amortizing Series A bonds. The bonds issued by Northland Power Solar Finance One LP require blended payments of principal and interest and will be amortized until maturity in June 2032. The bonds are rated BBB (high) by DBRS.

(g) On September 24, 2013, Northland completed $84 million of non-recourse project financing and a $4.5 million letter of credit facility for two of the three solar projects within Ground-mounted Solar Phase II (Cluster 3) with two commercial banks. After the conversion to a term loan in July 2014, the two projects began making blended payments of principal and interest. The loans will be fully amortized by July 2032. As required under the loan provisions, on October 11, 2013, Northland entered into interest rate swaps to effectively fix the variable interest rate of the non-recourse debt. The all-in rate including interest rate swaps and credit spreads is 5.735%.

(h) On October 1, 2013, McLean's LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $135 million senior secured construction and term loan. The senior debt will be repaid through quarterly blended payments of principal and interest starting on March 31, 2017 until maturity on March 31, 2034, with the principal payments fully amortizing the loan over this period. The senior debt was funded at closing and bears interest, paid quarterly (monthly prior to term conversion), at a rate of 6.01%.

(i) On November 13, 2003, Kirkland Lake Corp. entered into a construction and term loan for $30 million to finance the construction of its natural gas peaking facility. On successful project completion, the construction loan was converted to a term loan bearing interest at 7.07% and is being repaid in 121 blended monthly principal and interest payments until maturity on February 28, 2015. As of December 31, 2014, Cochrane's $1.5 million letter of credit facility has been fully drawn.

(j) On April 24, 2014, Northland completed $240 million of non-recourse project financing and a $25 million letter of credit facility for five ground-mounted solar projects ("**Cluster 4**") with a syndicate of lenders. Cluster 4 comprises one project from the Ground-mounted Solar Phase II Projects and all of the Ground-mounted Solar Phase III Projects. Once term conversion is achieved, the loan will require blended payments of principal and interest based on an 18-year amortization period. The all-in rate including interest rate swaps and credit spreads is 5.58% during operation, escalating 25 basis points every four years.

(k) On May 14, 2014, the Gemini project completed €2.0 billion of non-recourse project financing with a syndicate of international financial institutions and public financing agencies. The project loans include a three-year construction period and a 14-year amortization period. Should the loan not be fully repaid by December 31, 2022, the credit agreement provides for an acceleration of principal payments, subject to available cash flow and the discontinuance of distributions to the equity partners. The interest rate for the project has been hedged over the full loan amortization period with an effective interest rate of approximately 4.75%. As of December 31, 2014, €485.6 million has been drawn on senior debt including transaction costs adjustments of €25.8 million and another €127.0 million on the third-party portion of the subordinated loan.

Debt Covenants

As indicated above, Northland generally conducts its business indirectly through separate subsidiary legal entities and is dependent on receipt of cash from those entities to defray its corporate expenses and pay cash dividends to common, preferred and Class A shareholders. Certain of those entities have outstanding debt arising from incurring non-recourse project finance debt sourced at the subsidiary entity to fund a significant portion of construction costs. Under the credit agreements or trust indentures for such debt, distributions of cash to Northland are typically prohibited if a loan is in default or if a project fails to achieve its minimum benchmark debt service coverage ratio (**DSCR**), in which case excess cash will be retained at the project level until the next distribution date when the benchmark is achieved. For the year ended December 31, 2014, Northland and its subsidiaries were not in default with respect to any loan agreements and were in compliance with all debt covenants.

The applicable covenant restrictions are set out below:

NORTHLAND CORPORATE FACILITY

On February 18, 2015, Northland completed an amendment to its corporate credit facility which is in place with a syndicate of Canadian and international financial institutions. The primary components of the amendment include: (i) the receipt of lender commitments for the $100 million accordion feature of the revolving credit facility, which increased the revolving facility from $350 million to $450 million; (ii) an extension of the revolving facility maturity date from March 2019 to March 2020, and (iii) changes to certain financial ratios and sub-limits in order to provide liquidity and support Northland's ongoing development activities. The revolving facility is available for general corporate purposes and working capital. The maturity date of the $250 million term facility remains unchanged at March 2018 and includes a one-year renewal option.

On March 7, 2014, Northland completed an amendment to its corporate credit facility with a syndicate of financial institutions. The credit facility was increased from $250 million to $600 million and consists of a $350 million revolving facility and a $250 million term facility. The revolving facility also provides for an accordion feature that permits increases of up to $100 million, at the Company's option, if required, conditional upon pro forma compliance with the financial covenants and no default or event of default existing. Any existing lender requested to provide any additional commitments in respect of the revolving facility shall be entitled to agree or decline to participate in its sole discretion. If the amount of requested additional revolving commitment is not provided in full by the existing lenders, the balance of such request may be provided by other financial institutions subject to the satisfaction of requirements under Northland's corporate credit facility. The revolving facility is available for general corporate purposes and working capital. The maturity of the revolving facility has been extended from May 2015 to March 2019, with further annual renewal options. The full $250 million term facility was drawn on April 22, 2014 to assist in funding Northland's investment in Project Gemini. The underlying interest rate on the term facility borrowings was hedged through 2018 at an average rate of 1.48% plus applicable credit spread. The term loan matures in March 2018 and has a one-year renewal option. In July 2014, Northland converted a portion ($51.3 million) of its term loan from Canadian dollars to Euros.

As at December 31, 2014, letters of credit totalling $219.0 million were outstanding under this facility, Iroquois Falls Corp. and Kingston had $nil of borrowings outstanding under its operating facility. As long as there are advances to Iroquois Falls Corp. under the operating line or to Northland under the acquisition line, certain DSCRs must be met by Iroquois Falls Corp. Northland is subject to the covenant that the ratio of the consolidated debt of Northland, including outstanding letters of credit, to consolidated capitalization, which is debt plus equity, may not exceed 70% as calculated on a quarterly basis. If these covenants are not met, transfers from Iroquois Falls to Northland and dividends to Shareholders may be restricted until the financial ratios are met.

THOROLD LP

The Thorold LP credit agreement requires that Thorold LP achieve a DSCR of at least 1.15 for the 12-month period prior to each quarterly distribution. Thorold may also be required to fund certain reserve accounts, primarily a debt service reserve equal to six months of scheduled principal and interest payments, if the DSCR is between 1.15 and 1.40.

SPY HILL

The Spy Hill LP bond trust indenture requires that Spy Hill LP maintain a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution. Spy Hill LP is also required to fund three reserve accounts: a six-month debt service reserve, a major maintenance reserve, and an unplanned maintenance reserve.

NORTH BATTLEFORD

The North Battleford LP bond trust indenture requires that North Battleford LP maintain a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution. North Battleford is also required to fund two reserve accounts: a six-month debt service reserve and a major maintenance reserve.

JARDIN LP

The Jardin LP credit agreement governing the term debt of Jardin LP requires that a DSCR of at least 1.15 be achieved for the 12-month period ending on the immediately preceding distribution date for each quarterly distribution. Failure to achieve that benchmark requires the retention of any excess cash by Jardin until the next distribution date when the benchmark is achieved.

MONT LOUIS LP

The Mont Louis LP credit agreement governing the term debt of Mont Louis LP requires that a DSCR of at least 1.20 be achieved for the 12-month period ending on the immediately preceding distribution date for each quarterly distribution. There are no debt covenants associated with the Investissement Québec loan.

MCLEAN'S LP

The McLean's LP credit agreement governing the term debt of McLean's LP requires that a DSCR of at least 1.20 be achieved for the 12-month period ending on the immediately preceding distribution date for each quarterly distribution.

Ground-mounted Solar

The Northland Power Solar Finance One LP and the Projects LPs bond trust indenture requires that the Projects LPs maintain a DSCR, on a consolidated basis, of at least 1.20 for the 12-month period prior to each quarterly distribution. The Northland Power Solar Finance One LP and the Projects LPs are also required to fund two reserve accounts: a six-month debt service reserve and an O&M expenses reserve.

The Cluster 3 credit agreements entered into by two of the Ground-mounted Solar Phase II Projects require a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution.

The Cluster 4 credit agreements entered into by one project from Ground-mounted Solar Phase II Projects and all Ground-mounted Solar Phase III Projects require a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution, once the projects reach term conversion.

OTHER

Once the Ground-mounted Solar Phase III Projects and Gemini reach term conversion, they will be subject to similar debt covenants.

DIVIDENDS

Sustainability of Dividends

Northland's board and management are committed to maintaining the current dividend of $0.09 per Common Share per month ($1.08 on an annual basis) and are confident that Northland has adequate access to funds to meet its dividend commitment from operating cash flows, cash and cash equivalents on hand and, as necessary, its line of credit or external capital.

Northland has established a dividend reinvestment plan whereby Shareholders may elect to reinvest their dividends in Common Shares of Northland to be issued from treasury at up to a 5% discount to the market price. While the future uptake on Northland's revised DRIP is uncertain, average participation since inception has been 26%. Based on a review of comparable companies with similar DRIP programs, management expects that the net result will be a material reinvestment of cash dividends into Northland, improving the efficiency and reducing the cost of raising equity for future projects.

The Company distributed a total of $1.08 in cash or Common Shares per Common Share and Class A Share to Shareholders for the year ended December 31, 2014 (2013 – $1.08 per Common Share; 2012 – $1.08 per Common Share).

History of Dividends

The following table shows per Common Share and Class A Share cash dividends declared monthly for the past 3 completed financial years.

Dividends Declared per Common Share and Class A Share ($)

Month	2014	2013	2012
January	0.0900	0.0900	0.0900
February	0.0900	0.0900	0.0900
March	0.0900	0.0900	0.0900
April	0.0900	0.0900	0.0900
May	0.0900	0.0900	0.0900
June	0.0900	0.0900	0.0900
July	0.0900	0.0900	0.0900
August	0.0900	0.0900	0.0900
September	0.0900	0.0900	0.0900
October	0.0900	0.0900	0.0900
November	0.0900	0.0900	0.0900
December	0.0900	0.0900	0.0900
	1.0800	1.0800	1.0800

The following table shows per Series 1 Preferred Share dividends declared quarterly for the past 3 years.

Dividends Declared per Series 1 Preferred Share ($)

Month	**2014**	**2013**	**2012**
March	0.3281	0.3281	0.3281
June	0.3281	0.3281	0.3281
September	0.3281	0.3281	0.3281
December	0.3281	0.3281	0.3281
	1.3124	1.3124	1.3124

The following table shows per Series 3 Preferred Share dividends declared quarterly for the past 3 years.

Dividends Declared per Series 3 Preferred Share ($)

Month	2014	2013	2012
March	0.3125	0.3125	0.0000
June	0.3125	0.3125	0.1267
September	0.3125	0.3125	0.3125
December	0.3125	0.3125	0.3125
	1.2500	1.2500	0.7517

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the information under the heading "Management's Discussion and Analysis" of Northland's 2014 Annual Report, which is incorporated herein by reference. The 2014 Annual Report is posted on SEDAR, at www.sedar.com under Northland's profile, and on Northland's website, www.northlandpower.ca.

CAPITAL STRUCTURE

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

- an unlimited number of Common Shares;
- 42,478,451 Class A Shares;
- 8,067,723 Class B Convertible Shares;
- 8,496,078 Class C Convertible Shares; and
- an unlimited number of Preferred Shares, issuable in series, of which:
  - 6,000,000 have been designated as Series 1 Shares;
  - 6,000,000 have been designated as Series 2 Shares;
  - 4,800,000 have been designated as Series 3 Shares; and
  - 4,800,000 have been designated as Series 4 Shares.

As at December 31, 2014, Northland had outstanding 149,409,892 Common Shares (2013 - 131,978,711 Common Shares), 6,000,000 Series 1 Preferred Shares, 4,800,000 Series 3 Preferred Shares, 1,000,000 Class A Shares, Nil Class B Convertible Shares and Nil Class C Convertible Shares. During the year, a total of $16 million (2013 - $11.4 million) of the 2014 Debentures were converted into 1,292,079 (2013 – 920,434) Common Shares. There were also 632,701 Common Shares issued as part of Northland's LTIP. Finally, an additional 2,537,651 Common Shares were issued under Northland's DRIP. On August 22, 2013, Northland's remaining Class C Shares and all of its Class B Shares were converted to Class A Shares. Once the Class C and

B Shares were converted into Class A shares, they were subsequently converted into the equivalent number (12,357,531) of Common Shares.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Common Shares, Class A Shares, Class B Convertible Shares, Class C Convertible Shares, Series 1 and 2 preferred shares and the Series 3 and 4 preferred shares. All Class B Convertible Shares and Class C Convertible Shares were converted into Common Shares during 2013. No further Class B Convertible Shares and Class C Convertible Shares are authorized for issuance.

Description of the Common Shares

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

Description of the Class A Shares

The Class A Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below under "Capital Structure – Appointment Rights of Class A Shares". The Class A Shares, all of which are held by NPHI, are non-transferable, except on a reorganization of NPHI. On liquidation, subject to the rights of the Preferred Shares and the Common Shares, the holders of the Class A Shares share in the distribution of the balance of the assets of Northland.

Description of the Class B Convertible Shares

The Class B Convertible Shares were convertible into Class A Shares on a one-for-one basis based on development profits (as defined in the Company's articles) generated by qualifying projects of Northland only after all Class C Convertible Shares had been converted. The Class B Convertible Shares were non-voting and were not entitled to dividends. Each Class B Convertible Share had the right to receive $0.001 per share on liquidation. The Class B Convertible Shares, all of which were held by NPHI, were converted into Class A Shares and subsequently into Common Shares during 2013. No further Class B Convertible Shares are authorized for issuance.

Description of the Class C Convertible Shares

The Class C Convertible Shares were convertible into Class A Shares on a one-for-one basis based on the first $100 million of development profits (as defined in the Company's Articles) generated by qualifying projects of Northland. The Class C Convertible Shares were entitled to one vote per share and carried specified appointment rights for directors of Northland as described below under "Capital Structure – Appointment Rights of Class A Shares". The Class C Convertible Shares were not entitled to dividends but had the right to receive $0.001 per share on liquidation. The Class C Convertible Shares, all of which were held by NPHI were converted into Class A Shares and subsequently Common Shares during 2013. No further Class C Convertible Shares are authorized for issuance.

Appointment Rights of Class A Shares

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

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

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

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

Replacement Rights

In connection with the Merger, the Fund issued 6,032,191 Replacement Rights (subsequently assumed by the Company) in settlement of Northland's obligations under the NPI LTIP and entered into a Rights Exchange Agreement with each NPI LTIP Participant. Pursuant to the Rights Exchange Agreements, each NPI LTIP Participant relinquished his LTIP Rights in exchange for Replacement Rights which subsequent to the Arrangement represent rights to acquire Common Shares on a one-for-one basis for no additional consideration on or after the

Conversion Date. All Replacement Rights were exchanged for Common Shares of Northland in 2013 and there are no further Replacement Rights outstanding.

Description of the Preferred Shares as a Class

Issuance in Series

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

Voting

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

Dividends

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

Tax Election

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

Series 1 and 2 Preferred Shares

On July 28, 2010, Northland issued 6.0 million Series 1 Preferred Shares at a price of $25.00 per share, for gross proceeds of $150 million. The holders of Series 1 Preferred Shares are entitled to receive fixed cumulative preferential cash dividends at an annual rate of $1.3125 per share, payable quarterly, as and when declared by Northland’s board of directors. The Series 1 Preferred Shares yield 5.25% annually for the initial five-year period ending September 30, 2015, with the first dividend payment having occurred on September 30, 2010. The dividend rate will reset on September 30, 2015, and every five years thereafter at a rate equal to the then five-year Government of Canada bond yield plus 2.80%. The Series 1 Preferred Shares are redeemable on September 30, 2015, and on September 30 of every fifth year thereafter.

The holders of Series 1 Preferred Shares have the right, at their option, to convert their shares into Series 2 Preferred Shares, subject to certain conditions, on September 30, 2015, and on September 30 of every fifth year thereafter. The Series 2 Preferred Shares carry the same features as the Series 1 Preferred Shares, except that holders will be entitled to receive quarterly floating-rate cumulative dividends, as and when declared by the board of directors, at a rate equal to the then three-month Government of Canada treasury bill yield plus 2.80%. The holders of Series 2 Preferred Shares will have the right to convert their shares back into Series 1 Preferred Shares on September 30, 2020, and on September 30 of every fifth year thereafter.

Series 3 and 4 Preferred Shares

On May 24, 2012, Northland issued 4.8 million Series 3 Preferred Shares at a price of $25.00 per share, for gross proceeds of $120 million. The holders of the Series 3 Preferred Shares are entitled to fixed cumulative dividends at an annual rate of $1.25 per share, payable quarterly, as and when declared by the Board of Directors of Northland. The Series 3 Preferred Shares yield 5% annually at the issue price for the initial five-year period ending December 31, 2017. The dividend rate will reset on December 31, 2017 and every five years thereafter at a rate equal to the then five-year Government of Canada Bond yield plus 3.46%. The Series 3 Preferred Shares are redeemable on December 31, 2017 and on December 31 of every fifth year thereafter.

The holders of the Series 3 Preferred Shares have the right, at their option, to convert their shares into Series 4 Preferred Shares, subject to certain conditions, on December 31, 2017 and on December 31 of every fifth year thereafter. The Series 4 Preferred Shares carry the same features as the Series 3 Preferred Shares, except that holders will be entitled to receive quarterly floating rate cumulative dividends, as and when declared by the Board of Directors at a rate equal to the then 90-day Government of Canada Treasury Bill yield plus 3.46%. The holders of the Series 4 Preferred Shares have the right to convert their shares into Series 3 Preferred Shares on December 31, 2022 and on December 31 of every fifth year thereafter.

Convertible Debentures

In 2009, Northland issued 6.25% convertible unsecured subordinated debentures due December 31, 2014 for net proceeds of $88.1 million. The 2014 Debentures were convertible into fully paid Common Shares of Northland at the option of the holder at a conversion price of $12.42 per Common Share and were redeemable by Northland on or following January 1, 2013, provided that the trading price of Northland's Common Shares reaches certain levels. The unconverted 2014 debentures matured on December 31, 2014 and were repaid in full.

On March 5, 2014, Northland completed a public offering of 2019 Debentures (including 2019 Debentures issued under the over-allotment option) with gross proceeds of $78.8 million ($75.3 million after costs and underwriters' fees). The 2019 Debentures had an initial maturity of June 30, 2014 and as a result of the financial closing of Gemini, the maturity was automatically extended to June 30, 2019. The 2019 Debentures are convertible into fully paid Common Shares of Northland at the option of the holder at a conversion price of $21.60 per Common Share and are redeemable by Northland on or after June 30, 2017, provided that the trading price of Northland's Common Shares reaches certain levels. Northland may, at its option, satisfy its obligation to pay the principal amount of the 2019 Debentures in Common Shares of Northland at maturity. Northland determined that the fair value of the embedded holder option at the time of issue was nominal, and as a result the entire amount of the 2019 Debentures was classified as a long-term liability.

On January 22, 2015, Northland completed a public offering of 4.75% convertible unsecured subordinated debentures (including 2020 Debentures issued under the over-allotment option) with gross proceeds of $157.5 million. The 2020 Debentures have a maturity of June 30, 2020. The 2020 Debentures are convertible into fully paid Common Shares of Northland at the option of the holder at a conversion price of $21.60 per Common Share and are redeemable by Northland on or after June 30, 2018, provided that the trading price of Northland's Common Shares reaches certain levels. Northland may, at its option, satisfy its obligation to pay the principal amount of the 2020 Debentures in Common Shares of Northland at maturity.

RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities.

On November 27, 2013, Standard & Poor's credit rating agency upgraded Northland's corporate rating to BBB Stable from BBB-. Standard & Poor's report credited Northland's consistent cash flow generation, coupled with the completion of its North Battleford project on time and within budget as the reason for the upgrade. In addition, an update was made to Northland's preferred share rating and unsecured debt rating. The Series 1 Preferred Shares and Series 3 Preferred Shares ratings were upgraded on Standard & Poor's global scale and Canada to BB+ and P-3 (High) from BB and P-3, respectively.

In January 2015, Standard & Poor's credit rating agency reaffirmed Northland's corporate rating of BBB Stable. In addition, Northland's preferred share rating and unsecured debt ratings were reaffirmed on Standard & Poor's global scale and Canada scale of BB+ and P-3 (High), respectively.

A Standard & Poor's issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Such opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. Standard & Poor's ratings for long-term debt instrument range from a high of AAA to a low CC. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to Standard & Poor's rating system, an obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). The outlook may be qualified as Positive, Negative, Stable, Developing or N.M. (not meaningful). A Stable rating outlook means that a rating is not likely to change.

The Series 1 Preferred Shares and Series 3 Preferred Shares have each been given a Canadian scale rating of P-3 by Standard & Poor's. Such P-3 rating is the tenth of twenty ratings used by Standard & Poor's in its Canadian preferred share rating scale (the first rating being the highest and the twentieth rating being the lowest). According to Standard & Poor's, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Northland has paid applicable service fees to Standard & Poor's for the rating of Northland, the Series 1 Preferred Shares and the Series 3 Preferred Shares along with the annual review thereof.

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. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

MATERIAL CONTRACTS

Northland or its affiliates entered into a number of material contracts in 2014 or prior to 2014 which are still in effect. These contracts are as follows:

(a) the Convertible Debenture Indenture;

(b) the Pre-emptive Rights, Tendering and Voting Agreement dated the 8th day of December, 2010 between a predecessor of the Company and NPHI, described below.

The Convertible Debenture Indenture

The Convertible Debenture Indenture permits the issuance of Debentures without limitation as to the aggregate principal amount. There are two Debentures that are currently outstanding, the 2019 Debentures and 2020 Debentures (see "Capital Structure").

The Debentures are direct obligations of Northland and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to all Senior Indebtedness. The Debentures rank *pari passu* with every other series of Debentures. The Convertible Debenture Indenture does not limit the ability of Northland to incur additional indebtedness, including additional Senior Indebtedness.

Pre-Emptive Rights, Tendering and Voting Agreement

The Pre-emptive Rights, Tendering and Voting Agreement provides that, for so long as James C. Temerty and/or a Temerty Entity controls NPHI and for so long as NPHI and James C. Temerty and/or the Temerty Entities collectively hold, directly or indirectly, not less than 20% of the issued and outstanding Common Shares, Class A Shares and Class C Convertible Shares, taken together, no Common Shares or securities convertible into or exchangeable for Common Shares will be issued by Northland and no option or other right for the purchase of or subscription for any such securities will be granted unless NPHI is offered the opportunity to purchase such securities in such issuance on a pro-rata basis, but only to the extent necessary to maintain its proportional fully diluted interest in Northland. The pre-emptive right of NPHI will not apply to: (i) the issue of any Common Shares outstanding pursuant to any rights to acquire such Common Shares that were outstanding as of January 1, 2011; (ii) any employee or executive compensation arrangement; and (iii) the dividend reinvestment plan of Northland.

If an offeror makes a take-over bid for the Common Shares, including Common Shares issuable upon conversion, exercise or exchange of securities that are convertible into or exchangeable for Common Shares without the payment of additional consideration ("**Exchangeable Securities**") (other than Common Shares held by the offeror or an affiliate of the offeror), and the offeror within 120 days after the date of the take-over bid acquires pursuant to that offer not less than 90% of the Common Shares outstanding and issuable pursuant to the Exchangeable Securities, taken together (other than Common Shares and Common Shares issuable upon the exchange, conversion or exercise of any outstanding Exchangeable Securities held at the date of the take-over bid by or on behalf of or issuable to the offeror or associates or affiliates of the offeror), NPHI will be required to convert its Class A Shares into Common Shares so that the offeror will have the right to compulsorily acquire such Common Shares.

In addition, if a special resolution of the holders of the Common Shares, Class A Shares and Class C Convertible Shares, voting together, is passed to: (i) amend the articles of Northland if the holders of the Common Shares, Class A Shares and Class C Convertible Shares would be entitled to a class vote solely because the change is (a) to add to the rights or privileges of any class or series of shares having rights or privileges equal or superior to the Common Shares or Class A Shares or (b) to make any class or series of shares equal to or superior to the Common Shares or Class A Shares; or (ii) to approve an amalgamation or an arrangement which would have such effect, and such change does not affect the Class A Shares in a different manner from the Common Shares, then will cast its votes, or sign a written resolution in connection with such class vote in favour of the amendment to the articles, the amalgamation or arrangement, as the case may be.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol "NPI". The table below sets forth the reported high and low trading prices and trading volumes of the Common Shares as reported by the TSX during 2014:

Month 2014	High	Low	Volume
January	$16.36	$15.20	4,074,897
February	$16.90	$15.66	7,136,493
March	$17.42	$16.30	4,824,967
April	$17.67	$17.05	2,779,726
May	$18.24	$17.04	3,928,283
June	$18.33	$17.54	4,966,042
July	$18.69	$17.42	5,016,294
August	$18.39	$17.34	2,804,257
September	$18.25	$16.76	5,119,063
October	$17.30	$15.44	5,994,671

Month 2014	High	Low	Volume
November	$17.43	$16.02	3,963,151
December	$16.77	$14.55	7,173,736

The outstanding 2019 Debentures are listed for trading on the TSX under the symbol "NPI.DB.B". The table below sets forth the reported high and low trading prices and trading volumes of the 2019 Debentures as reported by the TSX during 2014:

Month 2014	High	Low	Volume
January	-	-	-
February	-	-	-
March	$104.75	$100.50	180,670
April	$105.00	$104.50	17,940
May	$105.69	$103.51	63,420
June	$104.61	$103.35	9,570
July	$106.00	$103.97	26,550
August	$106.00	$105.20	1,170
September	$105.50	$105.00	9,140
October	$105.30	$103.00	8,730
November	$105.00	$103.60	24,170
December	$105.00	$102.60	670,000

The outstanding 2020 Debentures were listed for trading on the TSX under the symbol "NPI.DB.C" on January 22, 2015.

The outstanding Series 1 Preferred Shares are listed for trading on the TSX under the symbol "NPI.PR.A". The table below sets forth the reported high and low trading prices and trading volumes of the Series 1 Preferred Shares as reported by the TSX in 2014:

Month 2014	High	Low	Volume
January	$22.20	$20.40	343,510
February	$21.90	$20.50	273,647
March	$21.40	$20.90	168,560
April	$22.59	$21.35	78,270
May	$23.73	$22.47	89,892
June	$23.71	$22.48	79,957
July	$23.41	$22.59	114,451
August	$23.00	$22.42	55,542
September	$22.91	$21.60	76,396
October	$22.00	$19.95	95,825
November	$21.33	$19.90	183,277
December	$20.63	$19.25	173,356

The outstanding Series 3 Preferred Shares are listed for trading on the TSX under the symbol "NPI.PR.C". The table below sets forth the reported high and low trading prices and trading volumes of the Series 3 Preferred Shares as reported by the TSX in 2014:

Month 2014	**High**	**Low**	**Volume**
January	$24.75	$23.25	64,848
February	$23.89	$22.60	138,443
March	$24.75	$23.71	68,073
April	$25.69	$24.42	115,179
May	$25.49	$25.00	93,254
June	$25.45	$24.80	54,081
July	$25.45	$25.07	58,674
August	$25.75	$25.26	38,013
September	$25.98	$25.00	84,602
October	$25.29	$24.28	206,666
November	$25.44	$25.13	51,997
December	$25.28	$24.56	105,141

RISK FACTORS

Northland's overall risk management approach seeks to mitigate risk, when feasible, in order to maintain stable predictable and sustainable levels of cash available to pay dividends to Shareholders. Northland does not seek to mitigate fair value risk.

The following are certain risk factors that affect Northland and its businesses. The following information is only a summary of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and the documents referred to herein, including Northland's 2014 Annual Report and Annual MD&A.

Contracts and Contract Counterparties

Northland's operating facilities earn revenue under long-term PPAs that generally have initial terms of 20 to 25 years. In addition, Northland earns management and performance incentive fees from its three managed plants; Cochrane, Kirkland Lake and Chapais. The PPAs for Cochrane and Chapais expire in 2015. The PPA for Kirkland Lake requires that the rates for gas fuelled capacity and energy payments in years 26 to 40 of the term to be negotiated prior to the end of year 25 of the term. For Kingston, the PPA may be renewed beyond 2017 upon request by Kingston for a further term of 60 consecutive months minimum, subject to rates, terms and conditions to be negotiated at the time. For Iroquois Falls, the PPA may be renewed beyond 2021 upon request by either party for a further five (5) year term, subject to terms and conditions to be negotiated.

As Northland's PPAs and/or fuel supply contracts expire, Northland may be able to extend them or enter into new contracts. The renegotiation of certain contract provisions could entail capital investments for plant modifications and/or result in reduced facility profitability due to lower sales volumes, different operating modes or reduced margins. Any reduction in plant profitability under new contracts will be partially mitigated by the fact that Northland has financed its facilities using project debt that is scheduled to be fully amortized by the expiry of the associated PPAs. There can be no assurance that Northland will be able to extend the existing PPAs or enter into new contracts.

The amount of cash flow generated by Northland is dependent upon the counterparties to Northland's long-term contracts continuing to fulfill their contractual obligations. In particular, because electricity sales provide nearly all of the revenue from Northland's facilities, the failure of OEFC, OPA, Hydro-Québec or SaskPower to meet their contractual obligations would have an adverse effect on cash flow. The risk associated with non-performance by the PPA counterparties is partially mitigated by the fact that all are highly-rated with respect to credit quality.

The wind farms in Germany receive/will receive revenue in accordance with German renewable energy legislation. There is no guarantee that this legislation will not be changed, which may reduce the amount of cash flow received. The wind farms in Germany are also subject to a certain degree of variable price risk in excess of its fixed price tariffs.

Gemini was awarded a 15-year electricity subsidy from the Government of the Netherlands through a competitive tender under the government's SDE program. Once operational, Gemini will receive revenues under the SDE program. There is no guarantee that this legislation will not be changed, which may reduce the amount of cash flow received. Further, the SDE is valid for 15 years and the latest date for initiating the SDE contract period is in November 2016. As a result, any delay in the commencement of operations of the first wind turbine of the project beyond this date may cause Gemini to lose a portion of the full 15-year period the SDE.

Steam sales at certain thermal facilities constitute a secondary source of cash flow for Northland. Thermal facilities with steam hosts are obligated to respond to fluctuations in steam requirements. Unexpectedly large short-term fluctuations in steam demand could increase natural gas consumption without a proportionate increase in steam revenue. Decreases in demand for steam could negatively impact steam revenues where take or pay provisions or other contract mitigations do not apply.

Northland and its subsidiaries contract with many third-party suppliers for equipment and services used during the construction of new facilities. The failure of any supplier to meet its obligations could cause Northland to experience construction delays or cost overruns and could, in turn, prevent those projects from meeting obligations under PPAs or financing agreements. In particular, the German wind farms use a multi-contracting approach rather than the typical approach used for Canadian wind projects. There may be increased risks to the Company from overall project management and coordination, compatibility errors, liability caps and warranties on an individual work package basis and issues of delays, cost overruns, performance failures and litigation from multiple physical and contractual interfaces as a result of this mult-contracting approach.

Northland's operating facilities contract with third-party equipment maintenance and service providers, primarily related to gas turbine inspections and maintenance. The failure of any maintenance and service provider to meet its obligations could cause those facilities to experience downtime which could reduce cash flows available to Northland.

Financial counterparty risk arises primarily from holding cash and cash equivalents at banks and financial institutions, counterparty exposure arising from derivative financial instruments with banks, financial institutions and other derivative providers, unfunded credit commitments from banks and financial institutions, and receivables due from customers. The maximum exposure to counterparty risk, other than for unfunded credit commitments, is equal to the carrying value of the financial assets. The inability of a counterparty to perform under agreements with Northland could have a material impact on Northland's assets, liabilities, earnings and / or cash flow.

Electricity Sales and Price

The Iroquois Falls and Kingston PPAs provide higher prices for electricity produced during on-peak periods (the largest component of electricity revenue) if the facilities meet contractually defined monthly on-peak production targets. Iroquois Falls' on-peak premium is reduced if it produces less than 80% of its target; there is no on-peak premium if production is less than 60% of the target. Kingston does not receive an on-peak premium if it delivers less than 80% of its target; however, during events of force majeure the on-peak production target is reduced by the number of on-peak force majeure hours.

The Thorold PPA provides for a monthly revenue requirement that may be reduced if Thorold is unable to operate according to the terms and conditions in the PPA. Thorold does not have a monthly production target, but is required to meet minimum expected availability targets. During periods of force majeure (which are excluded from the availability target calculation), the revenue requirement is reduced based on the proportion of force majeure hours to expected operating hours. The revenue requirement may also be reduced by the difference between gross profit deemed under the PPA and actual gross profit Thorold earned from the Ontario electricity market. Although Thorold has historically operated at or above contractual levels, there is a risk that external market factors or maintenance issues may reduce Thorold's ability to do so in the future.

The Spy Hill PPA provides a monthly capacity payment that may be affected if Spy Hill is unable to operate when requested by SaskPower. If Spy Hill does not meet minimum availability targets it may be subject to a maximum annual penalty of $4 million.

The North Battleford PPA provides a monthly capacity-based payment that may be affected if North Battleford is unable to operate the facility so electricity delivered exceeds levels specified in the PPA based on ambient temperatures. If North Battleford does not meet minimum delivered electricity targets it may be subject to a maximum annual penalty of $15 million.

The Kirkland Lake and Cochrane PPAs provide energy payments for electricity delivered during the month, and also include additional capacity payments for electricity delivered during on-peak hours (7:00 am to 11:00 pm) on non-holiday week days if the total on-peak electricity delivered exceeds a level specified in the PPAs.

The Jardin LP and Mont Louis LP PPAs include financial penalties if the three-year rolling average production for each wind farm is less than 95% of a PPA-defined target. In addition, there is a reduction in the electricity price for production that exceeds 120% of the target. There are no production obligations within German legislation that affect payments to the German wind farms.

There are no production obligations in the Ground-mounted Solar Phase I PPAs that affect payments to the solar facilities.

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

In addition, the SDE price is not subject to an inflation rate escalation. Inflation beyond initial estimates could impact the project's economics and in extreme cases, Gemini's ability to meet debt service coverage ratios or other obligations.

Variability of Renewable Revenue

The wind and solar resources at Northland's wind and solar farms will vary. Although management believes that the resource surveys and historical production data that have been collected demonstrate that the sites are economically viable, weather patterns could change or the historical data and technical predictions could prove not to reflect accurately the strength and consistency of the resources in the future. If there is insufficient resource, the underlying financial projections regarding the amount of electricity to be generated by the renewable farms may not be met, and cash flow and the ability to meet debt service obligations could be adversely affected.

Fuel Supply, Transportation and Price

Certain natural-gas-fired facilities and the biomass facilities owned or managed by Northland may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. To the extent possible, such facilities attempt to match fuel cost setting mechanisms in supply agreements to PPA energy payment formulas. To the extent that fuel costs are not fully matched to PPA energy payments, increases in fuel costs may adversely affect the profitability of the facilities. To the extent there is insufficient fuel supply, the profitability of the facilities may be adversely affected.

The amount of energy to be generated at certain facilities is highly dependent on suppliers under certain natural gas fuel supply agreements fulfilling their contractual obligations. The loss of significant fuel supply agreements or an inability or failure by any supplier to meet its contractual commitments could have an adverse impact on the facilities' ability to produce electricity and steam, which would, in turn, reduce the expected cash flow. In addition, any failure by the entities that transport the natural gas to the facilities to deliver natural gas to the respective facilities may have an adverse impact on cash flow.

Upon the expiry or termination of existing fuel supply agreements, Northland will be required to either renegotiate these agreements or source fuel from other suppliers. There can be no assurance that Northland will be able to renegotiate these agreements or enter into new agreements on similar terms.

Operations and Maintenance

Northland's facilities are subject to operational risks that could have an adverse effect on cash flow, including premature wear or failure of major equipment due to defects in design, material or workmanship.

The risks associated with Northland's thermal facilities are partially mitigated by the proven nature of the technology and design of the facilities, the availability of critical spares on site and the gas turbine maintenance agreements.

The operating risks associated with Northland's renewable facilities, including Gemini and Nordsee, once operational, are partially mitigated by maintenance and service agreements with original equipment suppliers and experienced service providers and by the proven nature of the technology and design of the facilities.

Unlike Northland's existing operating facilities, the availability of offshore wind turbines may be affected by natural events that could make it impossible for operations and maintenance crews to access disabled turbines to deliver parts and provide services. During times of unavailability, turbines will not produce energy. Although Van Oord Dredging and Marine Contractors BV takes substantially all weather and subsurface risk for known conditions under their construction agreements with Gemini and the project will be insured for most weather related issues, there can be no guarantee that Van Oord Dredging and Marine Contractors BV's construction agreements and insurance will provide coverage for such events, that coverage provided will be sufficient to account for the losses suffered by the project, that claims will be paid on a timely basis or that claims will be made pursuant to the insurance policies given the deductibles.

Permitting

All of Northland's facilities are required to maintain permits issued by federal and provincial governments and agencies that govern overall facility operations and place limits on the discharge or use of air, noise, water and emissions, among other permits. If Northland is unable to renew existing permits or enter into new permits, then capital expenditures may be required to enable long-term operations, potentially under different operating profiles.

Natural Events

Northland's facilities and projects are exposed to the elements such as wind, water and in the case of the offshore wind projects, movement of the sea floor. They are also susceptible to weather and other natural events such as hurricanes, tornadoes, lightning storms and icing events that can cause construction delays and production losses and damage to construction and production equipment. Natural events may also make it impossible for operations and maintenance crews to access the disable equipment to deliver parts and provide services.

Environmental, Health and Safety

Northland's facilities are subject to numerous and significant laws, including statutes, regulations, bylaws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; discharges into water, the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual materials, such as chemicals; the prevention of releases of hazardous materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on- and off-site; land use and zoning matters; workers' health and safety matters; and matters relating to the protection of migratory birds and endangered species. As such, the operation of the facilities carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties) and may result in the facilities being involved from time to time in administrative and judicial proceedings relating to such matters, which could have a materially adverse effect on Northland's business, financial condition and results of operations.

All current generating equipment at Cochrane, Kirkland Lake, Iroquois Falls, Kingston, Thorold, North Battleford and Spy Hill is designed to produce NO_x emissions below applicable permit limits. Additional Ontario legislation that came into effect in 2004 introduced a cap and trade system with respect to NO_x emissions. Installation of the new gas turbines at the Iroquois Falls facility in 2003 reduced NO_x emissions well below the levels specified by the new legislation. NO_x emissions from Cochrane's, Kingston's and Thorold's existing natural gas fired generating equipment fall well below those levels as well.

For the last several decades, the greenhouse effect and its influence on climate change has caused environmental concern. Certain jurisdictions have implemented legislation or regulations to regulate greenhouse gas (**GHG**) emissions. As of yet, the federal government of Canada has not introduced any legislation or regulations it plans to use to regulate GHG, nor has it established any firm timelines. In the absence of federal legislation, the Ontario government has investigated setting its own GHG limits, but these efforts are in the preliminary stage and Ontario has not set a firm timeline either. Should any legislation related to GHG regulation impose any costs on Northland, certain of its facilities may not be able to recover some or all of such costs under its PPAs which could result in significantly reduced cash flow and asset impairments upon implementation.

Although management believes the operation of each of the facilities is currently in material compliance with applicable environmental laws, licenses, permits and other authorizations required for the operation of the facilities and although there are environmental monitoring and reporting systems in place with respect to all facilities, there is no guarantee that more stringent laws or regulations will not be imposed, that there will not be more stringent enforcement of applicable laws or that such systems will not fail, which may result in material expenditures. Failure by the facilities to comply with any environmental, health or safety requirements or increases in the cost of such compliance, which could be a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could possibly result in additional expense, capital expenditures, restrictions and delays in the facilities' activities, the extent of which cannot be predicted.

Construction

There is a risk that delays and/or material cost overruns will be incurred in the course of the construction of Northland's current and future development projects. There is also a risk that a project under construction could be stopped or cancelled and/or a contractor could fail to complete its contractual obligations. There is further risk that the projects, once constructed, will not immediately perform as intended. Any significant delays in construction, cost overruns, project cancellations, or project shortfalls as a result of construction activities may have an adverse impact on Northland's operations and financial performance.

Financing

Although Northland expects to finance its current and future projects using cash from operations and non-recourse project financing, there can be no assurance that sufficient capital will be available on acceptable terms to fund acquisitions, investments, refinancing, capital expenditures or expansion projects. In addition, should any particular loan provided to Northland or a subsidiary go into default, this might cause Northland to lose its investment in the project. Most of Northland's facilities and projects have term loan or other financing arrangements in place with various lenders. These financing arrangements are typically secured by all of the project assets and contracts, as well as the equity interests in the project operating entities. The terms of these financing arrangements generally impose many covenants and obligations on the part of the project operating entity and other borrowers, guarantors and sponsors. In many cases, a default by any party under a project operating agreement (such as a PPA) will also constitute a default under the project's term loan or other financing arrangement. Failure to comply with the terms of these term loans or other financing arrangements, or events of default there under, may prevent cash distributions by the project or the project operating entity and may entitle the lenders to demand repayment and enforce their security against project assets. In addition, if an event of default should occur, lenders are entitled to take possession of the equity interests in project operating entities that have been pledged to such lenders by the owners. The prevention of cash distributions from projects or the loss of equity interests in a project could have a material impact on Northland's cash flow.

Interest Rates and Refinancing

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electric power business. Northland generally mitigates underlying interest rate risk with respect to its project-related floating-rate bank credit facilities by entering into interest rate swap agreements to effectively fix the underlying interest rate on floating-rate debt. The credit spread portion of floating interest rate loans cannot be hedged and could increase materially at loan maturity, thus reducing a project's cash flow. In other cases, Northland procures fixed-rate debt when financing its projects to minimize interest rate risk. For non-project debt, primarily Northland's revolving line of credit, interest rates remain variable. A significant rise in interest rates may materially increase the cost of Northland's revolving credit facility and also prevent certain development projects from proceeding as the economics may no longer be feasible at higher rates, possibly resulting in termination or asset impairment.

The ability to refinance, renew or extend debt instruments is dependent on the capital markets up to the time of maturity, which may affect the availability, pricing or terms and conditions of replacement financing.

Currency Fluctuations

Northland has payment obligations in U.S. dollars, primarily related to the service agreements for gas turbines. Exchange rate fluctuations between the U.S. and Canadian dollars may affect cash flow.

Northland also receives cash flows in Euros from its investment in the German wind farms and will be required to make and receive payments in Euros in respect of the Gemini and/or Nordsee One. Exchange rate fluctuations between the Euro or the U.S. dollar and the Canadian dollar may affect the cash flow of Northland. To partially mitigate its exposure to major foreign currencies, material exposures are hedged with financial counterparties.

The projects Northland is developing and/or constructing may utilize equipment purchased from foreign suppliers. Northland's risk management approach is to hedge such foreign exchange risks where feasible. However, fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the cost of this equipment and thus have a negative impact on the feasibility of one or more of the projects. In addition, projects Northland is developing may require expenditures, advances, equity investments or provide project distributions that are denominated in foreign currencies. Fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the amount of equity investment required or the Canadian dollar equivalent of project distributions which may have a negative impact on the feasibility of one or more development projects.

Liquidity

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Impairments in Northland's asset values or cash flows could result in Northland not having sufficient funds to settle a transaction on a due date; Northland could be forced to sell financial assets at a value that is less than what they are worth; or Northland could be unable to settle or recover a financial asset at all.

Northland is also subject to internal liquidity risk as it conducts its business activities through separate legal entities (subsidiaries and affiliates) and is dependent on receipts of cash from those entities to defray its corporate expenses and to make dividend payments to Shareholders.

Ratings

The trading price for Northland's securities may be affected by Northland's credit rating. Credit ratings are continually revised. Any downgrade in Northland's credit rating could adversely affect the trading price of Northland's securities or the trading markets for Northland's securities to the extent trading markets for Northland's securities develop.

Development Prospects and Advanced Stage Development Projects

Prior to a project reaching the advanced stage of development, Northland will incur costs before it can determine that such prospective projects are technically and financially feasible. The nature of some of these expenditures is somewhat speculative. Northland is, in some cases, required to advance funds, enter into commitments and post-performance bonds in the course of development of these prospects. Some of the factors that could cause a prospective development project to fail and cause Northland to lose its investment in the project include: inability to secure favourable sites; inability to secure PPAs; failure to obtain permits, consents, licences and approvals; increases in interest rates; and inability to acquire suitable equipment and construction services at a favourable price. In addition, advanced stage development projects where Northland has secured a PPA, may fail to reach financial close, and all investments up to that point could be unrealizable. Some of the factors that could cause an advanced stage development project to fail include: failure to obtain permits, consents, licences and approvals; increases in interest rates; and inability to finalize equipment and construction services or financing agreements.

Relationship with Stakeholders

Certain joint venture partners, stakeholders or communities with which Northland has arrangements may have or develop interests or objectives which are different from or even in conflict with those of Northland. Any such differences could lead to development, construction or operations issues which could negatively impact the success of Northland's projects. The Company is sometimes required through the permitting and approval process to notify, consult and / or accommodate and obtain consent from various stakeholder groups, including landowners, First Nations and municipalities. Any unforeseen delays or issues in this process may negatively impact Northland's ability to complete any given project on time or at all.

Co-ownership

For non-wholly owned subsidiaries (i.e. Kirkland Lake, Cochrane, McLean's, Grand Bend, Gemini, Nordsee One), Northland will be relying on the other investors to fulfill their commitments and obligations in respect of the project/facility. There is a risk that one or more of the other investors will be unable or unwilling to fulfill its obligations in respect of the project/facility. In such case, facility's operations may be adversely impacted and therefore Northland's cash flows from the project could be negatively impacted.

Government Regulations and Policy

Northland and its generating facilities are subject to policies, laws and regulations, established by various levels of government and government agencies. These are subject to change by the governments or their agencies or the courts and are administered by agencies that may have discretion in their interpretation. Future legal and regulatory changes or interpretations may have a material effect on Northland, its development prospects and/or its generating facilities.

Northland's International Activities

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

Insurance

Northland procures insurance from the insurance market to address all material insurable risks, including business interruption insurance; similar to what management believes would be maintained by a prudent manager/owner/operator of similar facilities or projects. Northland's insurance is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions. There can be no assurance that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the facilities, projects or Northland.

Legal Contingencies

Northland and its subsidiaries may be named as a defendant in various claims and legal actions. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management. Management does not expect the outcome of claims or potential claims to have a materially adverse effect on Northland.

Variability of Cash Flow and Dividends

The actual amount of cash flow to service dividends to Shareholders will depend on numerous factors, including the financial performance of Northland's subsidiary operations, ability to meet debt covenants and obligations, working capital requirements, future capital requirements, participation in Northland's DRIP and tax related matters.

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

Taxes

There can be no assurance that income tax laws in the jurisdictions in which Northland and its subsidiaries do business will not be changed in a manner that adversely affects Northland and its shareholders.

Northland is also subject to various uncertainties concerning the interpretation and application of Canadian, U.S., Dutch, Luxembourg and German tax laws that could affect its profitability and cash flows.

Labour Relations

While labour relations at Northland's facilities have been stable to date and there have not been any disruptions in operations as a result of labour disputes with employees, the maintenance of a productive and efficient labour environment cannot be assured. In the event of a labour disruption such as a strike or lockout, the ability of Northland's facilities to generate income may be impaired.

Employees at Iroquois Falls and the managed Kirkland Lake Facility are unionized. The current labour agreement with the 12 unionized employees at Iroquois Falls expires on June 30, 2016. The Kirkland Lake labour agreement with 25 unionized employees expires February 28, 2017. In the event of a strike or lock-out, the ability of Iroquois Falls or Kirkland Lake Corp. to operate may be limited and their abilities to generate cash available for distribution may be impaired. Employees at Northland's other facilities are not unionized.

Reliance on Third Parties

In the normal course of business, other than as detailed in the "Counterparties" section, Northland routinely relies on third parties with respect to management and construction services.

Northland is reliant on EDF EN Deutschland GmbH (formerly, enXco GmbH) with respect to the management of the German Wind Farms. If EDF EN Deutschland GmbH or another counterparty fails to perform pursuant to their agreements, Northland's asset values or cash flows could be impaired.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Northland, there are no legal proceedings or regulatory actions, potential or outstanding, involving Northland that will have a material adverse effect on it.

BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY

The table below shows the names and province and country of residence of the members of Northland's Board of Directors, their principal occupations during the five preceding years and the year they first became Trustees/Directors. Each Director is appointed to serve until the next annual meeting of Common Shareholders or until his or her successor is elected or appointed.

Name and Province of Residence	**Positions held with the Company**	**Year Became Director(1)**	**Principal Occupation(s) during five-year period ending December 31, 2014**
James C. Temerty C.M.(7)(9) Ontario, Canada	Chair and Director	1997	Chair and Director of Northland.
The Right Honourable John N. Turner, Q.C.(2)(4)(5) (9) Ontario, Canada	Lead Director	1997	Corporate Director; *formerly*, Partner, Miller Thomson LLP (law firm).
Linda L. Bertoldi(8) (9) Ontario, Canada	Director and Secretary	2010	Partner, Borden Ladner Gervais LLP (law firm).
Dr. Marie Bountrogianni(2)(5)(7) (9) Ontario, Canada	Director	2009	Dean of the Chang School; *formerly*, President and Executive Director of the Royal Ontario Museum governors (museum).
V. Peter Harder(2)(5)(6) (9) Ontario, Canada	Director	2010	Senior Policy Advisor, Dentons Canada LLP (law firm).
Barry Gilmour(5)(7) (9)	Director	2014	Corporate Director; *formerly* Group Head, Technology and Operations (Bank of Montreal Financial Group).
Russell Goodman(3)(5) (9)	Director	2014	Corporate Director; *formerly*, Partner at PricewaterhouseCoopers LLP.

Notes:

(1) The date shown reflects the date when each Director became a member of the governing body of a public predecessor of the Company, from July 16, 2009 to December 31, 2010, a trustee of Northland Power Income Fund, from July 1, 2003 to July 16, 2009, a trustee of CT and from 1997 to June 30, 2003, a director of Iroquois Falls Corp.

(2) Member of the Audit Committee.

(3) Chair of the Audit Committee since May 2014.

(4) Chair of the Governance and Nominating Committee and Lead Director.

(5) Independent Director.

(6) Chair of Compensation Committee.

(7) Member of Compensation Committee.

(8) Member of Governance and Nominating Committee.

(9) Member of GemSee Committee (Northland's board committee which monitors the progress of Gemini and Nordsee One).

The table below shows the names and province and country of residence of the executive officers of the Company, their positions held with the Company and their principal occupations during the five preceding years.

Name and Province of Residence	Positions held with the Company	Principal Occupation(s) during five-year period ending December 31, 2014
John W. Brace Ontario, Canada	Chief Executive Officer	Chief Executive Officer of Northland; *prior to January 2014,* President and Chief Executive Officer of Northland; *prior to July 2009,* Chief Executive Officer, President and Chief Operating Officer of CT.
Sean Durfy Ontario, Canada	President and Chief Development Officer	President and Chief Development Officer of Northland; *prior to January 2014,* Corporate Director of Northland; *prior to September 2010,* President and CEO of WestJet Airlines (airline).
Paul J. Bradley Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Northland; *prior to April 2011,* Managing Director and Head of Power and Utilities at Macquarie Capital Markets.
Sam Mantenuto Ontario, Canada	Chief Operating Officer and Vice Chair	Chief Operating Officer and Vice Chair of Northland; *prior to January 2014,* Chief Operating Officer and Chief Development Officer of Northland.
Darryl Bergman Ontario, Canada	Corporate Treasurer	Corporate Treasurer of Northland; *prior to March 2013,* Corporate Treasurer, Sofina Foods.
Gemi (Jim) Cipolla Ontario, Canada	Vice President, Gas and Electricity Marketing	Vice President, Gas and Electricity Marketing.
David Dougall Ontario, Canada	Vice President, Operations	Vice President, Operations; *prior,* General Manager, Operations; *prior,* General Manager, Engineering.
Dino Gliosca Ontario, Canada	Vice President, Engineering	Vice President, Engineering; *prior* General Manager, Engineering.
Michael D. Shadbolt Ontario, Canada	Vice President and General Counsel	Vice-President and General Counsel; prior *to January 2011,* Partner, Macleod Dixon LLP (law firm).
John Pires Ontario, Canada	Vice President, Head of M&A and Project Finance	Vice President, Head of M&A and Project Finance; prior to April 2014, V.P., Corporate & Project Finance, Brookfield Renewable Energy
Greg Lennox Ontario, Canada	Vice President, Construction	Vice President, Construction; *prior to November 2014,* General Manager, Construction.

On September 30, 2014, Tony Anderson, who served as Northland's Chief Investment Officer since April 2011, retired after 25 years of service. Prior to April 2011, Tony served as Northland's Chief Financial Officer.

SHARE OWNERSHIP

As of January 31, 2015, 55,327,989 Common Shares, representing 37% (2013 – 40%) of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the Directors and executive officers of the Company. Including Class A Shares 37% (2013 – 41%) of all voting rights of the Company were owned, directly or indirectly, or controlled by Directors and executive officers of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Northland and other than as described below, none of the directors or executive officers of Northland: (a) is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to an order that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

Mr. Harder resigned from the board of directors of Arise Technologies Corporation in June 2011. In December 2011, Arise Technologies Corporation ("**Arise**") filed a Notice of Intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada) and PricewaterhouseCoopers Inc. was named as the trustee under the Notice of Intention. Arise was deemed to have made an assignment into bankruptcy on April 11, 2012.

Mr. Bradley resigned from the board of directors of EarthFirst Canada Inc. ("**EarthFirst**") in November 2008. Following his resignation, EarthFirst obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada).

To the knowledge of the Company, none of the directors or executive officers of Northland, nor any shareholder holding a sufficient number of securities of Northland to affect materially the control of Northland: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Annual Information Form, none of the directors or executive officers of Northland, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Northland's outstanding voting securities, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Northland.

As of January 31, 2015, James C. Temerty, Chair of Northland Power Inc. owns or has control or direction over 51,437,867 Common Shares (representing 34% of the outstanding Common Shares) and 1,000,000 Class A Shares (representing 100% of the Class A Shares). If all of the Class A Shares were converted into Common Shares, Mr. Temerty would beneficially own or have control or direction over 35% of the then outstanding Common Shares.

AUDIT COMMITTEE

Northland's Board has established an Audit Committee composed of Goodman, Harder, Bountrogianni and Turner, all of whom are independent, as defined in National Instrument 52-110 *Audit Committees* (the "**Audit Committee Rule**"). The Audit Committee of Northland meets with representatives of management to discuss internal controls, financial reporting issues, risk management, and auditing matters related to Northland. Northland's Board has adopted an Audit Committee Charter which sets out terms of reference for the Audit Committee consistent with the Audit Committee Rule. The Audit Committee Charter is attached as Schedule "A" to this Annual Information Form.

All of the members of the Audit Committee are financially literate and Northland's Board has determined that all members of the Audit Committee are independent – in each case as required by the Audit Committee Rule.

The relevant experience of each of the Audit Committee members is as follows:

Russell Goodman (Chair) – Mr. Goodman is a Chartered Professional Accountant who is a director and Chair of Audit Committees of Gildan Activewear Inc., and Whistler Blackcomb Holdings Inc. Mr. Goodman is also a director and member of the Audit Committee of Metro Inc. Previously, Mr. Goodman was a partner for 24 years at PricewaterhouseCoopers LLP and Price Waterhouse LLP.

V. Peter Harder – Mr. Harder is a Senior Policy Advisor for Dentons Canada LLP. Prior to joining Dentons Canada LLP, Mr. Harder was a long serving Deputy Minister in the Government of Canada. Mr. Harder is the former Secretary of the Treasury Board of Canada and Comptroller General of Canada. Mr. Harder was previously a member of the executive committee and board of governors of the Canadian Comprehensive Audit Foundation. Since 2008, Mr. Harder serves as an independent advisor to the Auditor General of Canada.

The Right Honourable John N. Turner – Mr. Turner was formerly a partner at the law firm of Miller Thomson LLP. Prior to joining Miller Thomson LLP, Mr. Turner served in the House of Commons for almost 25 years. Mr. Turner is a former prime minister of Canada and former federal Minister of Finance, among a number of other government positions he has held.

Dr. Marie Bountrogianni – Ms. Bountrogianni is the Dean of the Chang School. Prior to joining Ryerson University, Ms. Bountrogianni was President and Executive Director of the Royal Ontario Museum governors (museum). Ms. Bountrogianni is a former Minister of Intergovernmental Affairs, among a number of other government positions she has held.

The Audit Committee is required to approve all audit and pre-approve all non-audit services provided to Northland by Northland's external auditor.

Please see below for disclosure regarding fees paid by Northland to its external auditors, Ernst & Young LLP.

A copy of the Audit Committee Charter is included as Schedule "A" to this Annual Information Form and is filed on SEDAR and can be reviewed and obtained from the website, www.sedar.com under Northland's profile.

AUDITORS

Ernst & Young LLP, Chartered Accountants, Ernst & Young Tower, 222 Bay Street, Toronto Dominion Centre, Toronto, Ontario are the auditors of Northland. Ernst & Young LLP is independent in accordance with the rules of professional conduct of the various provincial institutes of chartered accountants.

Audit and Other Fees

For the years ended December 31, 2014 and 2013, Ernst & Young LLP were paid by Northland and its subsidiaries, approximately $1.3 million and $0.9 million respectively, as detailed below, for services to the Company and its wholly owned subsidiaries.

	December 31	
	2014	**2013**
Ernst & Young LLP		
Audit Fees	$1,113,880	$810,640
Audit Related Fees	–	–
Tax Fees	109,241	19,035
All Other Fees	100,984	84,590
Total	1,324,105	914,265

In 2014, "All Other Fees" include translation services and review of hedge accounting at Gemini. In 2013, "All Other Fees" included translation services. In 2014, "Tax Fees" includes international payroll tax services and tax structuring and advisory services related to the acquisition of Nordsee. In 2013, "Tax Fees" included international payroll tax services.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, Convertible Debentures, Series 1 Preferred Shares and Series 3 Preferred Shares of Northland is Computershare, 100 University Avenue, Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Northland may be found on SEDAR at www.sedar.com under Northland's profile. Additional information, including directors' and officers' remuneration and indebtedness, and principal holders of Common Shares, is contained in Northland's Management Information Circular filed in connection with the Annual Meeting of Common Shareholders held on May 21, 2014.

Additional financial information, including the consolidated financial statements of Northland and Management's Discussion and Analysis, is provided in the Annual Report.

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

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

"**2019 Debentures**" means the 5.00% convertible unsecured subordinated debentures, Series B of Northland due June 30, 2019.

"**2020 Debentures**" means the 4.75% convertible unsecured subordinated debentures, Series C of Northland due June 30, 2020.

"**Annual MD&A**" means Northland's management, discussion & analysis contained in the Annual Report.

"**Annual Report**" means Northland's annual report for the year ended December 31, 2014.

"**Audit Committee Rule**" means National Instrument 52-110 Audit Committees.

"**Board of Directors**" or "**Board**" means the board of directors of Northland.

"**Buitengaats C.V.**" means the Dutch limited partnership that along with ZeeEnergie C.V. owns the 600 MW Gemini Offshore Wind Project.

"**CEEC**" means Canadian Environmental Energy Corporation.

"**Cenovus**" means Cenovus Energy Inc., formerly EnCana Corporation.

"**Chapais**" means Chapais Énergie, Société en Commandite.

"**Chapais Facility**" means the 28 MW biomass-fired facility, located near Chibougamou, Quebec.

"**Chapais Services**" means Chapais Power Services Inc., the manager of the Chapais Facility.

"**Chips LP**" means Northland Power Chips Limited Partnership.

"**CHP**" means combined heat and power.

"**CHP Contract**" means the CHP agreement dated October 16, 2006 between Thorold LP and the OPA in connection with the sale of electricity from the Thorold Facility.

"**Class A Shares**" means the Class A shares in the capital of Northland.

"**Class B Convertible Shares**" means the Class B convertible shares in the capital of Northland.

"**Class C Convertible Shares**" means the Class C convertible shares in the capital of Northland.

“**Cluster 1**” means the three ground-mounted solar sites within the Ground-mounted Solar Phase 1 Projects; namely, Northland Power Solar Crosby LP, Northland Power Solar McCann LP and Northland Power Solar Rideau Lake LP.

“**Cluster 2**” means the three ground-mounted solar sites within the Ground-mounted Solar Phase 1 Projects; namely, Northland Power Solar Belleville South LP, Northland Power Solar Belleville North LP and Northland Power Solar Burks Falls East LP.

“**Cluster 3**” means the following two Ground-mounted Solar Phase II Projects; namely Northland Power Solar Glendale LP and Northland Power Solar North Burgess LP.

“**Cluster 4**” means the following five projects, of which Northland Power Solar Burks Falls West LP is included in the Ground-mounted Solar Phase II Projects and Northland Power Solar Martins Meadows LP, Northland Power Solar Abitibi LP, Northland Power Solar Empire LP and Northland Power Solar Long Lake LP are with the Ground-mounted Solar Phase III Projects.

“**Cochrane Facility**” means the 42 MW biomass and natural gas fired combined cycle facility owned by Cochrane Power Corp. located in Cochrane, Ontario and all ancillary assets.

“**Cochrane Corp.**” means Cochrane Power Corporation.

“**COD**” means the commercial operations date.

“**Cogeneration**” means the simultaneous production of electricity and thermal energy in the form of heat or steam from a single fuel source.

“**Computershare**” means Computershare Trust Company of Canada.

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

“**Common Shareholders**” means the holders of the Common Shares.

“**Company**” or the “**Corporation**” means Northland Power Inc.

“**Conversion Date**” means January 16, 2012.

“**Convertible Debenture Indenture**” means the trust indenture dated August 26, 2004, as amended and restated as of October 14, 2009, as supplemented by a first supplemental indenture dated October 15, 2009, as supplemented by a second supplemental indenture dated January 1, 2011, as supplemented by a third supplemental indenture dated March 5, 2014 and as supplemented by a fourth supplemental indenture dated January 22, 2015 between Northland and the Debenture Trustee.

“**CPI**” means the Consumer Price Index.

“**CT**” or “**Trust**” means NPIF Commercial Trust, a trust established pursuant to the laws of Ontario, all of the units of which were owned by the Northland Power Income Fund, an unincorporated open ended trust established pursuant to the laws of Ontario.

"**DBRS**" means the Dominion Bond Rating Service.

"**DSCR**" means debt service coverage ratio.

"**Debenture**" means debentures issued pursuant to the Convertible Debenture Indenture.

"**Debentureholder**" means a holder of Debentures.

"**Debenture Trustee**" means Computershare in its capacity as trustee under the Convertible Debenture Indenture.

"**DRIP**" means a dividend reinvestment plan.

"EPC" means engineering, procurement and construction.

"ERT" means Environmental Review Tribunal.

"**FIT**" means the Feed-in Tariff established pursuant to the GEA.

"**FIT Program**" means the program established by the OPA with respect to renewable energy generation projects pursuant to the GEA.

"**Frampton Wind Farm**" means the 24 MW wind project to be located on the south shore of the St. Lawrence River near Frampton, Quebec.

"**Fund**" means Northland Power Income Fund, an unincorporated open ended trust established pursuant to the laws of Ontario.

"**GEA**" means the *Ontario Green Energy and Green Economy Act, 2009*.

"**Gemini Offshore Wind Project**" or "**Gemini**" means the 600 MW offshore wind project located 85 km off the North East coast of the Netherlands.

"**General Electric**" or "**GE**" means one or more of the General Electric Company and its affiliates.

"**German Wind Farms**" mean the two wind farms located in Eckolstädt and Kavelstorf, Germany with a total installed capacity of 21.5 MW that Northland acquired on April 25, 2006.

"**GHG**" means greenhouse gas.

"**Grand Bend Wind Farm**" means the 100 MW wind project to be located in Grand Bend, Ontario.

"**Ground-mounted Solar Entities**" means Northland Power Solar Crosby LP, Northland Power Solar McCann LP, Northland Power Solar Rideau Lake LP, Northland Power Solar Belleville South LP, Northland Power Solar Belleville North LP and Northland Power Solar Burks Falls East LP. (collectively, Ground-mounted Solar Phase I Projects); Northland Power Solar North Burgess LP, Northland Power Solar Burks Falls West LP and Northland Power Solar Glendale

LP (collectively, Ground-mounted Solar Phase II Projects); and Northland Power Solar Long Lake LP, Northland Power Solar Empire LP, Northland Power Solar Martin's Meadows LP and Northland Power Solar Abitibi LP (collectively, Ground-mounted Solar Phase III Projects).

"**Ground-mounted Solar Phase I Projects**" means the six ground-mounted solar projects that were constructed beginning in 2012 and achieved commercial operations in 2013.

"**Ground-mounted Solar Phase II Projects**" means the three ground-mounted solar projects of which construction began in 2013 and achieved commercial operations in 2014.

"**Ground-mounted Solar Phase III Projects**" means the four ground-mounted solar projects of which construction began in 2014 and which are expected to achieve commercial operations in 2015.

"**Hydro-Québec**" means Hydro-Québec, a Quebec Crown Corporation.

"HRSG" means heat recovery steam generator.

"**IESO**" means the Independent Electricity System Operator for Ontario.

"**IFRS**" means International Financial Reporting Standards.

"**Iroquois Falls**" means collectively Iroquois Falls Corp and the Iroquois Falls Facility.

"**Iroquois Falls Corp.**" means Iroquois Falls Power Corp., a wholly owned subsidiary of Northland continued under the laws of Ontario.

"**Iroquois Falls Facility**" means the 120 MW natural-gas fired Cogeneration facility located in Iroquois Falls, Ontario, and all ancillary assets.

"**Jardin**" means collectively the Jardin d'Éole Facility and Jardin LP.

"**Jardin d'Éole Facility**" or "Jardin Wind Farm" means the 127.5 MW wind farm located near the municipalities of Saint-Ulric, Saint-Léandre and Matane, Quebec.

"**Jardin LP**" means Saint-Ulric Saint-Léandre Wind L.P., a Quebec limited partnership which owns the Jardin d'Éole Facility.

"**JP Morgan**" means JP Morgan Ventures Energy Corporation; a subsidiary of JP Morgan Chase & Co.

"**Kabinakagami Hydro Projects**" mean the four run-of-river projects totalling 26 MW in Northern Ontario entered into with Constance Lake First Nation.

"**Kingston**" means collectively the Kingston Facility and Kingston LP.

"**Kingston Facility**" means the 110 MW electricity and steam generating facility and all ancillary assets located near Kingston, Ontario and owned by Kingston LP.

"**Kingston LP**" means Kingston CoGen Limited Partnership, a limited partnership established pursuant to the laws of Ontario.

"**Kirkland Lake Corp.**" means Kirkland Lake Power Corp.

"**Kirkland Lake Facility**" means the 102 MW baseload power plant that came on line in 1991 and a 30 MW peaking facility built in 2004 near Kirkland Lake, Ontario owned by Kirkland Lake Corp.

"Kilovolts" or **"kV"** means 1000 volts.

"**kilowatts**" or "**kW**" means 1,000 watts of electrical energy.

"LHVS" means land high voltage substation.

"**Loblaw**" means Loblaw Companies Limited.

"**LTIP**" means the equity-settled share-based compensation program available to employees when Northland projects achieve certain milestones.

"**LTEP**" means Long-Term Energy Plan.

"McLean's" means collectively McLean's LP and McLean's Mountain Wind Farm.

"**McLean's LP**" means McLean's Mountain Wind L.P.; a 50-50 partnership between Northland and the United Chiefs and Councils of Mnidoo Mnising First Nations.

"**McLean's Mountain Wind Farm**" means the 60 MW wind project to be located on Manitoulin Island, Ontario.

"**Merger**" means the indirect acquisition by the Fund, on July 16, 2009, of all of the issued and outstanding shares of Northland from NPHI and the completion of related transactions, on the terms and conditions set forth in the share purchase agreement dated April 23, 2009, as amended.

"**Minister**" means the Minister of Energy of Ontario.

"**MMPLP**" means Mnidoo Mnising Power Limited Partnership, an entity controlled by the members of the UCCMM.

"**Mont Louis**" means collectively Mont Louis LP and Mont Louis Wind Farm.

"**Mont Louis LP**" means the limited partnership which owns the Mont Louis Wind Farm.

"**Mont Louis Wind Farm**" means the 100 MW wind farm located near the town of Mont Louis in the Gaspé region of Quebec.

"**MW**" means 1,000 kilowatts of electrical energy.

"**Nordsee One GmbH**" means the German corporation which owns the Nordsee One.

"**Nordsee One**" means the 332 MW (282 MW net interest to Northland) offshore wind project located in the North Sea, 40 kilometres north of Juist Island in German territorial waters.

"**North Battleford Facility**" means the 260 MW electricity generating facility located near North Battleford, Saskatchewan and owned by North Battleford LP.

"**North Battleford LP**" means North Battleford Power L.P., a limited partnership established pursuant to the laws of Ontario.

"**NO_x**" means nitrogen oxides, a by-product of fossil fuel electricity generation.

"**NPHI**" means Northland Power Holdings Inc., an Ontario corporation and parent of Northland until July 15, 2009.

"**NPHI Held Common Shares**" means those Common Shares held by NPHI and/or James C. Temerty for which NPHI has provided to the Board such reasonable evidence as the Board may require regarding the ownership of the Common Shares held by NPHI and James C. Temerty together with an undertaking from the registered holder thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors (for the purpose of this definition, Common Shares are considered held by a person if that person has beneficial ownership of, or control and direction over, such Common Shares);

"**NPI LTIP**" means the long-term incentive plan for senior management of Northland under which participants had the right to acquire shares of Northland in certain circumstances.

"**NPI LTIP Participants**" means John W. Brace, Anthony F. Anderson, Salvatore Mantenuto, Dino Gliosca, Frederick G. Brown, David Dougall and Jim Cipolla.

"**OEFC**" means Ontario Electricity Financial Corporation, the successor to Ontario Hydro as continued by the *Electricity Act, 1998* (Ontario) that holds all rights, obligations and liabilities related to the Iroquois Falls Power Purchase Agreement and the Kingston Power Purchase Agreement.

"OHVS" means offshore high voltage substations.

"**off peak**" means times that are not on peak, and includes the hours between 11:00 p.m. and 7:00 a.m. local time for Northland's Ontario generating stations, and the hours between 10:00 pm and 6:00 am local time for Northland's Saskatchewan generating stations, on non-holiday weekdays and all hours on weekends and public holidays as designated by OEFC or SaskPower, respectively, under the projects' PPAs.

"**on peak**" means 7:00 a.m. to 11:00 p.m. local time for Northland's Ontario generating stations, and the hours 6:00 am to 10:00 pm local time for Northland's Saskatchewan generating stations on weekdays, excluding public holidays designated by OEFC or Saskpower, respectively, under the projects' PPAs.

"**OPA**" means the Ontario Power Authority.

"**Panda-Brandywine Facility**" means the 230 MW natural gas-fired combined cycle facility, located near Brandywine, Maryland, U.S.A.

"**Panda-Brandywine, L.P.**" means the limited partnership which owns the Panda-Brandywine Facility.

"**PEC**" means Panda Energy Corporation, a corporation existing under the laws of Texas, U.S.A.

"**PPA**" means a power purchase agreement.

"**PV**" means solar photovoltaic.

"**Régie**" means the Régie de l'énergie.

"**Replacement Rights**" means the rights of NPI LTIP Participants to acquire trust units of the Fund (each such unit represented an equal undivided beneficial interest in the Fund) or after January 1, 2011, Common Shares, for no additional payment, on or after the Conversion Date.

"**Resolute**" means Resolute Forest Products Inc.

"**Resolute Iroquois Falls Mill**" means the pulp and paper manufacturing facility owned by Resolute situated approximately 500 metres from the Iroquois Falls Facility in Iroquois Falls, Ontario.

"**Resolute Thorold Mill**" means the recycled newsprint mill owned by Resolute located in Thorold, Ontario 120 kilometres southwest of Toronto near the U.S. border.

"**RFP**" means a Request for Proposal.

"**Rights Exchange Agreements**" means the rights exchange agreements entered into by the Fund, Northland and the NPI LTIP Participants as of April 23, 2009, as amended, pursuant to which the NPI LTIP Participants were granted Replacement Rights.

"**SaskPower**" means Saskatchewan Power Corporation.

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

"**Series 1 Preferred Shares**" means the Cumulative Rate Reset Preferred Shares, Series 1 in the capital of Northland.

"**Series 2 Preferred Shares**" means the Cumulative Floating Rate Preferred Shares, Series 2 in the capital of Northland.

"**Series 3 Preferred Shares**" means, the Cumulative Rate Reset Preferred Shares, Series 3 in the capital of Northland.

“**Series 4 Preferred Shares**” means, the Cumulative Rate Reset Preferred Shares, Series 4 in the capital of Northland.

“**Shareholders**” means Common Shareholders and the holder of Class A Shares.

“**Spy Hill**” means collectively the Spy Hill Facility and Spy Hill LP.

“**Spy Hill Facility**” means the 86 MW electricity generating facility located near Spy Hill, Saskatchewan and owned by Spy Hill LP.

“**Spy Hill LP**” means Spy Hill Power L.P., a limited partnership established pursuant to the laws of Ontario.

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

“**summer**” means April through September inclusive.

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

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

“**Temerty Entity Held Common Shares**” means those Common Shares held by a Temerty Entity for which NPHI has provided to the Board such reasonable evidence as the Board may require regarding the ownership of the Common Shares held by Temerty Entities together with an undertaking from the registered owners thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors (for the purpose of this definition, Common Shares are considered held by a person if that person has beneficial ownership of, or control and direction over, such Common Shares);

“**Thorold**” means collectively Thorold LP and the Thorold Facility.

“**Thorold LP**” means Thorold CoGen LP, an Ontario limited partnership which owns the Thorold Facility.

“**Thorold Facility**” means the 265 MW cogeneration facility owned by Thorold LP located in Thorold, Ontario, 120 kilometres southwest of Toronto near the US border.

“**TransCanada**” means TransCanada PipeLines Limited.

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

“**UCCMM**” means the United Chiefs and Councils of Mnidoo Mnising First Nations.

“**winter**” means October through March inclusive.

“**ZeeEnergie C.V.**” means the Dutch limited partnership that along with Buitengaats C.V. owns the 600 MW Gemini Offshore Wind Project.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE "A"

NORTHLAND POWER INC.

AUDIT COMMITTEE CHARTER

Purpose of the Audit Committee

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") to assist the Board in fulfilling its oversight responsibilities for Northland Power Inc. (the "**Corporation**") with respect to the accounting and financial reporting requirements, the system of internal controls and management information system, risks and risk management policies, the external audit process, and monitoring compliance with laws and regulations applicable to the Corporation, any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the "**Entities**").

The Audit Committee shall report the results of its activities and associated recommendations to the Board with respect to the financial statements of the Corporation.

Meetings and Procedures

The Audit Committee shall meet at least four times a year or more frequently if necessary.

Meetings of the Audit Committee may be held at the call of the Chair or upon request by two members on two days' prior notice to all members or, by agreement of all members of the Committee, without notice and may be held at the offices of the Corporation or at such other location as the Chair may determine. Meetings may also be held by conference telephone call where all members of the Committee can hear each other. A quorum for all meetings of the Audit Committee shall be two members. The Chair shall be responsible for agendas for the Committee and agendas and briefing materials shall be prepared and circulated in advance of the meeting.

The Audit Committee may determine its own procedures and shall keep minutes of its proceedings and report on its activities at each meeting of the Board.

Audit Committee Responsibilities

(i) *Annual Review of Audit Committee Charter*

The Audit Committee shall maintain this Audit Committee Charter which sets out the Committee's mandate and responsibilities, and review at least annually this Charter to ensure that it conforms to the requirements of National Instrument 52-110 (the "**Audit Committee Rule**") and the requirements of any other relevant securities regulations.

(ii) *The External Auditor*

Management is responsible for the preparation of the financial statements of the Corporation and, as applicable, the Entities. The external auditor is responsible for auditing those financial statements.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report, or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee must recommend to the Board:

(A) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the Entities; and

(B) the compensation of the external auditor.

The Audit Committee shall require the external auditor to report directly to the Audit Committee and shall monitor the independence and performance of the external auditor of the Corporation. The Audit Committee shall monitor the integrity of the financial statements of the Corporation, the financial reporting processes and systems of internal controls.

The Audit Committee must review and approve the hiring policies, as applicable, of the Corporation and the Entities regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

(iii) *Pre-Approval of All Audit and Non-Audit Services*

The Audit Committee shall approve all audit and pre-approve all non-audit services to be provided to the Corporation and, as applicable, the Entities by the Corporation's external auditor. The Audit Committee may delegate to one or more of its members the authority to pre approve all non-audit services, provided that: (i) the Audit Committee establishes pre-approval policies that are detailed as to the particular service; and (ii) any such pre approval of non-audit services by any member to whom such authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre approval.

The Audit Committee satisfies the pre-approval requirement if: (i) the aggregate amount of non-audit services that were not pre-approved is reasonably expected to be no more than 5 per cent of total fees paid to the external auditor during the fiscal year in which the services are provided; (ii) the services were not recognized as non-audit services by the Corporation at the time of the engagement; and (iii) the services are immediately brought to the attention of the Audit Committee and approved, prior to the completion of the audit.

(iv) *Financial Statement Review*

The Audit Committee shall review the Corporation's financial statements, management's discussion and analysis, and annual and interim earnings press releases and shall determine whether to recommend approval thereof to the Board before such documents are publicly disclosed on behalf of the Corporation.

The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must assess the adequacy of such procedures on an annual basis.

(v) *Compliance with Laws and Regulations*

The Audit Committee shall receive regular reports with respect to compliance with laws and regulations having a material impact on the financial statements including tax matters.

(vi) *Complaints and "Whistle Blowers"*

The Audit Committee shall establish procedures for:

(A) the receipt, retention and treatment of complaints received by the Corporation and the Entities regarding accounting, internal accounting controls, or auditing matters; and

(B) the confidential, anonymous submission by employees of the Corporation or of the Entities of concerns regarding questionable financial reporting, accounting or auditing matters.

Composition of the Audit Committee

(i) *Number of Members*

The Audit Committee shall be composed of at least three directors of the Corporation, appointed by the Board from time to time. Each member of the Audit Committee shall continue to be a member until a successor is appointed unless the member resigns, ceases to be qualified to serve or ceases to be a director. The Chair of the Audit Committee shall be appointed by the Board.

(ii) *Financial Literacy*

Every member of the Audit Committee must be financially literate. An Audit Committee member who is not financially literate may be appointed to the Audit Committee, provided that such a member becomes financially literate within a reasonable period of time following his or her appointment.

"Financially literate" means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

(iii) *Independence*

Each member of the Audit Committee must be a director who is independent for the purpose of the Audit Committee Rule, that is a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Appendix I to this Charter describes in greater detail the requirements under the Audit Committee Rule and other applicable securities laws in effect as at the date of this Charter concerning the circumstances in which an individual is considered to have a material relationship with an issuer.

(iv) *Position Description - Audit Committee Chair*

The fundamental responsibility of the Chair of the Audit Committee is to effectively manage the duties of the Audit Committee with respect to the Corporation:

Key Responsibilities of the Chair

- ensures that the Audit Committee is properly organized, functions effectively and meets its obligations and responsibilities
- establishes the frequency of Audit Committee meetings and reviews such frequency from time to time, as considered appropriate, or as requested by the Board or the Audit Committee
- presides at Audit Committee meetings
- establishes the agenda and related matters for committee meetings
- liaises and communicates with the Chair of the Board as necessary to co-ordinate input from the Audit Committee for Board meetings
- liaises and communicates with the Corporation's external auditors as necessary
- on behalf of the Audit Committee, reports to the Board on committee meetings
- serves as a person to whom confidential disclosures may be made under the Corporation's Financial Integrity Policy

Authority and Resources of the Audit Committee

The Audit Committee has the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties. For greater certainty the Audit Committee has the authority to retain, at the Corporation's expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;

(b) set and pay the compensation for any advisors employed by the Committee. The Corporation or the Entities shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Committee, to the external auditor in connection with the issuance of its audit report, or to any consultants or experts employed by the Committee;

(c) communicate directly with the internal and external auditors; and

(d) conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the internal and external auditor as well as officers and employees of the Corporation and the Entities, as applicable.

Risk Management and Insurance

The Audit Committee shall review at least annually significant risk management strategies for the Corporation and the Entities and exposure in the following areas and such other areas as the Committee may deem appropriate from time to time:

(i) foreign currency, interest rate and commodity hedging strategies; and

(ii) insurance coverage.

APPENDIX I

MEANING OF INDEPENDENCE

Part A: Meaning of Independence

1. An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

2. For the purposes of subsection (1), a "**material relationship**" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

   (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

   (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

   (c) an individual who:

      (i) is a partner of a firm that is the issuer's internal or external auditor,

      (ii) is an employee of that firm, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

   (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual;

      (i) is a partner of a firm that is the issuer's internal or external auditor,

      (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

   (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

4. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

5. For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

6. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part time basis.

7. For the purpose of Part A, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Part B: Additional Independence Requirements

8. Despite any determination made under Part A, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

9. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

   (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

   (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

10. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.