



March 7, 2016

To Limited Partners

**Re: Northern Precious Metals 2012 Limited Partnership (“NPM 2012”)
Extension of the date of dissolution**

Dear Limited Partners,

The months of January and February 2016 have signed the end of this five year bear market as gold started to heavily pour into exchange-traded funds. This is exactly what financial advisors as well as all Limited Partners have been anticipating for quite a while now.

In February 2016, gold ETF holdings rose by 185.6 tonnes which is the highest monthly inflow in seven years. The total inflow for January and February combined was around 240 tonnes, the highest two-month total since the start of 2009 which is equivalent to nearly one month of global gold mining production. As a result, the entire drop in ETF holdings seen in 2014 and 2015 has been totally erased and ETF holdings are now backed to the early 2014 levels.

In the U.S. the last data shows that sales of various denominations of American Eagle and Buffalo gold coins totaled 226,500 ounces for the first two months of 2016, up 236% from the same period last year.

Pierre Lassonde, chairman and co-founder of Franco-Nevada, said in a recent interview that “After five years, the bear market in gold has ended; the biggest driver for gold is negative interest rates around the globe; with \$7 trillion of negative interest rate bonds, the bond market is described as confiscation by the state; as a result investors with money are now turning to gold; and gold ETF holdings are sharply on the rise”.

Since late December 2015, the \$HUI Gold Bugs Index which is composed of senior gold producers has jumped by roughly 65% from its 13-years low and further advances are anticipated in the coming quarters. Most Canadian gold producers should be reporting higher earnings in the quarter ahead considering that they are receiving a high gold price of about \$1,665 currently, expressed in Canadian dollars, and that they have all been working on cost reduction in recent past. As a result, merger and acquisition activity is expected to accelerate in the coming quarters. In addition, new financing for the development and exploration of attractive gold projects is anticipated to revive from almost none existing over the past two years.

With senior gold stocks rising from their lows at a fairly rapid rate, it is just a question of time for investors to move to the junior mining stocks. An early-stage recovery, considering current depressed prices, could move attractive junior mining stocks by two to five times and would greatly benefit the portfolio of Northern 2012 and all Limited partners

On technical and fundamental grounds, the price of gold is now turning the corner and seems to be on a material upswing. This is what we have all been anticipating for quite a while now.

In the above context, the General Partner is convinced that the timing for the dissolution of the partnership on March 31, 2016 is not considered appropriate and recommends that Limited Partners vote for a resolution to extend the dissolution date from March 31 2016 to December 31, 2016.

Jean-Guy Masse
President
Northern Precious Metals 2012 Inc.