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Dissolution of Northern Precious Metals 2010 Limited Partnership

The NPM 2010 Limited Partnership has navigated, in 2011 and 2012, through two extremely difficult years. While the price of gold consolidated around $1650 per ounce for most of 2012, share prices of medium and small capitalization gold companies consistently declined to reach, at the end of 2012, levels comparable to or lower than those even experienced at the end of 2008 when the price of gold was $700 per ounce. This is pretty exceptional considering that a great number of companies reported, during the year, sizeable increases in both volumes and gold contents of their resources. These two factors normally have positive influence on the value of their respective assets.

It is within this context that, in early 2012, limited partners of NPM 2010 approved, by a large majority, to postpone the date of dissolution of the partnership to July 31, 2012. The decision to extend was based on the fact that the price of gold had consolidated at levels highly superior to those reached at the end 2008 while the price of gold shares had declined to levels similar to those attained at the end of 2008. Therefore, a major rebound in the price of the gold stocks that compose a large portion of the portfolio could be anticipated in the months ahead.

In July 2012, limited partners approved a second extension of the date of dissolution to December 30 2012 as gold stocks had continued their decline under summer weak trading volumes despite a strong consolidation in the price of gold. The anticipation of a stronger market in the second half of the year would allow for the partnership to complete the liquidation of the portfolio before December 30 in a more positive market environment.

In early September 2012, the price of gold finally jumped allowing the partnership to reduce positions in the portfolio. However, the market contracted in early November and stock prices started to decline again but this time under very weak trading volumes rendering the liquidation of the portfolio in an orderly fashion difficult, the fiscal cliff and the U.S. debt ceiling having created a climate of uncertainty that would normally favor gold. Facing a very hesitant stock market, the partnership decided to slow down on the liquidation of the portfolio. Due to the circumstances, the general partner made the decision to dissolve the partnership on December 21 and to continue the liquidation after the date of December 30, to avoid panic selling in a declining market with rather weak trading volumes. The decision allows the partnership to complete the liquidation in the early months of 2013, hopefully, in a better market environment, to avoid costly additional expenses and to postpone a portion of the capital gain tax to 2014, otherwise payable in 2013, all of this in the best interests of the limited partners.

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