Northern Precious Metals 2012

Limited Partnership

This report, dated August 29, 2016, is being mailed to you. You will find, included with this report, the semi-annual financial statements of the Limited Partnership for the period ended June 30, 2016. 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 emailing us at: info@npmfunds.com or by calling us at (514) 898-3959.

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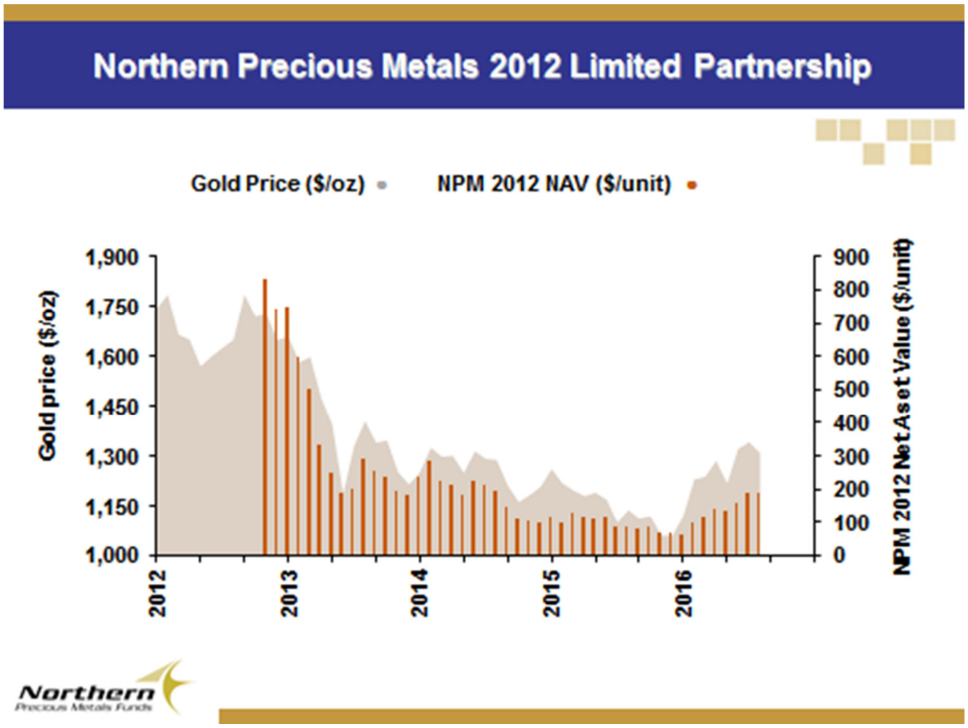
August 29, 2016

Northern Precious Metals 2012 Limited Partnership

Management Report to June 30 2016

The chart below illustrates the correlation between the net asset value of the Northern Precious Metals 2012 Limited Partnership (« the Partnership ») and the price of gold since its inception in November 2012.



While the year 2015 offered another freaking nightmare to the industry, that year will be remembered as marking the end of a most difficult five year bear market. Prices for most minerals hit multiyear lows in December 2015 due to the prolonged economic weakness in China, the general uncertainty about the global economy and the enormous volatility created by the never ending gossips about when and by how much the U.S. Federal Reserve (FED) would finally raise interest rates. In his last update, dated March 7 2016, the Manager mentioned that the months of January and February have signed the end of the bear market as gold was then starting to heavily pour into exchange-traded-funds and the year 2016 to date has seen impressive technical price reversals for most metals and minerals which indicate that the recovery is underway.

Gold prices jumped by more than 25% in the first six months of 2016 as gold holdings in Exchange-Traded Funds (ETF) rose by an outstanding 715 tonnes. That large and sudden rise totally erased the drop in holdings that occurred during the 30 month period of June 2013 to December 2015. This is the highest six-month total increase since ETF holdings are recorded. One of the biggest drivers for gold is negative interest rates around the globe. With over $8 trillion of negative interest rate bonds, the bond market is described by wealthy investors as confiscation by the state. As a result, they have turned to gold and gold ETF holdings went sharply on the rise. With still growing sovereign debts and higher volumes of global negative interest rate bonds, ETF holdings and the price of gold should continue to rise for the foreseeable future.

To date, prices for base metals have also turned around but in a much more modest way. However, prices should firm up in the coming year as a major revival in demand is looming on the horizon. The fuel for this revival of demand will come, this time, not so much from China but more so from South East Asian countries such as Indonesia, Thailand, Malaysia, Philippines and Vietnam. Some of these countries have already approved, while others are projecting, massive capital expenditure for railroads, national roads and airports. The revival in demand should be most welcome by the mining companies which have seen their shares decline by anywhere between 70 to 90% in the last five years.

After five years of a bear market, the portfolio of Northern 2012 Limited Partnership was rather slow reacting to the rebound in metal prices, reaching an all-time low of roughly $61 per unit late in January 2016. Fortunately, limited partners made the right decision to extend the dissolution of the Partnership from Mach 31 to December 31, 2016. By March 31, the Net Asset Value (NAV) of the portfolio almost doubled to $115 per unit and has never stopped rising since: jumping to about $156 in June and a little over $200 in August. This is the first seven straight month rise in the NAV since the inception of the Partnership in November 2012. This is a major reversal and another technical indication that the mining recovery is underway.

Now the principal economic factors behind the anticipated mining recovery is that, relative to previous years, financial market volatility has come down and capital flows seem to be back in a fairly strong way and across emerging countries where some improvement is noticed. This will have much more impact on the global economy than the eternal Wall Street gossips on the FED interest rates which serve them, exclusively, at creating volatility and trading opportunities. Those gossips have been going on since 2013 and, for sure, had the effect of raising the US dollar index to over 100 in March 2015 from the low 80's of 2013. The FED finally announced its first 0.25% raise on December 2015 but, in May 2016, the US dollar index was down to 92. Sounded like the usual buy the rumors, sell the facts. Again in 2016, Wall Street gossips about a second increase of 0.25% have been the talk of the town on every single month but, this time, did not have the same impact as before as the market no more expects the US FED rates to surge or the US dollar to grow much stronger in the foreseeable future. As a result world currency volatility has come down. Elsewhere in Japan, Britain, the European Union and even China, accommodative monetary policies are being maintained. These factors should also contribute to the mining recovery.

This scenario should be viewed as extremely positive for the Canadian mining sector. In such a context, most Canadian producers should be reporting higher earnings in the quarters ahead considering, in addition, that they have all been working aggressively on cost reduction in recent past. As a result, Canadian producers are also expected to accelerate merger and acquisition activities in the coming quarters which are very positive for the industry as well as for the Partnership's portfolio. While a market correction might influence investors to shift some financial assets out of the U.S. stock market back into mining stocks, recent merger and acquisition activities leave a good feeling that the Canadian market for mining stocks is awakening.

Limited Partners made the right decision to extend the dissolution to December 31, 2016. Now the question is: should we liquidate the portfolio and invest the proceeds in a new 2016 flow-through limited partnership. In the context of the above, your opinion is always welcome.

The table below shows a portfolio overview as at June 30, 2016.

Northern Precious Metals 2012 Limited Partnership

Portfolio Overview

June 30, 2016

By country (1)	**% of total portfolio**
Canada	113.6%
Cash and cash equivalents	4.4%

By sector (1)	**% of total portfolio**
Gold	105.8%
Base metals	7.8%
Cash and cash equivalents	4.4%

By asset type (1)	**% of total portfolio**
Equity	113.6%
Cash and cash equivalents	4.4%

Top holdings	**% of total portfolio**
Eastmain Resources Inc	45.9%
Integra Gold Corp	17.5%
Metanor Resources Inc.	17.1%
Alexandria Minerals Corp	9.1%
Spanish Mountain Gold Ltd	8.1%
Clifton Star Resources Inc (First Mining Finance)	7.5%
Cash and cash equivalents	4.4%
Happy Creek Minerals LTD	4.0%
Yellowhead Mining Inc	1.6%
Fancamp Exploration LTD	1.5%
Cardero Resources Corp	0.7%
SGX Resources Inc	0.4%
Banks Island Gold LTD	0.2%

(1) Excludes other net assets (liabilities).
(2) The portfolio overview may change because of transactions by the Partnership.

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.