This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, lawyer or other professional advisor. No securities regulatory authority has expressed an opinion about, or has passed upon the fairness and merits of, the offer contained in this document, the securities offered pursuant to such offer or the adequacy of the information contained in this document and it is an offence to claim otherwise.

NOTICE OF VARIATION
by
NORTHERN FINANCIAL CORPORATION

of its
OFFER TO PURCHASE
all of the outstanding common shares of
of
PROPRIETARY INDUSTRIES INC.

for the increased price of $0.80 per common share of Proprietary Industries Inc. payable as to $0.35 in cash and a variable principal amount in Debentures of $0.45 if the Debentures are paid for entirely in common shares of Northern Financial Corporation or $0.28 per Debenture if the Debentures are paid entirely in cash

THE OFFER IS STILL OPEN FOR ACCEPTANCE UNTIL MIDNIGHT (TORONTO TIME) ON NOVEMBER 1, 2004 (THE "EXPIRY TIME") UNLESS WITHDRAWN OR EXTENDED.

Northern Financial Corporation (the "Offeror" or "Northern Financial") hereby gives notice that it has amended its offer to purchase all of the outstanding common shares (each, a "PPI Share") of Proprietary Industries Inc. ("PPI") together with the associated Rights (as defined in the Offer and Circular), which it does not currently own, including PPI Shares which may become outstanding on the exercise of any outstanding options or other rights to acquire PPI Shares (the "Offer"). The Offer is open for acceptance until midnight (Toronto time) on November 1, 2004 (the "Expiry Time"), unless withdrawn or extended.

Under the Offer, holders of PPI Shares ("Shareholders") will be entitled to receive for each PPI Share on the basis of $0.80 per PPI Share payable as to $0.35 in cash and a variable principal amount in Debentures of $0.45 if the Debentures are paid for entirely in common shares of the Offeror ("Northern Shares") or $0.28 per Debenture if the Debentures are paid entirely in cash, which shall be at the option of the Offeror.

On September 27, 2004, the Offeror made an offer to acquire all of the issued and outstanding common shares of Proprietary Industries Inc. The information in this Notice of Variation may have an impact on the decisions of Shareholders in connection with the Offer.

The Dealer Manager for the Offer is:
Northern Securities Inc.

October 21, 2004

The PPI Shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol PPI. On September 24, 2004, the last trading day prior to the announcement of the Offer, the closing price on the TSX of the PPI Shares was $0.68. The increased Offer values PPI at $0.80 per PPI Share, representing a premium of approximately 17.6% to the closing trading price of the PPI Shares on the TSX on September 24, 2004 and a premium of 77% based on the volume weighted average trading price of the PPI Shares on the TSX for the 60 trading days ended September 24, 2004.

Shareholders who wish to accept the Offer must properly complete and execute the Letter of Transmittal (printed on blue paper) that accompanied the Offer to Purchase and related Circular dated September 27, 2004 (the "Offer and Circular") or a manually executed facsimile thereof and deposit it, together with certificates representing their PPI Shares, in accordance with the instructions in the Letter of Transmittal at the office of Computershare Trust Company of Canada (the "Depositary") specified in the Letter of Transmittal not later than the Expiry Time. Alternatively, Shareholders may follow the procedure for guaranteed delivery set forth in Section 2 of the Offer to Purchase, "Time and Manner for Acceptance - Procedure for Guaranteed Delivery" by using the Notice of Guaranteed Delivery (printed on yellow paper) that accompanied the Offer and Circular or a manually signed facsimile thereof. Shareholders whose PPI Shares are registered in the name of a nominee should contact their broker, investment dealer, bank, trust company or other nominee for assistance in tendering their PPI Shares.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

Questions and requests for assistance may be directed to the Dealer Manager or to the Depositary for the Offer. Additional copies of this document, the Letter of Transmittal (printed on blue paper) and the Notice of Guaranteed Delivery (printed on yellow paper) may also be obtained without charge from the Depositary at the address and telephone number set forth on the back cover of this document.

NOTICE TO U.S. SHAREHOLDERS

Neither the United States Securities and Exchange Commission (the "SEC") nor any state securities commission has passed upon the accuracy or adequacy of the Offer to Purchase and the Circular or the Northern Shares. Any representation to the contrary is a criminal offence.

The Offer is made by a Canadian issuer in accordance with Canadian law and the disclosure requirements of Canada which are different from those of the United States. Shareholders should be aware that such requirements are different from the disclosure requirements in the United States. Financial statements included, or incorporated by reference, in this document have been prepared in accordance with Canadian accounting standards, which may not be comparable to the financial statements of United States companies.

The enforcement by investors of rights and civil liabilities under United States federal securities laws may be affected adversely by the fact that the Offeror is incorporated under the laws of the Province of Ontario, that its officers and directors are residents of Canada and that substantially all of the assets of the Offeror and of said persons may be located outside the United States. It may be difficult to compel a foreign company and its affiliates to subject themselves to a United States court's judgment.

Shareholders should be aware that the Offeror or its affiliates, directly or indirectly, may bid for or make purchases of the PPI Shares subject to the Offer or certain related securities during the period of the Offer, as permitted by applicable laws or regulations of Canada or its provinces or territories.

Shareholders should be aware that a tender of PPI Shares under the Offer by, or the acquisition by the Offeror or its affiliates of PPI Shares from, a Shareholder may have tax consequences both in the United States and Canada. Such consequences for Shareholders who are resident in or citizens of the United States are not fully described herein. Such Shareholders are urged to consult their own tax advisors.

FORWARD-LOOKING STATEMENTS

The Offer and Circular, including the Annexes and some of the information incorporated by reference herein, include forward-looking statements. All statements other than statements of historical facts included in the Offer and Circular, including the Annexes and information incorporated by reference, including any statements preceded by, followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates" or similar expressions or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following:

(a) future capital expenditures, expenses, revenues, economic performance, financial condition, dividend policy, losses and future prospects;

(b) business and management strategies and the expansion and growth of the Offeror's operations; and

(c) acquisitions, including the timing, nature, availability, location and significance of those acquisitions.

Although management believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Offeror, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Offeror's present and future business strategies and the environment in which the Offeror will operate in the future. Certain factors that could cause the Offeror's actual results, performance or achievements to differ materially from those in the forward-looking statements are described in Annex A to the Circular, under the heading "Risk Factors".

INFORMATION CONCERNING PPI

Except as otherwise indicated, the information concerning PPI and Sylre Ltd. ("Sylre") contained in this Offer and Circular has been taken from or is based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources. Although the Offeror has no knowledge that would indicate that any statements contained herein concerning PPI taken from or based upon such documents and records are untrue or incomplete, neither the Offeror nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, including PPI or Sylre financial statements, or for any failure by PPI or Sylre to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror. The Offeror has no means to verify the accuracy or completeness of any information contained herein or in such publicly available documents or records or whether there has been any failure by PPI or Sylre to disclose events that may have occurred or may affect the significance or accuracy of such information.

NOTICE OF VARIATION

TO: THE HOLDERS OF SHARES OF PROPRIETARY INDUSTRIES INC. ("PPI")

This Notice of Variation amends and supplements the offer to purchase dated September 27, 2004 (the "Offer to Purchase") and accompanying circular (the "Circular" and, together with the Offer to Purchase, the "Offer and Circular"). Except as otherwise set forth in this Notice of Variation, the information, terms and conditions in the Offer and Circular continue to be applicable in all respects and this Notice of Variation should be read in conjunction with the Offer and Circular, provisions of which (as hereby supplemented) are incorporated herein by reference. References to the "Offer" means the offer by Northern Financial Corporation (the "Offeror") to acquire all of the outstanding common shares of PPI ("PPI Shares") set out in the Offer and Circular as supplemented and amended by this Notice of Variation.

1. Increase in the Price Offered for PPI Shares & Change in Consideration

The Offeror has increased the price payable for the PPI Shares payable under the Offer to $0.80 for each PPI Share payable as to $0.35 in cash and as to a variable amount of debentures of the Offeror (the "Debentures") of $0.45 if the Debentures are paid for entirely in common shares of the Offeror ("Northern Shares") or $0.28 per Debenture if the Debentures are paid entirely in cash, which shall be at the option of the Offeror.

Assuming that all of the conditions to the Offer are satisfied or waived, all Shareholders whose PPI Shares are taken up under the Offer, including those Shareholders who have already deposited their PPI Shares to the Offer, will receive the increased price for their PPI Shares.

On September 24, 2004, the last trading day prior to the announcement of the Offer, the closing price on the TSX of the PPI Shares was $0.68. The increased Offer values PPI at $0.80 per PPI Share, representing a premium of approximately 17.6% to the closing trading price of the PPI Shares on the TSX on September 24, 2004 and a premium of 77% based on the volume weighted average trading price of the PPI Shares on the TSX for the 60 trading days ended September 24, 2004.

In addition, the Offeror has made the following changes to the terms of the Debentures: (a) interest on Debentures representing $0.28 per PPI Share will be payable at a rate of 5% per annum while no interest would be payable on Debentures representing $0.17 per PPI Share; (b) the Offeror, at its option, may prepay any or all of the Debentures in cash or in Northern Shares at any time, and from time to time, prior to the Maturity Date (as defined below) and, at its option, upon maturity of the Debentures; if the Debentures are paid in whole or in part in Northern Shares prior to or at maturity, the issue price of Northern Shares would be equal to 90% of the weighted average trading price for the 20 trading day period ending on the second business day prior to the prepayment date of the Debentures. For every dollar principal amount of Debentures paid in cash, the total principal amount of Debentures is reduced by $1.61 with the result that, for example, (A) if $0.28 per PPI Share is paid in cash, the remaining principal amount of $0.17 per PPI Share is not payable; and (B) if no principal amount of Debentures is paid in cash, the Offeror shall be required to pay $0.45 per PPI Share in Northern Shares.

The Offer is currently offering $42,897,084 in consideration of the PPI Shares, which it does not curerntly own.

Consequential amendments to the Offer to reflect this Notice are deemed to be made where required.

2. Change in Information in the Offer and Circular

In addition to the above, the Offer is amended as follows:

Description of the Debentures

The text of section 12 of the Offer is hereby deleted and replaced by the following:

"The following is a brief summary of the material attributes and characteristics of the Debentures, which does not purport to be complete. Reference is made to the Trust Indenture referred to below for the full text of such attributes and characteristics. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Trust Indenture.

General

The Debentures will be issued under a trust indenture (the "Trust Indenture") to be entered into by the Corporation and Computershare Trust Company of Canada (the "Trustee") as trustee. The maximum aggregate principal amount of Debentures to be issued under the Trust Indenture is approximately $24,129,610 assuming the Offeror acquires all of the issued PPI Shares, which it does not currently own, pursuant to the Offer.

The Debentures will be dated on the date of issue and will mature on that date that is three years from the date of issue (the "Maturity Date").

Interest

The Debentures representing $0.28 per PPI Share will bear interest from the date of issue at a rate of 5% per annum, calculated and payable semi-annually in arrears at the end of each six month period from the date of issue up and until the Maturity Date. No interest would be payable on Debentures representing $0.17 per PPI Share.

Redemption During Term

The Offeror may redeem the Debentures, in whole or in part at any time and from time to time during the term of the Debentures, on a pro rata basis, upon not less than five days' prior notice and not more than 30 days' prior notice, at par plus any accrued and unpaid interest to but not including the redemption date. In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be redeemed on a pro rata basis. The Offeror may redeem any such Debentures at any time and from time to time, for cash or in Northern Shares. If the Offeror elects to satisfy any such redemption obligation during the term of the Debentures in Northern Shares, the Offeror will issue and deliver that number of Northern Shares obtained by dividing the principal amount of the Debentures to be redeemed by 90% of the weighted average trading price of the Northern Shares for the 20-day period ending the second business day prior to the redemption date. No fractional Northern Shares will be delivered to the holders of Debentures. If a holder of a Debenture is otherwise entitled to receive a fractional common share, the number of Northern Shares issuable to such holder will be rounded up to the next whole number for the benefit of such holder.

Payment Upon Maturity

On maturity, the Offeror is required to repay the indebtedness represented by the Debentures by paying to the Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The Offeror may, at its option, and subject to regulatory approval and upon at least five days' notice, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the Debentures at any time prior to maturity by delivery of that number of Northern Shares obtained by dividing the principal amount of the Debenture by 90% of the weighted average trading price of the Northern Shares for the 20-day period ending the second business day prior to the Maturity Date. No fractional Northern Shares will be delivered to the holders of Debentures. If a holder of a Debenture is otherwise entitled to receive a fractional common share, the number of Northern Shares issuable to such holder will be rounded up to the next whole number for the benefit of such holder.

Reduction of Principal Amount

For every dollar principal amount of Debentures paid in cash at any time and from time to time by the Offeror or upon maturity, the total principal amount of Debentures is reduced by $1.61 with the result that, for example, (A) if $0.28 per PPI Share is paid in cash, the remaining amount of $0.17 per PPI Share is not payable; and (B) if no principal amount of Debentures is paid in cash, Northern is required to pay $0.45 per PPI Share in Northern Shares.

Events of Default

Events of Default under the Trust Indenture applicable to the Debentures will include: (a) failure to pay any principal on any Debenture when due; (b) failure to pay any interest on any Debenture when due, which remains unremedied for a period of ten business days; (c) default in the performance, or breach, of any other covenant or agreement of the Offeror under the Trust Indenture or the Debentures, which remains unremedied for 30 days after written notice to the Offeror by the Trustee or holders of at least 50.1% of the aggregate principal amount of outstanding Debentures; and (d) certain events of bankruptcy, insolvency or reorganization affecting the Offeror.

If an Event of Default has occurred and is continuing, the Offeror will not have the right to: (a) pay interest on the Debentures; (b) redeem the Debentures; or (c) repay the principal amount of the Debentures on the Maturity Date, by the issuance of common shares, as described above. If an Event of Default has occurred and is continuing, all such payments by the Corporation shall be in cash. An Event of Default may be waived by the holders of not less than 50.1% of the principal amount of the Debentures then outstanding by instrument in writing.

Purchase for Cancellation

The Offeror may purchase Debentures for cancellation at any time, in the market or by tender or private contract, subject to any required regulatory approval.

Ranking

All Debentures created, authenticated and delivered pursuant to the Trust Indenture will be direct obligations of the Offer. They will rank pari passu, without discrimination, preference or priority, with all other Debentures, subject to the obligation of the Trustee to subordinate the Debentures in favour of the indebtedness under the financing facility arranged by the Offeror to finance the cash payments under the Offer, which indebtedness would be retired on the earlier of the Compulsory Acquisition, a Second Step Transaction or six months from the Expiry Date and the indebtedness of a bank, financial institution, merchant bank or financial services company up to a maximum principal amount of $2,000,000 (collectively the "Prior Secured Debt"). Upon any distribution of assets of the Offeror on any dissolution, winding-up, liquidation, reorganization, bankruptcy, insolvency, arrangement with creditors or receivership, the holders of the Prior Secured Debt will be paid in full prior to any payments being made to holders of the Debentures. The Debentures will not limit the Offeror's ability to incur additional indebtedness.

Security

The Debentures will be issued under the Trust Indenture. All of the obligations of the Offeror under the Debentures and under the Trust Indenture will be secured by a fixed and floating charge, hypothec and security interest on all present and future real (immovable) and personal (movable) property and undertakings of every nature and kind of the Offeror, subject to the priority of the Prior Secured Debt, and subject to the restrictions arising under applicable law or by contract. The Debentures and the Trust Indenture will provide that the Trustee will act as security agent for, and fondé de pouvoir and the holder of a power of attorney of, the holders of the Debentures from time to time for the purposes of the security.

Modification of the Trust Indenture and the Debentures

The Trust Indenture will provide that modifications and alterations to it and to the Debentures may be made if authorized by extraordinary resolution. The term ''extraordinary resolution'' is defined in the Trust Indenture to mean, in effect, a resolution duly passed by the affirmative votes of the holders of not less than 662/3% of the principal amount of Debentures represented and voting at a meeting of holders of the Debentures or by an instrument or instruments in writing signed by the holders of not less than 662/3% of the principal amount of all Debentures outstanding.

Successor

Amalgamations, consolidations and mergers of the Offeror or the sale of all or substantially all of its property or assets are permitted under the Trust Indenture where the successor is a corporation incorporated in Canada or a province thereof and assumes liability for the obligations of the Offeror under the Trust Indenture, provided that the transaction is upon such terms as to substantially preserve and not impair the rights of the Trustee or the holders of the Debentures.

Resale of Debentures

The Debentures will be issued in reliance upon exemptions from the registration and prospectus requirements of Canadian securities legislation. The Offeror has applied to list the Debentures on the TSX."

3. Conditions to the Offer

The Offer remains subject to the conditions set forth in Section 3 of the Offer to Purchase, "Conditions of the Offer".

4. Recent Developments

Since September 27, 2004, the date of the Offer to Purchase, the Offeror has acquired 1,401,000 PPI Shares and, as of the date hereof, holds 6,214,000 PPI Shares, representing approximately 10.4% of the issued and outstanding PPI Shares.

Since the date of the Offer to Purchase, Northern Financial has filed submissions with the Alberta Securities Commission ("ASC"), the Ontario Securities Commission and the TSX requesting various relief with reference to the proposed private placement by PPI (the "Quest Private Placement") to Quest Capital Corp. ("Quest") and an issuer bid by PPI (the "PPI Issuer Bid") to purchase 40 million PPI shares.

The Quest Private Placement with the PPI Issuer Bid are collectively referred to as the "Quest Transaction".

On October 7, 2004, the Offeror amended its offer (the "Sylre Offer") to purchase all of the outstanding common shares (each, a "Sylre Share") of Sylre Ltd. ("Sylre") by increasing the consideration offered for each Sylre Share to $0.50, payable as to $0.17 in cash and $0.33 in Northern Shares. The Northern Shares would be issued at $0.0375 per Northern Share resulting in each Sylre shareholder receiving $0.17 in cash and 8.8 Northern Shares for each Sylre Share. The expiry time of the Sylre offer was extended until 5:00 p.m. (Toronto time) on October 19, 2004, unless withdrawn or further extended. On October 19, 2004, the Offeror announced its intention to take up and pay for the approximately 85.6% of the issued and outstanding Sylre Shares, which it did not own, that had been deposited to the Sylre Offer and to extend the Sylre Offer until 5:00 p.m. (Toronto time) on November 5, 2004, unless withdrawn or further extended. Assuming all Sylre Shares that were issued and outstanding as of September 1, 2004 are tendered to the Sylre Offer, other than Sylre Shares held by the Offeror, and that the Offeror takes up and pays for such Sylre Shares, the Offeror would issue approximately 47,691,600 Northern Shares under the Sylre Offer.

On October 12, 2004 Northern Financial announced its intention to revise the terms of the Offer to Purchase to acquire all the PPI Shares, which it does currently own, at a price of $0.80 per PPI Share consisting of $0.35 per PPI Share and a variable principal amount in Debentures of $0.45 per PPI Share, conditional on receiving the support of the Board of Directors of PPI. On October 20, 2004, the Offeror announced that it was formally revising its Offer on October 12, 2004.

5. Take-Up of Deposited PPI Shares

If all of the conditions referred to in Section 3 of the Offer to Purchase, "Conditions of the Offer", have been fulfilled or, where permitted, waived at the Expiry Time of the Offer, the Offeror will take up and pay for the PPI Shares deposited under the offer and not withdrawn no later than 10 days from the Expiry Time, and will pay for the PPI Shares taken up as soon as possible, but, in any event not later than three business days after taking up the PPI Shares. See Section 5 of the Offer to Purchase, "Payment for Deposited Shares".

6. Right to Withdraw Deposited Shares

Shareholders have the right to withdraw PPI Shares deposited pursuant to the Offer under the circumstances and in the manner described in Section 7 of the Offer to Purchase, "Right to Withdraw Deposited Shares".

7. Acquisition of Shares Not Deposited

The purpose of the Offer is to enable the Offeror to acquire all of the outstanding PPI Shares that it does not currently own. The Offeror currently intends to exercise its statutory right of Compulsory Acquisition, if available, to acquire all the PPI Shares not deposited to the Offer or, if such statutory right of acquisition is not available, the Offeror currently intends to avail itself of such other corporate actions or proceedings as may be legally available, including a Second-Step Transaction, to acquire the remaining PPI Shares not deposited to the Offer, within 120 days of the Expiry Time. See Section 12 of the Circular, "Acquisition of Shares Not Deposited Under the Offer".

8. Directors' Approval

The contents of this Notice of Variation have been approved, and the sending thereof to the Shareholders has been authorized, by the board of directors of the Offeror.

9. Offerees' Statutory Rights

Securities legislation in certain of the provinces and territories of Canada provides securityholders of PPI with, in addition to any other rights that they may have at law, rights of rescission or damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to such securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for the particulars of those rights or consult with a lawyer.

APPROVAL AND CERTIFICATE OF THE OFFEROR

The contents of this Notice of Variation have been approved by, and the sending thereof to the shareholders has been authorized by, the Board of Directors. The foregoing, together with the Offer to Purchase and Circular dated September 27, 2004, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or the market price of the securities which are the subject of the Offer.

Dated: October 21, 2004.

(Signed)	"Vic Alboini" Chairman, President and Chief Executive Officer	(Signed)	"Richard Pinkerton" Acting Chief Financial Officer

On behalf of the board of directors

(Signed)	"Ian Bradley" Director	(Signed)	"Wes Roitman" Director

The Depositary for the Offer is:

Computershare Trust Company of Canada

By Mail:

P.O. Box 7021
31 Adelaide Street East
Toronto, Ontario
M5C 3H2

Attn: Corporate Actions Department

By Facsimile Transmission:

(416) 981-9663

For Information Telephone:
1-888-982-4589

By email:
service@computershare.com

By Hand or by Courier

100 University Avenue
9th Floor
Toronto, Ontario
M5J 2Y1

Attn: Corporate Actions Department

The Dealer Manager for the Offer is:

Northern Securities Inc.

150 York Street
Suite 1814
Toronto, Ontario
M5H 3S5

Tel: 416-644-8108

Attn: Richard Pinkerton

Any questions and requests for assistance may be directed by Shareholders to the Depositary or Dealer Manager at the telephone number and location set out above.