Northern Precious Metals 2010 Limited Partnership

Update Report

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Management Report

Investor Update

Northern Precious Metals 2010 Limited Partnership (« the Partnership ») made its final closing in mid-December 2010. The partnership invested in flow-through shares of 15 mining companies, with roughly 85% of the funds invested in shares of companies focusing on gold production, development and exploration and the balance in shares of companies focusing on base metals and uranium. All the shares acquired had a trading restriction period of four months and became free for trading at the end of April 2011. During that trading restriction period, from January 2011 to April 2011, the Partnership's Net Asset Value (NAV) dropped by 42%, from $884 per unit of $1,000 to $511. This was quite an anomaly as the price of gold reported a 5.6% increase during that same period, from $1,420 to $1,500 an ounce.

Reluctantly, the Manager decided, in May, to initiate some modest sales in order to start reducing the $600,000 loan which was having negative leverage impact on the portfolio. The loan was contracted in December 2010, as mentioned in the prospectus, to pay for all expenses of the issue and to allow the Partnership to invest the full amount of $1,000 per unit in Canadian exploration expenses which provided investors with 100% deduction plus the federal investment tax credit of 15% of that amount. Moderate selling was continued during the summer and followed the rise in the price of gold which hit a record high of $1,921 an ounce on September 6, 2011, an increase of 28% from May. In spite of that sharp rise in the price of gold, the Partnership's NAV dropped by a further 34% to $339 to end the year 2011 at $206 per unit under extreme downward pressure, severe reduction in trading volume and a correction in the price of gold to $1,575 an ounce which still remained 11% higher than that of December 31, 2010. By 2011 year-end, the market was valuing at roughly $22 per ounce in the ground the gold resources reported by exploration and development companies. In comparison, acquisitions of gold companies made in 2010, when gold prices were much lower, were completed based on an average evaluation of $85 per ounce, These numbers lead us to conclude that a great number of gold stocks were extremely undervalued considering that the price of gold was, technically, in a consolidation phase. Moreover, the main problems that have caused gold prices to increase significantly, namely, global fiscal policy, chronic government deficits, major trade imbalances and diversification of foreign exchange reserves had not seen any clear solutions while central banks were preparing to print money on an unprecedented scale as they aimed to boost growth. All to say, that in 2011, we limited our sales of shares to about $235,000 anticipating stock prices to catch up with the price of gold. Then further sales of shares at much higher prices would reduce the negative leverage impact of the loan on the portfolio. The proceeds were used to reduce the debt and pay for operating expenses.

In January 2012, the price of gold rose by 14% to $1,800 an ounce and the Partnership's NAV increase by 34% to $271 per unit. Although the Manager was anticipating a much larger increase in the price per unit as a result, he initiated another modest selling program to further reduce the loan. By the end of February, the Partnership's NAV went back down to $201 per unit in spite of the fact gold was still trading around $1,800 an ounce. This was very exceptional and unexpected considering that a great number of companies, in the portfolio, were continuously reporting sizeable increases in both tonnages and gold contents of their resources. From March to July 2012, the Partnership's NAV continued to decline to roughly $61 per unit on weak trading volumes which limited the manager's ability to liquidate stock positions while gold prices consolidated within a close range of $1,550 to $1,650 an ounce. Within that context, stock prices appeared grossly undervalued and a major recovery was almost inevitable. By August, gold prices, as expected, bounced back to reach $1,800 again in September and the Manager took this opportunity to further reduce the loan again as stock prices recovered. But that window of opportunity was short-lived as trading volumes almost disappeared from October on to December 2012.

In January 2013, after the U.S. Congress settled the fiscal cliff and the budget ceiling, stock prices moved up materially and lifted the Partnership's NAV to over $110 per unit as most analysts were then confident that the price of gold would reach new highs. The Manager took advantage of the rally to eliminate some stock positions But on April 11 and 12, after gold experienced a16% decline from $1,565 to $1,321, its largest two-day fall ever in prices, the Partnership's portfolio was seriously hit again. Moreover, a second major drop in the price of gold, from about $1,400 an ounce to $1,175, reduced the Partnership's NAV to zero.

Fundamentally, the events that sustained the bull market in gold in the last several years are still unresolved. In the meantime, central banks are printing money on an unprecedented scale as they aimed to boost growth and fight deflation. While U.S. economic growth remains rather modest, in spite of the Fed's actions, economists and analysts have been commenting, since March 2013 and almost on a daily basis, on every single syllable of the Fed minutes or public speeches of the Fed members to forecast on when tapering will begin. In the Manager's opinion, their comments are made to create enormous trading volatility and generate trading activity as well as most wanted trading revenues. When considering the pace of the U.S. economy, the coming U.S. budget and debt ceiling issues, it could be well possible that tapering might not be implemented before mid-2014 or might only be slowly implemented and last until late 2015. Short term, this would be very positive for gold and the Partnership's portfolio.

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Portfolio Overview

September 18, 2013

Holdings	% of total
Brigus gold Corporation	65.1%
Claude Resources Inc.	12.3%
Clifton Star Resources Inc.	9.6%
Metanor Resources Inc.	6.6%
Mineral Mountain Resources Inc.	6.4%

(1) Excludes other net assets (liabilities).

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

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.