Northern Precious Metals 2012
Limited Partnership

Annual Financial Statements

December 31, 2013 and 2012

CHARTERED PROFESSIONAL ACCOUNTANTS - L.L.P.

255 CRÉMAZIE BLVD. EAST, SUITE 1000
MONTRÉAL (QUÉBEC) H2M 1M2
TEL. : (514) 342-4740
FAX : (514) 737-4049

Independent Auditor's Report

To the limited partners of
Northern Precious Metals 2012 Limited Partnership:

We have audited the accompanying financial statements of **Northern Precious Metals 2012 Limited Partnership**, which comprise the statements of investments portfolio as at December 31, 2013, the statements of net assets as at December 31, 2013 and 2012 and the statements of operations, changes in net assets and cash flows for the period ended on December 31, 2013 and for the period between April 25, 2012, the commencement of operations, to December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Northern Precious Metals 2012 Limited Partnership** as at December 31, 2013 and 2012, and the result of its operations, changes in net assets and its cash flows for the period ended on December 31, 2013 and for the period between April 25, 2012, the commencement of operations, to December 31, 2012 in accordance with Canadian generally accepted accounting principles.

Petrie Raymond [1]

Montréal, Québec
March 27, 2014

Limited Liability Partnership
Chartered Professional Accountants

[1] CPA Auditor, CA, Public Accountancy permit No. A121724

Statement of Operations

Years ended December 31	2013	2012
	12 months	*8 months*
Expenses		
Management fees	**$ 32,976**	$ 41,623
Legal fees	**10,209**	7,157
Audit fees	**26,369**	10,500
Professional fees	**32,198**	2,251
Independent review committee fees	**2,295**	3,000
Unitholders' administration costs	**40,545**	10,607
Transaction costs	**10,121**	-
Custodian fees	**10,930**	6,087
Financing fees	**6,849**	571
Interests and bank charges	**2,984**	933
Penalty on early repayment of long-term debt	**15,095**	-
Interests on long-term debt	**32,435**	3,514
Net investment loss	**(223,006)**	(86,243)
Realized and unrealized loss on investments		
Net realized loss on investments	**(1,261,281)**	-
Net unrealized loss on investments	**(1,004,832)**	(543,198)
Net loss on investments	**(2,266,113)**	(543,198)
Decrease in net assets from operations	**$ (2,489,119)**	$ (629,441)
Decrease in net assets from operations per unit	**$ (540.06)**	$ (299.59)
Weighted average number of outstanding units	**4,609**	2,101

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

Years ended December 31	2013	2012
	12 months	*8 months*
Net assets at the beginning of period	**$ 3,294,520**	$ -
Decrease in net assets from operations	**(2,489,119)**	(629,441)
Capital transactions		
Proceeds from issuance of units	**-**	4,609,000
Unit issuance costs	**-**	(685,039)
Nets assets at end of period	**$ 805,401**	$ 3,294,520

The accompanying notes are an integral part of these financial statements.

Statement of Net Assets

December 31		2013		2012
Assets				
Investments, at fair value	**$**	**878,863**	$	4,047,302
Cash		**4,502**		34,534
Receivables		**-**		16,931
Prepaid expenses		**673**		-
		884,038		4,098,767
Liabilities				
Accounts payable and accrued liabilities		**15,000**		32,246
Advances from the Manager, at the Bank of Montreal's prime rate (3% at December 31, 2013) with no terms of repayment		**16,588**		18,331
Long-term debt (Note 5)		**47,049**		753,670
		78,637		804,247
Net Assets (Note 6)	**$**	**805,401**	$	3,294,520
Number of units outstanding (Note 6)		**4,609**		4,609
Net asset value per unit (Note 7)	**$**	**174.75**	$	714.80

Northern Precious Metals 2012 Inc., General Partner

.... Director
(S) Jean-Guy Masse

The accompanying notes are an integral part of these financial statements.

Statement of Investments Portfolio

December 31, 2013

SHARES (109.1%)	Number of shares	Cost	Fair value
Gold (94.5%)			
Alexandria Minerals Corporation	923,000	$ 106,145	$ 23,075
Alexandria Minerals Corp, warrants, 18-06-2014*	850,000	85	85
Bank Island Gold Ltd.	175,000	147,000	92,750
Bank Island Gold Ltd., warrants, 13-06-2014*	175,000	-	280
Cadillac Ventures Inc., warrants, 06-06-2014*	550,000	110	715
Clifton Star Resources Inc.	160,000	200,000	25,600
Eastmain Resources Inc.	760,500	608,400	197,730
Gowest Gold Ltd., warrants, 19-12-2014*	362,500	362	398
Harte Gold Corp.	840,500	142,885	46,228
Harte Gold Corp., warrants, 04-06-2014*	450,000	-	45
Integra Gold Corp.	224,000	72,800	39,200
Metanor Resources Inc.	2,300,000	552,000	287,500
Prosperity Goldfields Corp., warrants, 15-05-2014*	250,000	5,000	25
SGX Resources Inc.	133,000	46,550	7,315
SGX Resources Inc., warrants, 06-12-2014*	200,000	-	80
Slam Exploration Ltd., warrants, 27-11-2014*	250,000	-	5,475
Spanish Mountain Gold Ltd.	698,000	223,360	34,900
Spanish Mountain Gold Ltd., warrants, 13-06-2014*	750,000	15,000	75
		2,119,697	761,476

Statement of Investments Portfolio (cont'd)

December 31, 2013

SHARES (109.1%)	Number of shares	Cost	Fair value
Balance carried forward		$ 2,119,697	$ 761,476
Other metals (14.1%)			
Canadian Orebodies, warrants, 04-06-2014*	250,000	-	25
Cardero Esources Corp.	212,500	106,250	44,625
Fancamp Exploration Ltd.	211,000	34,794	10,550
Happy Creek Minerals Ltd.	168,000	41,832	21,840
Happy Creek Minerals Ltd., warrants, 27-06-2014*	300,000	600	240
Yellowhead Mining inc.	165,214	115,650	36,347
		299,126	113,627
Uranium (0.5%)			
Anthem Resources Inc., warrants, 14-12-2014*	400,000	8,000	3,760
Costs and fair value of investments (109.1%)		2,426,823	878,863
Transaction costs		(10,121)	-
Total costs and fair value of investments		$ 2,416,702	878,863
Cash and other assets (0.6%)			5,175
Advances from the Manager (-2.1%)			(16,588)
Long-term debt (-5.8%)			(47,049)
Other net liabilities (-1.8%)			(15,000)
Net assets (100.0%)			$ 805,401

* The fair value of these securities is of Level 3 because they have not been quoted and are valued using valuation techniques. Costs and fair values of the securities may include non-zero amounts that are rounded to zero.

Statement of Cash Flows

Years ended December 31	2013	2012
	12 months	*8 months*
Operating activities		
Decrease in net assets from operations	**$ (2,489,119)**	$ (629,441)
Penalty on early repayment capitalized to long-term debt	**15,095**	-
Interests capitalized to long-term debt	**32,435**	3,514
Amortization of financing fees	**6,849**	-
Net realized loss on investments	**1,261,281**	-
Net unrealized loss on investments	**1,004,832**	543,198
Changes in non-cash asset and liability items		
Receivables	**16,931**	(16,931)
Prepaid expenses	**(673)**	-
Accounts payable and accrued liabilities	**(17,246)**	32,246
	(169,615)	(67,414)
Financing activities		
Proceeds from issuance of units	**-**	4,609,000
Unit issuance costs	**-**	(685,039)
Advances from the Manager	**(1,743)**	18,331
Long-term debt	**(761,000)**	750,156
	(762,743)	4,692,448
Investing activity		
Realization of investments	**902,326**	-
Acquisition of investments	**-**	(4,590,500)
	902,326	(4,590,500)
Net increase (decrease) in cash	**(30,032)**	34,534
Cash at beginning of period	**34,534**	-
Cash at end of period	**$ 4,502**	$ 34,534

The accompanying notes are an integral part of these financial statements.

1. Organization and nature of activities

Northern Precious Metals 2012 Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the Province of Québec. The Partnership intends to invest in flow-through shares and other securities of mining companies in accordance with defined investment objectives, strategies and restrictions.

The Partnership investment objective is to provide the Limited Partners with a tax-assisted investment in a diversified portfolio of mining flow-through shares and other securities of mining companies to achieve capital appreciation for the Limited Partners.

The Partnership, which started its activities April 25, 2012, was expected to last until March 1st, 2014. A special meeting of the Limited Partners, held on February 28, 2014, delayed the dissolution date to December 31, 2014.

The Partnership's general partner is Northern Precious Metals 2012 Inc. (the "General Partner") and the manager of the investment funds is Gestion Métaux Précieux Northern inc. (the "Manager").

2. Basis of presentation

These financial statements present the financial position and results of operations of the Partnership and as such, do not include all assets, liabilities, revenues and expenses of the partners. No provision for income taxes has been recorded in the financial statements as all income and losses of the Partnership are allocated to the partners.

3. Accounting policies

These financial statements have been prepared by the General Partner using Canadian generally accepted accounting principles ("GAAP") for annual financial statements.

Investment transactions and income recognition
Investments transactions are accounted for on the trade date basis. Gains or losses on the sale of investments are determined using the average cost method. Investment income is recognized on an accrual basis. Interest income is accounted for as it is earned and dividend income is recognized on the ex-dividend date.

Valuation of partnership units for transactional NAV purposes
Net asset value per unit (''NAVPU'') for the Partnership is calculated at the closing price every Friday (to be called "valuation date") or the previous trading day if the Friday is a holiday and at the last trading day of each month by dividing the net asset value (''Transactional NAV'') of the Partnership by the number of units outstanding. The Partnership has calculated the NAVPU in accordance with Part 14 of Regulation 81-106.

Unit issuance costs
Expenses related to the initial public offering of the Partnership units have been accounted for as a reduction of the proceeds from unit issuance.

3. Accounting policies (cont'd)

Allocation of partnership income and loss
99.99% of the income or loss of the Partnership for the fiscal year is allocated to limited partners at the end of the fiscal year in proportion to the number of limited partnership units owned. The Partnership is not a taxable entity. Accordingly, no provision for income tax is required.

The General Partner is entitled to 0.01% of the net income or loss of the Partnership.

Decrease in net assets from operations per unit
The decrease in net assets per unit from operations, disclosed in the statement of operations, corresponds to the decrease in net assets from operations for the period divided by the average number of units outstanding during the period.

Valuation of investments
In accordance with Section 3855 Financial Instruments – Recognition and Measurement, investments are deemed to be categorized as held for trading, and must be recorded at fair value. The main impact of this section relates to the determination of the fair value of financial assets listed on an active market with the bid price for a long position and the ask price for a short position instead of the closing price.

The Canadian Securities Administrators adopted amendments to Regulation 81-106 on Investment Fund Continuous Disclosure. The amendments which pertain to the calculation of the unit value following the adoption of Section 3855 allow the Partnership to report two distinct net asset values: one for the financial statements purposes, which is calculated in accordance with Canadian GAAP called ''GAAP Net Assets'' and another for all other purposes, such as purchases and redemptions called ''Transactional NAV''. A reconciliation between the Transactional NAV per unit and the GAAP Net Assets per unit is provided in Note 7.

The fair value of investments as at the financial reporting date is determined as follows:

1. All long securities listed on a recognized public stock exchange are valued at their last bid price on the valuation date. All short securities listed on a recognized public stock exchange are valued at the last ask price on the valuation date. Securities that are traded on an over-the-counter market basis are priced at the last bid price as quoted by a major dealer. Securities with no available bid or ask prices are valued at their closing sale price.

2. Investments in securities having no quoted market values or in illiquid securities are valued using valuation techniques. These valuation techniques include, but are not limited to, referencing the current value of similar instruments, using recent arm's length market transactions, discounted cash flow analyses or option pricing models. The fair value of some securities could be estimated using some valuation techniques based on assumptions that could not be supported by inputs observable in active markets.

3. In a situation where, in the opinion of the Manager, a quoted market price for a security is inaccurate, not readily available or does not accurately reflect fair value, the security is valued at a fair value as determined by the Manager.

4. Warrants are valued using the Black Scholes option valuation model.

3. Accounting policies (cont'd)

Other financial instruments
The Partnership classifies its cash as a financial instrument held for trading which is accounted for at fair value and classifies its accounts payable, advances and long-term debt as other liabilities which are accounted for at the amortized cost using the effective interest method.

Interests on long-term debt
In accordance with the agreement, interests on the long-term debt are capitalized to amount of the debt.

Use of estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant items of the financial statements that need more use of estimates include the quantification of the warrants' fair value. Actual results could differ from these estimates.

Future accounting policies

Transition to international financial reporting standards
The Canadian Accounting Standards Board ("AcSB") confirmed in 2011, that International Financial Reporting Standards ("IFRS") replaced Canadian accounting standards and interpretations for publicly accountable enterprises. However, the AcSB deferred the mandatory IFRS changeover date for Canadian investment funds to January 1st, 2014.

Based on its current assessment of the differences between IFRS and Canadian GAAP, the partnership has presently determined that there will be no significant impact to the Net Asset or Net Asset per unit as a result of the changeover. It is expected that the impact of IFRS will be limited to additional disclosure and potential modification to the presentation of unitholder interest and certain other items. This present determination is subject to change if new standards or new interpretations of existing standards are issued before the changeover.

Investment funds may continue to apply existing Canadian GAAP standards until fiscal years beginning after December 31, 2013. Accordingly, the Partnership will adopt IFRS for the fiscal period beginning January 1st, 2014, and will issue the first financial statements under IFRS, including comparative information, for the interim period ending June 30, 2014.

Upon adoption of IFRS, the Partnership will apply IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It applies when other IFRS require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires that the fair value would be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in eliminating the difference between the NAV per unit and net assets per unit under current Canadian GAAP.

3. Accounting policies (cont'd)

Future accounting policies (cont'd0

Transition to international financial reporting standards (cont'd)
In October 31, 2012, the IASB published Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), which provides a mandatory (not optional) exemption from consolidation of subsidiaries under IFRS 10, Consolidated Financial Statements, for entities which meet the definition of an investment entity. A qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; with the only exception being subsidiaries that are considered an extension of the investment entity's investing activities.

4. Partnership Agreement

The investment fund Manager is responsible for the management of the Partnership in accordance with the terms and conditions of the Partnership Agreement. In consideration for these services, the Manager is entitled, until the final distribution of the assets of the Partnership to an annual management fee equal to 2% of the liquidative net asset value of the Partnership, payable monthly in cash on the net asset value at the end of the preceding month (and pro-rated in respect of any partial month, if applicable) (Note 8).

The Manager is entitled to a per unit performance bonus equal to 20% of the amount by which the net asset value per unit as of the relevant measurement date, exceeds $1,100. As at December 31, 2013, there was no performance bonus. Finally, the General Partner is entitled to 0.01% of the Partnership's net income.

5. Long-term debt

The term loan, bearing interest at the Royal Bank of Canada's prime rate (3% as at December 31, 2013) plus 5.5% is repayable with interest at maturity on July 31, 2014 and is secured by the investments.

6. Net assets	2013	2012
Authorized		
15,000 units at $1,000 each, with one vote per unit		
Issued		
4,609 units issued for cash consideration	**$ 4,609,000**	$ 4,609,000
Unit issuance costs	**(685,039)**	(685,039)
Partners' equity	**3,923,961**	3,923,961
Deficit	**(3,118,560)**	(629,441)
Net assets	**$ 805,401**	$ 3,294,520

6. Net assets (cont'd)

The Partnership's capital is represented by the net assets of the Partnership. The Partnership is not subject to any regulatory requirements on capital and is managed in accordance with the Partnership's investment objectives, policies and restrictions, as outlined in the Partnership's prospectus.

Following the special meeting of the Limited Partners, held on February 28, 2014, the dissolution was reported from March 1st, 2014 to December 31, 2014.

The Manager intends to create liquidity for the Limited Partners, if possible, before December 31, 2014. Liquidity may be achieved by way of any of the following: (1) at the discretion of the Manager, distributing the cash proceeds from the sale of shares of Mining Companies to the Limited Partners from time to time on a *pro rata* basis; or (2) dissolving and terminating the partnership by no later than December 31, 2014 after all assets of the Partnership are disposed of, all liabilities of the Partnership discharged and all proceeds of dispositions distributed.

7. Reconciliation of net asset value

The reconciliation below is as at December 31, 2013 and 2012:

	2013			
	As at December 31, 2013 Transactional NAV	Application of Section 3855 adjustment	As at December 31, 2013 GAAP Net assets	As at December 31, 2013 Transactional NAV per unit
Northern Precious Metals 2012 Limited Partnership	**$ 836,909**	**$ 31,508**	**$ 805,401**	**$ 181.58**

	2012			
	As at December 31, 2012 Transactional NAV	Application of Section 3855 adjustment	As at December 31, 2012 GAAP Net assets	As at December 31, 2012 Transactional NAV per unit
Northern Precious Metals 2012 Limited Partnership	$ 3,360,484	$ 65,964	$ 3,294,520	$ 729.11

8. Related party transactions

During the year, the Partnership paid $16,313 ($3,828 in 2012) as rent expenses for its premises, presented in unitholders administrative costs, to a director and officer of the General Partner, Mr. Jean-Guy Masse. Interests in the amount of $1,286 ($310 in 2012), presented in interest and bank charges, were paid on advances from the Manager. The Partnership also incurred management fees of $32,976 ($41,623 in 2012) and professional fees of $22,995 ($Nil in 2012) to the Manager. These transactions, concluded in the normal course of operations, were measured at the exchange amount which is the amount established and agreed to by the parties.

Pursuant to a management agreement entered into by the Partnership and the Manager, the Manager is responsible for managing the Partnership's day-to-day operations. It pays all of the administrative costs and operations related expenses, as legal fees, audit fees, interests, as well as costs related to the financials and other reports, and compliance with all applicable laws, regulations and policies. The Manager is then reimbursed by the Partnership. These amounts are included in the advances from the Manager presented on the statement of net assets.

9. Risk associated with financial instruments

Investment activities of the Partnership expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Partnership on a daily basis according to market events and the investment objectives of the Partnership.

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Partnership. The fair value of a financial instrument takes into account the credit rating of its issuer. All transactions in securities are settled or paid for upon delivery through brokers. Credit risk is considered minimal in the Partnership, as delivery of securities sold is made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade is cancelled if either party fails to meet its obligation.

Liquidity risk
Liquidity risk is the risk that a partnership may not be able to settle or meet its obligation on time or at a reasonable price. The Partnership retains sufficient cash and cash equivalent positions to maintain its liquidity. As at December 31, 2013 the Partnership had accounts payable and accrued liabilities of $15,000 ($30,246 in 2012) that will have to be paid in the next twelve months. The maturity date of the long-term debt is presented in Note 5 and the advances from the Manager are without terms of repayment.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk also arises when a partnership invests in interest-bearing financial instruments. The Partnership is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Partnership is exposed to interest risk because its long-term debt and advances bear interest at a floating rate. If prevailing interest rate had been raised or lowered by 1%, with all other variables held constant, net assets of the Partnership would have not changed significantly.

9. Risk associated with financial instruments (cont'd)

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. The Partnership is exposed to market risk since all financial instruments held by the Partnership are exposed to market risk and present a risk of loss of capital. If prices of the investments had decreased or increased by 5%, with all other variables held constant, net assets of the Partnership would have decreased or increased, respectively, by approximately $44,000. Maximum risk resulting from financial instruments is equivalent to their fair value.

10. Financial instruments – Fair value

The fair value of cash is equivalent to its carrying value due to the possibility of quick settlement of this instrument.

The fair value of long-term debt is equivalent to its carrying value since it bears interest at current borrowing rates for similar types of borrowing arrangements.

The fair value of these financial instruments is of Level 1.

The fair value of the advances to the Manager cannot be determined since they have no terms of repayment.

The following table illustrates the classification of the Partnership's investments within the fair value hierarchy as at December 31, 2013. The three levels of fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets of liabilities.

Level 2: Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to establish the fair value of the assets or liabilities.

	Level 1	Level 2	Level 3	Total
Shares	$ 867,660	$ -	$ -	**$ 867,660**
Warrants	-	-	11,203	**11,203**
	$ 867,660	$ Nil	$ 11,203	**$ 878,863**

The fair value of the investments based on level 3 inputs derives entirely from unrealized gains.