MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)

Item 1—Reporting Issuer

The full name and address of the principal office of the reporting issuer are as follows:

Northern Financial Corporation
150 York Street
Suite 1814
Toronto, Ontario
M5H 3S5

Item 2—Date of Material Changes

August 16, 2001

Item 3—Press Release

The Corporation issued a press release through Canada Newswire on August 16, 2001 which is attached as Appendix A.

Item 4 – Summary of Material Changes

The Corporation completed the sale of 10,500,000 units (the "Units"). Each Unit consists of one common share of the Corporation (a "Common Share") and one common share purchase warrant (a "Warrant").

Item 5—Full Description of Material Changes

The Corporation completed the private placement of 10,500,000 Units with an aggregate subscription price of $518,750. Each Unit consists of one Common Share and one Warrant. Each Warrant entitles the holder to purchase one Common Share for $0.05 at any time until August 16, 2006.

Vic Alboini, the Chairman and Chief Executive Officer of the Corporation acquired 10,000,000 Units at a price of $0.05 per Unit. The Units were purcashed for investment purposes. As a result of the transaction, Mr. Alboini owns 32,355,907 shares or approximately 18% of the total issued Common Shares. As at the date hereof, there are 179,879,857 Common Shares issued and outstanding.

Item 6—Reliance on Section 75(3) of the Securities Act (Ontario)

Not applicable.

Item 7—Omitted Information

Not applicable.

Item 8—Senior Officer

For further information, please contact Vic Alboini, Chairman and Chief Executive Officer of the Corporation at (416) 644-8110.

Item 9— Statement of Senior Officer

The foregoing accurately discloses the material changes referred to herein.

DATED at Toronto, Ontario this 27th day of August, 2001.

NORTHERN FINANCIAL CORPORATION

By : "Vic Alboini"
Vic Alboini
Chairman and Chief Executive Officer

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A REPRESENTATION.

APPENDIX "A"

For Immediate Release

NORTHERN FINANCIAL CORPORATION

(TSE: NFC)

NORTHERN FINANCIAL ANNOUNCES PRIVATE PLACEMENT

TORONTO, ONTARIO, August 16, 2001 – Northern Financial Corporation (TSE:NFC) ("Northern" or the "Company") today announced the completion of a private placement of Units in the amount of $518,750 to two investors. This transaction increases the Company's liquid cash assets to $1,730,000.

In the private placement, the Company issued 10,500,000 shares and 10,500,000 five year warrants at an exercise price of $.05. Vic Alboini, Chairman and CEO of the Company, acquired 10,000,000 of the 10,500,000 common shares at a price of $.05 per share and 10,000,000 of the 10,500,000 warrants. As a result of the transaction, Mr. Alboini owns 32,355,907 shares or approximately 18% of the total issued common shares of Northern. The Company has 179,879,857 issued common shares.

Mr. Alboini also holds $474,000 in debentures and 1,896,000 three year warrants at an exercise price of $.10 per share, 2,156,000 stock options at an exercise price of $.55 per share, 250,000 options at an exercise price of $.30 per share, 3,000,000 options at an exercise price of $.09 per share which are subject to approval by the shareholders, and 5,000 options at an exercise price of $.065 per share. The purpose of the purchase was for investment purposes.

Northern Financial Corporation wholly owns Northern Securities Inc., a full service Toronto-based investment bank which provides financial services to small capitalization companies along with online trading, online public offering and online private placement services at its website, www.enorthern.com. In February 2001, Gomez, the Internet quality measurement firm, ranked eNorthern as the overall second best online brokerage firm in Canada.

FOR FURTHER INFORMATION PLEASE CONTACT:

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President and CEO
Northern Financial Corporation
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