



Northern Precious Metals 2012 Limited Partnership

This report, dated June 25, 2014, is being mailed to you and filed on the website. You will find, included with this report, the audited annual financial statements of the Limited Partnership for the year ended December 31, 2013. All the complete annual as well as semi-annual financial statements of the Limited Partnership are filed on the website. You may obtain a copy of these documents, by visiting the website (www.npmfunds.com) or by writing to us at: Northern Precious Metals Management Inc., 2500 Pierre-Dupuy Avenue, Suite 105, Montreal, Quebec, H3C 4L1, or by calling us at (514) 898-3959.

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June 25, 2014

Northern Precious Metals 2012 Limited Partnership

Management Report

Recap of the year 2013

The Northern Precious Metals 2012 Limited Partnership («NPM 2012») has gone to a difficult year in 2013. From January to the middle of April 2013, the Net Asset Value (“NAV”) of the NPM 2012 dropped by about 60%, from \$806 to roughly \$320 per unit of \$1,000, following the decline in the price of gold from \$1,680 to \$1,321 per ounce during that same period. The Partnership did not have much of a chance to raise cash before or during this debacle as the shares acquired by the Partnership had a trading restriction period of four months. Most of these shares became free for trading in April

Towards the end of April, the Manager decided to take opportunity of a sharp rebound in the price of gold, to roughly \$1,485 per ounce, to reduce some stock positions in the portfolio and eliminate the principal of the debt. The debt was contracted in November 2012 to pay for all expenses of the issue and allow the Partnership to invest the full proceeds of the issue in Canadian exploration expenses. Fortunately, the cash was raised before the price of gold experienced another major decline to reach the \$1,175 per ounce level on June 30. Nonetheless, this second major drop in the price of gold has had another dramatic impact on the portfolio of the Partnership as the NAV dropped as low as \$186 per unit on June 30.

In early July, the price of gold started to recover to reach \$1,420 per ounce by August 25. The NAV of NPM 2012 responded quickly rising to \$310 per unit, an increase of 67%. But by September, the price of gold lost its steam and retested its previous low of \$1,175 on December 20, 2013. The NAV, which is sensitive to the price of gold, terminated the year at \$182 per unit.

First half of 2014

In January, the price of gold forged ahead again after completing a successful test of its previous low of \$1,175. If successful, the test is viewed by technical analyst as a double bottom. A double bottom is very significant as it may signal the end of a bear market for gold and the beginning of a major recovery. When the price of gold reached \$1,320 per ounce in the middle of February, the Manager decided to call a special meeting of the limited partners to consider, and if thought advisable, to pass a resolution to provide for the extension of the term of the Partnership from a date that is March 1, 2014 to a date that shall not be later than December 31, 2014. The resolution was approved by the limited partners at 99.54%.

By March 14, gold was up to \$1,390 per ounce and the NAV rose to \$304, a 67% increase from December 2013. While the April and May correction was normal after a \$215 rise, the most recent bullish impulse, in June, is anticipated to bring the price of gold above its most recent high of \$1,390. Such a move would confirm the emergence of a major recovery for gold and provide enough impetus to boost the NAV of the Partnership by another 67% to over \$500 per unit. Furthermore, any gold prices above \$1,430 per ounce, which we would expect before the end of the year, should have additional material impact on the portfolio.

Fundamentally, the events that sustained the bull market in gold in the last several years are still unresolved. In November 2013, the Fed announced its intention to reduce its bond purchases by \$10 billion per month, starting in January. Gold went up. Of course, the eventual effect of tapering is higher interest rates and, definitely, higher inflation which is supportive for gold. In the meantime, physical gold continues to move from West to East and the large western banks do not seem to worry too much as long as they make a commission on the trades.

Since January, the Partnership raised only a modest amount of cash to pay for supplier services waiting for additional big moves in the gold price in the coming months.

The table below shows a portfolio overview as at June 20, 2014.

Northern Precious Metals 2012 Limited Partnership

Portfolio Overview

June 20, 2014

By country (1)	% of total net asset value (2)
Canada	104.5%
Cash and cash equivalents	1.8%

By sector (1)	% of total net asset value (2)
Gold	95.7%
Base metals	8.0%
Uranium	0.8%
Cash and cash equivalents	1.8%

By asset type (1)	% of total net asset value (2)
Equity	104.5%
Cash and cash equivalents	1.8%

Top holdings	% of total net asset value (2)
Eastmain Resources Inc	31.3%
Metanor Resources Inc.	29.8%
Banks Island Gold LTD	7.8%
Alexandria Minerals Corp	6.9%
Harte Gold Corp	6.1%
Integra Gold Corp	4.9%
Spanish Mountain Gold Ltd	4.2%
Clifton Star Resources Inc	3.8%
Yellowhead Mining Inc	2.8%
Happy Creek Minerals LTD	2.4%
Cash and cash equivalents	1.8%
Cardero Resources Corp	1.7%
Fancamp Exploration LTD	1.2%
Anthem Resources Inc., warrants, 12-23-2014	0.9%
SGX Resources Inc	0.4%
Gowest Gold Ltd, warrants, 12-17-2014	0.2%
Slam Exploration Ltd, warrants, 11-25-2014	0.2%

(1) Excludes other net assets (liabilities).

(2) Or the transactional net asset value, consequently, the weightings shown in the financial statements of portfolio securities differ from the above.

The portfolio overview may change because of transactions by the Partnership. A quarterly update is available.

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Caution Regarding Forward-looking Statements

Certain portions of this report may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature. Any statement that may be made concerning future performance, strategies or prospects and possible future action by the Partnership is also a forward-looking statement.