Northern Precious Metals 2010 Limited Partnership

Update Report

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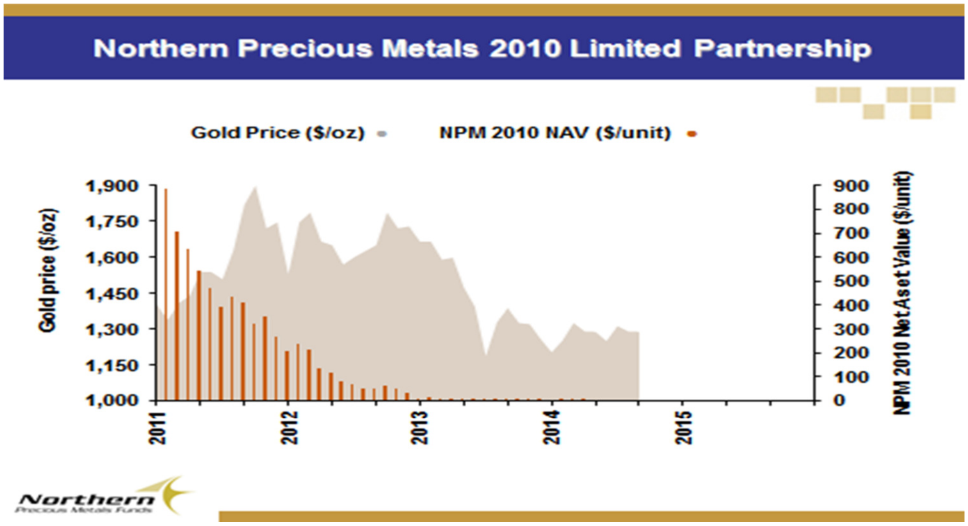
Northern Precious Metals 2010 Limited Partnership

Management Report

Investor Update

The chart below illustrates the progression of the net asset value of the Northern Precious Metals 2010 Limited Partnership (« the Partnership ») compared to the price of gold since its inception in December 2010.



During the trading restriction period of four months, from December 2010 to April 2011, the Partnership's Net Asset Value (NAV) dropped by 42%, from $884 per unit of $1,000 to $511. This was considered quite an anomaly considering the fact that the price of gold buoyantly rose by 5.6% during that same period, from $1,420 to $1,500 an ounce.

In that particular and unusual market context, the Manager decided in May 2011, although reluctantly, to initiate some modest sales in order to reduce the $600,000 loan. 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.

From June 2011, the price of gold continued its spectacular rise to 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. Needless to say, only moderate selling was performed during that period to further reduce the loan while anticipating stock prices to catch up with the price of gold. But stock prices continued to decline. By year end, the Partnership's NAV had dropped by a further 39% to $206 per unit under extreme downward pressure and substantial reduction in trading volume which limited selling to a strict minimum. Overall, the year 2011 was a disastrous year with the Partnership's NAV registering an 80 % decline amid a 12 % increase in the price of gold. Sales of shares amounted to about $235,000 in 2011. These proceeds were used to reduce the debt while the General Partner advanced funds to the Partnership to pay for the operating expenses. The General Partner was confident that these advanced funds would provide a positive leverage impact on the portfolio when stock prices would finally catch up with the price of gold in 2012. By 2011 year-end, the market was valuing gold resources reported by exploration and development companies at roughly $22 per ounce in the ground. 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 led us to conclude that a great number of gold stocks were extremely undervalued.

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. This suggested that the long awaited stock price catch up with the price of gold would finally materialize. The Manager took this opportunity to initiate another modest selling program to further reduce the loan. But, 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 $51 per unit on weak trading volumes while gold prices consolidated within a close range of $1,550 to $1,650 an ounce. Within that context, stock prices appeared grossly undervalued which suggested that a major recovery was almost inevitable. By August, gold prices, as anticipated, 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. The Partnership's NAV ended the year at about $4 per unit while the price of gold closed at $1677. Needless to say, the year 2012 was another most difficult year. Due to the circumstances, the general partner made the decision to dissolve the partnership on December 21 in order to substantially reduce operating costs, to avoid selling in a panicking and declining market under rather weak trading volumes and to continue the liquidation after the date of December 30, in, hopefully, a better market environment.

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 accordingly. Most analysts were then confident that the price of gold would reach new highs. Again, the Manager took advantage of the rally to raise some cash and further reduce the loan. 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 in June, from about $1,400 an ounce to $1,175, reduced the Partnership's NAV to zero. In July and August, the price of gold bounced back up to roughly $1,440 but stock prices did not follow up much while trading volumes were extremely low. The year 2013 ended on a sad note with the partnership's NAV suffering further downward pressure while gold retested its low of $1,175 previously reached in June and gold stocks stabilized at prices somewhat lower than in June.

The year 2014 started on a much better note. In January, the price of gold forged ahead again after completing, in December 2013, a successful test of its previous June 2013 low of $1,175. This 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. By March 14, gold reached $1,390 for an 18% increase from December. Again, the Partnership raised some cash to further reduce the loan. Although the price of gold has retreated somewhat to $1,310 per ounce as of this writing, it is now entering its busiest season of the year which normally runs from September to May. Increased physical demand, particularly from India and China, could well bring the price up again to $1,390 and possibly higher helped by economic development in the U.S., additional financial stimulus in Europe and Japan and continued geopolitical tensions around the world. In such a context, the NAV could be expected to rise appreciably and possibly reach a level of around $125 per unit.

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Portfolio Overview

August 29, 2014

Holdings	% of total
Primero Mining Corporation	71.1%
Claude Resources Inc.	12.8%
Clifton Star Resources Inc.	5.5%
Metanor Resources Inc.	3.2%
Mineral Mountain Resources Inc.	4.5%
Fortune Bay Corp	2.9%

(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.