Northern Dynasty Minerals Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in thousands of Canadian Dollars)

(Unaudited)

Northern Dynasty Minerals Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian Dollars)

	Notes	March 31 2023	December 31 2022
ASSETS			
Non-current assets			
Restricted Cash	5(b)	$ 859	$ 852
Mineral property, plant and equipment	3	127,161	127,531
Total non-current assets		128,020	128,383
Current assets			
Amounts receivable and prepaid expenses	4	2,075	2,662
Cash and cash equivalents	5(a)	9,441	14,173
Total current assets		11,516	16,835
Total Assets		**$ 139,536**	**$ 145,218**
EQUITY			
Capital and reserves			
Share capital	6	$ 700,278	$ 700,278
Reserves	6	118,441	118,369
Deficit		(683,022)	(675,962)
Total equity		135,697	142,685
LIABILITIES			
Non-current liabilities			
Trade and other payables	8	423	463
Total non-current liabilities		423	463
Current liabilities			
Payables to related parties	7	384	237
Trade and other payables	8	3,032	1,833
Total current liabilities		3,416	2,070
Total liabilities		3,839	2,533
Total Equity and Liabilities		**$ 139,536**	**$ 145,218**

Nature and continuance of operations (note 1)
Commitments and contingencies (note 13)

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

These condensed consolidated interim financial statements are signed on the Company's behalf by:

/s/ Ronald W. Thiessen

Ronald W. Thiessen
Director

/s/ Christian Milau

Christian Milau
Director

Northern Dynasty Minerals Ltd.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - Expressed in thousands of Canadian Dollars, except for share information)

		Three months ended March 31	
	Notes	**2023**	2022
Expenses			
Exploration and evaluation expenses	9, 10	$ 2,274	$ 2,301
General and administrative expenses	9, 10	2,445	2,093
Legal, accounting and audit		2,025	84
Share-based compensation	6(c),(d)	413	6
Loss from operating activities		7,157	4,484
Foreign exchange income		(14)	(3)
Interest income		(97)	(36)
Finance expense		15	17
Other income		(1)	–
Net loss		**$ 7,060**	**$ 4,462**
Other comprehensive loss			
Items that may be subsequently reclassified to net loss			
Foreign exchange translation difference	6(e)	341	1,425
Other comprehensive loss		**$ 341**	**$ 1,425**
Total comprehensive loss		**$ 7,401**	**$ 5,887**
Basic and diluted loss per share	11	$ 0.01	$ 0.01

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

Northern Dynasty Minerals Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian Dollars)

	Notes	Three months ended March 31 **2023**	2022
Operating activities			
Net loss		$ (7,060)	$ (4,462)
Non-cash or non operating items			
Depreciation	3	41	60
Interest income		(97)	(36)
Share-based compensation		413	6
Unrealized foreign exchange (gain) loss		(5)	31
Changes in working capital items			
Amounts receivable and prepaid expenses		618	471
Trade and other payables		1,197	(529)
Payables to related parties		148	135
Net cash used in operating activities		(4,745)	(4,324)
Investing activities			
Disposal of plant and equipment		1	–
Interest received on cash and cash equivalents		62	22
Net cash from investing activities		63	22
Financing activities			
Payments of principal portion of lease liabilities		(37)	(30)
Net cash used in financing activities		(37)	(30)
Net decrease in cash and cash equivalents		(4,719)	(4,332)
Effect of exchange rate fluctuations on cash and cash equivalents		(13)	(34)
Cash and cash equivalents - beginning balance		14,173	22,291
Cash and cash equivalents - ending balance	5(a)	**$ 9,441**	**$ 17,925**

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

Northern Dynasty Minerals Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - Expressed in thousands of Canadian Dollars, except for share information)

	Notes	Share capital		Reserves					
		Number of shares (note 6(a))	Amount	Equity - settled share-based compensation reserve	Foreign currency translation reserve (note 6(e))	Investment revaluation reserve	Share Purchase Warrants (note 6(b))	Deficit	Total equity
Balance at January 1, 2022		529,779,388	$ 700,278	$ 77,723	$ 28,758	$ (17)	$ 271	$ (651,520)	$ 155,493
Share-based compensation	6(d)	–	-	6	-	-	-	-	6
Net loss		–	-	-	-	-	-	(4,462)	(4,462)
Other comprehensive loss net of tax		–	-	-	(1,425)	-	-	-	(1,425)
Total comprehensive loss									(5,887)
Balance at March 31, 2022		**529,779,388**	**$ 700,278**	**$ 77,729**	**$ 27,333**	**$ (17)**	**$ 271**	**$ (655,982)**	**$ 149,612**
Balance at January 1, 2023		529,779,388	$ 700,278	$ 80,024	$ 38,091	$ (17)	$ 271	$ (675,962)	$ 142,685
Share-based compensation	6(c),(d)	–	–	413	–	–	–	–	413
Net loss		–	–	–	–	–	–	(7,060)	(7,060)
Other comprehensive loss net of tax		–	–	–	(341)	–	–	–	(341)
Total comprehensive loss									(7,401)
Balance at March 31, 2023		**529,779,388**	**$ 700,278**	**$ 80,437**	**$ 37,750**	**$ (17)**	**$ 271**	**$ (683,022)**	**$ 135,697**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Northern Dynasty Minerals Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia, Canada, and its principal business activity is the exploration of mineral properties. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "NDM" and on the NYSE American Exchange ("NYSE American") under the symbol "NAK". The Company's corporate office is located at 1040 West Georgia Street, 14th floor, Vancouver, British Columbia.

The condensed consolidated interim financial statements ("Financial Statements") of the Company as at and for the three months ended March 31, 2023, include financial information for the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Company is the ultimate parent. The Group's core mineral property interest is the Pebble Copper-Gold-Molybdenum-Silver-Rhenium Project (the "Pebble Project") located in Alaska, United States of America ("USA" or "US"). All US dollar amounts when presented are denoted "US$" and expressed in thousands, unless otherwise stated.

The Group is in the process of exploring and evaluating the Pebble Project and has not yet determined whether the Pebble Project contains mineral reserves that are economically recoverable. The Group's continuing operations and the underlying value and recoverability of the amounts shown for the Group's mineral property interests is entirely dependent upon the existence of economically recoverable mineral reserves; the ability of the Group to obtain financing to complete the exploration and development of the Pebble Project; the Group obtaining the necessary permits to mine; and future profitable production or proceeds from the disposition of the Pebble Project.

As of March 31, 2023, the Group had $9,441 (December 31, 2022 – $14,173) in cash and cash equivalents for its operating requirements and working capital of $8,100 (December 31, 2022 – $14,765). These Financial Statements have been prepared on the basis of a going concern, which assumes that the Group will be able to raise sufficient funds to continue its exploration and development activities and satisfy its obligations as they come due. During the three months ended March 31, 2023, the Group incurred a net loss of $7,060 (2022 – $4,462), and had a deficit of $683,022 as of March 31, 2023 (December 31, 2022 – $675,962). The Group has prioritized the allocation of its financial resources to meet key corporate and Pebble Project expenditure requirements in the near term, including funding the ongoing activities relating to the appeal and remand of the Record of Decision (the "ROD"), the Group's response to the US Environmental Protection Agency ("EPA")'s final determination (both discussed below) and class action litigation (note 13(a)). Additional financing will be required in order to progress any material expenditures at the Pebble Project and for working capital requirements. Additional financing may include any of or a combination of debt, equity and/or contributions from possible new Pebble Project participants. There can be no assurances that the Group will be successful in obtaining additional financing when required. If the Group is unable to raise the necessary capital resources and generate sufficient cash flows to meet obligations as they come due, the Group may, at some point, consider reducing or curtailing its operations. As such, there is material uncertainty that raises substantial doubt about the Group's ability to continue as a going concern.

These Financial Statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

The Group, through the Pebble Limited Partnership ("Pebble Partnership"), initiated federal and state permitting for the Pebble Project under the National Environmental Protection Act ("NEPA") by filing documentation for a Clean Water Act ("CWA") 404 permit with the US Army Corps of Engineers ("USACE") in December 2017. The USACE published a draft Environmental Impact Statement ("EIS") in February 2019 and completed a 120-day public comment period thereon on July 2, 2019. In late July 2019, the EPA withdrew the determination initiated under Section 404(c) of the CWA in 2014 for the waters of Bristol Bay ("Proposed Determination"), which attempted to pre-emptively veto the Pebble Project before it received an objective, scientific regulatory review under NEPA. On July 24, 2020, the USACE published the final EIS. On November 25, 2020, the USACE issued a ROD rejecting the Pebble Partnership's permit application, finding concerns with the proposed compensatory mitigation plan and determining the project would be contrary to the public interest. The ROD rejected the compensatory mitigation plan as "noncompliant" and determined the project would cause "significant degradation" and was contrary to the public interest. Based on this finding, the USACE rejected Pebble Partnership's permit application under the CWA. On January 19, 2021, the Pebble Partnership submitted its request for appeal of the ROD with the USACE Pacific Ocean Division ("POD") (the "RFA"). On February 24, 2021, the USACE POD notified the Pebble Partnership that the RFA is "complete and meets the criteria for appeal" and assigned a review officer ("RO") to oversee the administrative appeal process at that time and has since assigned a new RO. While federal regulations suggest the appeal should conclude within 90 days, and no case extend beyond one year, the USACE POD also indicated that due to the complexity of issues and volume of materials associated with the Pebble Project case, the review will take additional time. In June 2021, the USACE POD completed the 'administrative record' for the appeal and provided a copy to the Pebble Partnership, following which the Pebble Partnership and its legal counsel reviewed the voluminous record for completeness and relevance to the USACE's permitting decision, and its sufficiency to support a fair, transparent and efficient review. An appeal conference was held in July 2022. On April 24, 2023, the USACE POD issued its decision to remand the permit application denial to the USACE Alaska District so that office can re-evaluate specific issues. As a result of the remand decision and in light of the EPA's Final Determination (discussed below), the District has been instructed to review the appeal decision and to notify the parties how it plans to proceed within 45 days from the date of the remand issuance. The outcome from the remand remains uncertain.

On October 29, 2021, the court granted the EPA's motion for remand, and vacated the EPA's 2019 withdrawal of the Proposed Determination decision, thus reinstating the Proposed Determination. The court declined to impose a schedule on the EPA's proceedings on remand. On May 25, 2022, the EPA announced that it intended to advance its pre-emptive veto of the Pebble Project and issued a revised Proposed Determination. Public comments on the revised Proposed Determination closed on September 6, 2022. The Pebble Partnership submitted extensive comments on the Revised Proposed Determination, objecting to the EPA's preemptive veto of the Pebble Project and stating its concerns about legal and factual flaws therein. On January 30, 2023, the EPA issued a Final Determination under Section 404(c) of the CWA, imposing limitations on the use of certain waters in the Bristol Bay watershed as disposal sites for certain discharges of dredged or fill material associated with development of a mine at the Pebble deposit. This Final Determination is the concluding step in the administrative process set forth in 40 C.F.R. Part 231, which governs the EPA's authority under Section 404(c) to veto permit decisions. The Administrative Procedure Act ("APA"), 5 USC §551 et seq., which governs judicial review of agency decisions, provides that individuals aggrieved by agency action may seek judicial review of any "final agency action." The EPA's administrative determination can be challenged by filing a lawsuit in U.S. federal district court seeking reversal of that decision.

The Company and the Pebble Partnership plan to seek judicial review of the Final Determination through a challenge in a U.S. federal district court.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

These Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"s). They do not include all of the information required by IFRS for complete annual financial statements and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended December 31, 2022 (the "2022 annual financial statements").

These Financial Statements were authorized for issue by the Audit and Risk Committee on May 10, 2023.

(b) Significant Accounting Estimates and Judgements

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

There was no change in the use of significant estimates and judgments during the current period as compared to those described in Note 2 in the 2022 annual financial statements, two of which are discussed below:

Critical accounting judgments

Mineral Property Interest

The Group used judgement in concluding that no impairment indicators exist in relation to the Pebble Project, notwithstanding the receipt of the ROD denial of the permit by the USACE for the Pebble Project and the Final Determination issued by the EPA that prohibits the disposal of dredged or fill material for the Pebble Project, both of which may be considered an indicator under IFRS 6, *Exploration for and Evaluation of Mineral Resources*, for testing for impairment. Key to the Group's judgement conclusion include the following:

- The Group submitted an administrative appeal with the USACE POD on the permit denial and the USACE POD has subsequent to the reporting period, remanded the permit decision to the USACE Alaska District to re-evaluate specific issues. In addition, the Group is pursuing other options available to it;
- With respect to the Final Determination, the Group has legal avenues to pursue to contest this determination; and
- The Company's market capitalization on March 31, 2023, and the date the Financial Statements were authorized for issuance, exceeded the carrying value of the Pebble Project and the Group's net asset value.

Going Concern

The Group has employed judgement that going concern was an appropriate basis for the preparation of the Financial Statements, as the Group considered existing financial resources in determining that such financial resources are able to meet key corporate and Pebble Project expenditure requirements for at least the next twelve months (note 1).

(c) Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB. The following were adopted by the Group on January 1, 2023:

- IAS 1, *Presentation of Financial Statements* ("IAS 1") and IFRS Practice Statement 2, *Making Materiality Judgements - Disclosure of Accounting Policies* (the "Practice Statement"): In February 2021, the IASB issued amendments to IAS 1 and the Practice Statement to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The adoption of these amendments did not impact the Financial Statements.

- IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"): In February 2021, the IASB issued amendments to IAS 8 – *Definition of Accounting Estimates* to help entities to distinguish between accounting policies and accounting estimates. The amendments clarify that accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The adoption of these amendments did not impact the Financial Statements.

The following has not yet been adopted by the Group:

- IAS 1, *Classification of Debt with Covenants as Current or Non-current*: In October 2022, the IASB issued amendments to IAS 1 titled "*Non-current Liabilities with Covenants*". These amendments seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, *Classification of Debt as Current or Non-current*, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if an entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Group does not expect these amendments to have a material effect on its consolidated financial statements.

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

3. MINERAL PROPERTY, PLANT AND EQUIPMENT

The Group's exploration and evaluation assets are comprised of the following:

Three months ended March 31, 2023	**Mineral Property Interest [1]**	**Plant and Equipment [2]**	**Total**
Cost			
Beginning Balance	$ 97,078	$ 2,435	$ 99,513
Disposal of plant and equipment	–	(6)	(6)
Ending balance	97,078	2,429	99,507
Accumulated depreciation			
Beginning Balance	–	(2,129)	(2,129)
Depreciation charge for the period [3]	–	(41)	(41)
Derecognition on disposal of plant and equipment	–	6	6
Ending balance	–	(2,164)	(2,164)
Foreign currency translation difference			
Beginning Balance	29,922	225	30,147
Movement for the period	(329)	–	(329)
Ending balance	29,593	225	29,818
Net carrying value – December 31, 2022	$ 127,000	$ 531	$ 127,531
Net carrying value – March 31, 2023	**$ 126,671**	**$ 490**	**$ 127,161**

Notes to table:

1. *Mineral Property Interest*

   Comprises the Pebble Project, a contiguous block of 1,840 mineral claims covering approximately 274 square miles located in southwest Alaska, 17 miles (30 kilometers) from the villages of Iliamna and Newhalen, and approximately 200 miles (320 kilometers) southwest of the city of Anchorage.

2. *Plant and equipment include Right-of-Use Assets ("ROU Assets")*

   ROU Assets, which relate to the use of office space, office equipment and, yard storage are included under Plant and equipment. The following comprises ROU Assets:

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

Three months ended March 31, 2023		**Land and Buildings**		**Equipment**		**Total**
Cost						
Beginning and ending balance	$	1,024	$	32	$	1,056
Accumulated depreciation						
Beginning balance		(510)		(30)		(540)
Depreciation charge for the period [3]		(37)		–		(37)
Ending balance		(547)		(30)		(577)
Foreign currency translation difference						
Beginning balance		2		(1)		1
Movement for the period		(1)		(1)		(2)
Ending balance		1		(2)		(1)
Net carrying value – December 31, 2022	$	516	$	1	$	517
Net carrying value – March 31, 2023	$	478	$	–	$	478

3. For the three months ended March 31, 2023, total depreciation was $41 (2022 –$60), of which ROU Asset depreciation was $37 (2022 – $36). ROU Asset depreciation of $24 (2022 – $25) is included in general and administrative expenses (note 9(b)). The remainder of depreciation is included in exploration and evaluation expenses.

4. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

		March 31 2023		December 31 2022
Sales tax receivable	$	138	$	66
Interest, refundable deposits and other receivables		55		64
Prepaid expenses [1]		1,882		2,532
Total	$	2,075	$	2,662

Note to table:

1. Includes prepaid insurance, which is amortized over the insurance term.

5. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

The Group's cash and cash equivalents at March 31, 2023 and December 31, 2022, consisted of cash on hand and was invested in business and savings accounts.

(b) Restricted cash

The Group has cash deposited with a United States financial institution that has been pledged as collateral to the surety provider for a US$2,000 surety bond that was placed with the Alaskan regulatory authorities for a performance guarantee related to any potential reclamation liability as a condition of the Miscellaneous Land Use Permit granted to the Pebble Partnership for its ongoing activities on the Pebble Project. The cash deposit will be released once any reclamation work required has been performed and assessed by the Alaskan regulatory authorities. The cash is invested in a money market fund. For the three months ended March 31, 2023, $9 was recognized (2022 – nominal income), which was re-invested.

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

6. CAPITAL AND RESERVES

(a) Authorized Share Capital

At March 31, 2023 and 2022, authorized share capital consisted of an unlimited number of common shares ("Shares") with no par value. At March 31, 2023, 529,779,388 (2022 – 529,779,388) Shares were issued and fully paid.

(b) Options not Issued under the Group's Incentive Plan

The following reconciles outstanding non-employee options (options that were not issued under the Group's incentive plan (see (c) below)), each exercisable to acquire one share, for the three months ended March 31, 2023 and 2022 respectively:

Continuity	Number of options [1]	Weighted average exercise price ($/options)	Remaining life in years [2]
Balance December 31, 2021 and March 31, 2022	94,000	0.36	1.50
Expired	(56,400)	0.40	–
Balance December 31, 2022 and March 31, 2023	37,600	0.29	1.69

Notes to table:

1. The Group issued options in exchange for those which were outstanding in Cannon Point Resources Ltd. ("Cannon Point") on the acquisition of the company in October 2015.
2. As of March 31, 2022 and 2023.

(c) Share Purchase Option Compensation Plan

The following reconciles the Group's share purchase options ("options") issued and outstanding pursuant to the Group's incentive plan for the three months ended March 31, 2023 and 2022:

Continuity of options	Number of options	Weighted average exercise price ($/option)
Balance December 31, 2021 and March 31, 2022	20,825,500	1.45
Expired	(4,386,000)	1.75
Granted	11,254,000	0.41
Balance December 31, 2022 and March 31,2023	27,693,500	0.98

For the three months ended March 31, 2023, the Group recognized share-based compensation ("SBC") of $407 (2022 – $nil) for options in the Statement of comprehensive loss.

The following table summarizes information on options outstanding as at the reported dates:

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

	March 31, 2023			December 31, 2022		
Exercise prices ($)	Number of options outstanding	Number of options exercisable	Weighted Average Remaining contractual life (years)	Number of options outstanding	Number of options exercisable	Weighted Average Remaining contractual life (years)
0.41	11,254,000	5,627,000	4.39	11,254,000	5,627,000	4.63
0.76	3,300,000	3,300,000	0.36	3,300,000	3,300,000	0.61
0.99	6,368,500	6,368,500	1.50	6,368,500	6,368,500	1.74
2.01	6,696,000	6,696,000	2.30	6,696,000	6,696,000	2.55
2.34	75,000	75,000	0.33	75,000	75,000	0.58
Total	27,693,500	22,066,500		27,693,500	22,066,500	

The weighted average contractual life for options outstanding was 2.73 (December 31, 2022 – 2.97) years per option. The weighted average contractual life and exercise price for exercisable options as at March 31, 2023 was 2.31 (December 31, 2022 – 2.55) years and $1.12 (December 31, 2022 – $1.12) per option.

(d) Deferred Share Units ("DSUs")

The following reconciles DSUs outstanding for the three months ended March 31, 2023 and 2022:

Continuity of DSUs	**Number of DSUs**	**Weighted average fair value ($/DSU)**
Balance December 31, 2021	477,711	0.69
Granted	13,972	0.45
Balance March 31, 2022	491,683	0.68
Granted	47,603	0.37
Balance December 31, 2022	539,286	0.65
Granted	20,329	0.30
Balance March 31, 2023	559,615	0.64

For the three months ended March 31, 2023, SBC of $6 (2022 – $6) was recognized in the Statement of comprehensive loss, based on the aggregate market value of shares on grant date, with a corresponding increase in the equity-settled share payment reserve in equity.

Subsequent to the reporting period the Group issued 18,906 DSUs with a fair value of $0.33 per DSU on date of grant (note 7(a)).

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

(e) *Foreign Currency Translation Reserve*

Continuity		
Balance December 31, 2021	$	28,758
Loss on translation of foreign subsidiaries		(1,425)
Balance March 31, 2022		27,333
Gain on translation of foreign subsidiaries		10,758
Balance December 31, 2022		38,091
Loss on translation of foreign subsidiaries		(341)
Balance March 31, 2023	$	37,750

The foreign currency translation reserve represents accumulated exchange differences arising on the translation, into the Group's presentation currency (the Canadian dollar), of the results of operations and net assets of the Group's subsidiaries with a US dollar functional currency.

7. RELATED PARTY BALANCES AND TRANSACTIONS

The components of transactions to related parties is as follows:

Payables to related parties		**March 31 2023**		December 31 2022
Key management personnel ("KMP") (a)	$	75	$	35
Hunter Dickinson Services Inc. ("HDSI") (b)		309		202
Total payables to related parties	$	384	$	237

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details between the Group and other related parties are disclosed below.

(a) *Transactions and Balances with Key Management Personnel*

The aggregate value of transactions with KMP, being the Group's directors, including Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Company Secretary, Executive Vice President ("EVP"), Environment and Sustainability, Vice President ("VP"), Corporate Communications, VP, Engineering, and the Pebble Partnership's Interim CEO and Senior VP, was as follows for the three months ended March 31, 2023 and 2022:

Transaction		**2023**		2022
Compensation				
Amounts paid and payable to HDSI for services of KMP employed by HDSI [1]	$	635	$	654
Amounts paid and payable to KMP [2]		453		461
		1,088		1,115
Share-based compensation [3]		261		6
Total compensation	$	1,349	$	1,121

Notes to table:

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

1. The Group's CEO, CFO, Board Chair and senior management, other than disclosed in note 2 below, are employed by the Group through HDSI (refer (b) below).

2. Represents short-term employee benefits, including director's fees paid to the Group's independent directors, and salaries paid and payable to the Pebble Partnership's Interim CEO and Senior VP.

3. SBC relates to options issued and/or vesting and DSUs granted during the respective periods (notes 6(c)-(d)).

Subsequent to the reporting period 18,906 DSUs were issued to a director (note 6(d)).

(b) Transactions and Balances with other Related Parties

HDSI is a private company that provides geological, engineering, environmental, corporate development, financial, administrative and management services to the Group and its subsidiaries at annually set rates pursuant to a management services agreement. The annually set rates also include a component of overhead costs such as office rent, information technology services and general administrative support services. HDSI also incurs third party costs on behalf of the Group, which are reimbursed by the Group at cost. Several directors and other key management personnel of HDSI, who are close business associates, are also key management personnel of the Group.

For the three months ended March 31, 2023 and 2022, transactions with HDSI were as follows:

Transactions	**2023**	2022
Services rendered by HDSI:		
Technical [1]		
Engineering	$ 85	$ 113
Environmental	95	140
Other technical services	26	20
	206	273
General and administrative		
Management, consulting, corporate communications, secretarial, financial and administration	598	558
Shareholder communication	178	190
	776	748
Total for services rendered	982	1,021
Reimbursement of third-party expenses		
Conferences and travel	75	41
Insurance	81	71
Office supplies and information technology [2]	160	141
Total reimbursed	316	253
Total	$ 1,298	$ 1,274

Notes to table:

1. Included in exploration and evaluation expenses.

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

2. Includes payments made for the use of offices and shared space of $46 (2022 - $45). In April 2021, the Company signed an office use agreement effective May 1, 2021, for a five-year term ending April 29, 2026. As of March 31, 2023, the remaining undiscounted commitment was $312 (note 13(f)).

Pursuant to an addendum to the management services agreement between HDSI and the Company, following a change of control, the Company is subject to termination payments if the management services agreement is terminated. The Company will be required to pay HDSI $2,800 and an aggregate amount equal to six months of annual salaries payable to certain individual service providers under the management services agreement and their respective employment agreements with HDSI.

8. TRADE AND OTHER PAYABLES

Current liabilities		**March 31 2023**		December 31 2022
Falling due within the year				
Trade	$	2,882	$	1,683
Lease liabilities [1]		150		150
Total	$	3,032	$	1,833
Non-current liabilities				
Lease liabilities [1]		423		463
Total	$	423	$	463

Notes to table:

1. Lease liabilities relate to lease of offices and yard storage, which have remaining lease terms of 17 to 86 months and interest rates of 9.5% – 12% over the term of the leases. The following summarizes lease liabilities for the three months ended March 31, 2023 and 2022:

Lease liabilities		**March 31 2023**		December 31 2022
Beginning balance	$	613	$	687
Interest expense		15		67
Lease payments		(52)		(196)
Lease recognition		–		10
Foreign currency translation difference		(3)		45
Ending balance		573		613
Current portion		150		150
Non-current portion		423		463
Total	$	573	$	613

The following table provides the schedule of undiscounted lease liabilities as at March 31, 2023:

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

		Total
Less than one year	$	200
One to five years		450
Later than 5 years		97
Total undiscounted lease liabilities	$	747

The Group had short-term lease commitments of less than a year relating to a property lease totaling $55 as of January 1, 2023. During the three months ended March 31, 2023 and 2022, the Group incurred $nil short-term lease commitments, and expensed $41 (2022 – $38).

9. EXPLORATION AND EVALUATION AND GENERAL AND ADMINISTRATIVE EXPENSES

(a) Exploration and Evaluation Expenses ("E&E")

For the three months ended March 31, 2023 and 2022, E&E consisted of the following:

E&E		**2023**		2022
Engineering	$	1,101	$	948
Environmental		306		537
Site activities		270		282
Socio-economic		548		517
Other activities and travel		49		17
Total	$	2,274	$	2,301

(b) General and Administrative Expenses ("G&A")

For the three months ended March 31, 2023 and 2022, G&A consisted of the following:

G&A		**2023**		2022
Conference and travel	$	103	$	50
Consulting		224		149
Depreciation of right-of-use assets		24		25
Insurance		736		525
Office costs, including information technology		185		175
Management and administration		731		755
Shareholder communication		266		219
Trust and filing		176		195
Total	$	2,445	$	2,093

10. EMPLOYMENT COSTS

For the three months ended March 31, 2023 and 2022, the Group recorded the following:

		2023		2022
Exploration and evaluation				
Salaries and benefits	$	505	$	577
Amounts paid for services by HDSI personnel (note 7(b))		205		274
		710		851
General and administrative				
Salaries and benefits		382		359
Amounts paid for services by HDSI personnel (note 7(b))		642		622
		1,024		981
Share-based payments		413		6
	$	2,147	$	1,838

11. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2023 and 2022 was based on the following:

		2023		2022
Loss attributable to shareholders	$	7,060	$	4,462
Weighted average number of shares outstanding (000s)		529,779		529,779

For the three months ended March 31, 2023 and 2022, basic and diluted loss per share does not include the effect of employee share purchase options outstanding (2023 –27,693,500, 2022 – 20,825,500), non-employee share purchase options and warrants (2023 – 37,600, 2022 – 94,000) and DSUs (2023 – 559,615, 2022 – 491,683), as they were anti-dilutive.

12. FINANCIAL RISK MANAGEMENT

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit Risk

Credit risk is the risk of potential loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents, restricted cash and amounts receivable. The Group limits the exposure to credit risk by only investing its cash and cash equivalents and restricted cash with high-credit quality financial institutions in business and saving accounts, guaranteed investment certificates, in government treasury bills, low risk corporate bonds and money market funds which are available on demand by the Group when required. Amounts receivable in the table below exclude receivable balances with government agencies (note 4). The Group's maximum exposure was as follows:

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

Exposure		March 31 2023		December 31 2021
Interest, refundable deposits and other receivables	$	55	$	64
Restricted cash		859		852
Cash and cash equivalents		9,441		14,173
Total exposure	$	10,355	$	15,089

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. The Group ensures, as far as reasonably possible, it will have sufficient capital in order to meet short to medium term business requirements, after taking into account cash flows from operations and the Group's holdings of cash and cash equivalents and restricted cash, where applicable. However, the Group has noted material uncertainty that raises substantial doubt about the Group's ability to continue as a going concern notwithstanding the Group having positive working capital (note 1) as demands may exceed existing resources, and that it has been successful in the past in raising funds when needed. The Group's cash and cash equivalents at the reporting date were invested in business and savings accounts (note 5(a)).

The Group's financial liabilities are comprised of current trade and other payables (note 8) and payables to related parties (note 7), which are due for payment within 12 months from the reporting date, and non-current trade payables, which are due for payment more than 12 months from the reporting date. The carrying amounts of the Group's financial liabilities represent the Group's contractual obligations.

(c) Foreign Exchange Risk

The Company is subject to both currency transaction risk and currency translation risk: the Pebble Partnership, Pebble Services Inc. and U5 Resources Inc. have the US dollar as functional currency, and certain of the Company's corporate expenses are incurred in US dollars. The operating results and financial position of the Group are reported in Canadian dollars in these Financial Statements. As a result, the fluctuation of the US dollar in relation to the Canadian dollar will have an impact upon the losses incurred by the Group as well as the value of the Group's assets and the amount of shareholders' equity. The Group has not entered into any agreements or purchased any instruments to hedge possible currency risks.

The exposure of the Group's US dollar-denominated financial assets and liabilities to foreign exchange risk was as follows:

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

		March 31 2023		December 31 2022
Financial assets:				
Amounts receivable	$	139	$	108
Cash and cash equivalents and restricted cash		4,519		7,347
		4,658		7,455
Financial liabilities:				
Non-current trade payables		(423)		(463)
Current trade and other payables		(2,635)		(1,383)
Payables to related parties		(107)		(71)
		(3,165)		(1,917)
Net financial assets exposed to foreign currency risk	$	1,493	$	5,538

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar relative to the US dollar would result in a gain or loss of $149 (December 31, 2022 – $554) in the reported period. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

(d) Interest Rate Risk

The Group is subject to interest rate cash flow risk with respect to its investments in cash and cash equivalents. The Group's policy is to invest cash at fixed rates of interest and cash reserves are to be maintained in cash and cash equivalents or short-term low risk investments in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

Assuming that all other variables remain constant, a 100 basis points change representing a 1% increase or decrease in interest rates would have resulted in a decrease or increase in loss of $29 (2022 – $50).

(e) Capital Management

The Group's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Group consists of equity, comprising share capital and reserves, net of accumulated deficit. There were no changes in the Group's approach to capital management during the period. The Group is not subject to any externally imposed capital requirements.

(f) Fair Value

The fair value of the Group's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Fair value measurements, which are determined by using valuation techniques, are classified in their entirety as either Level 2 or Level 3 based on the lowest level input that is significant to the measurement.

13. COMMITMENTS AND CONTINGENCIES

(a) Legal Proceedings

Class Action Litigation following the USACE's Record of Decision

On December 4 and December 17, 2020, separate putative shareholder class action lawsuits were filed against the Company and certain of its current and former officers and directors in the U.S. District Court for the Eastern District of New York (Brooklyn) regarding the drop in the price of the Company's stock following the ROD by the USACE regarding the Pebble Project. These cases are captioned *Darish v. Northern Dynasty Minerals Ltd. et al.*, Case No. 1:20-cv-05917-ENV-RLM, and *Hymowitz v. Northern Dynasty Minerals Ltd. et al.*, Case No. 1:20-cv-06126-PKC-RLM. Each of the complaints was filed on behalf of a purported class of investors who purchased shares of the Company's stock from December 21, 2017, through November 25, 2020, the date the USACE announced its decision, and seeks damages allegedly caused by violations of the federal securities laws. On March 17, 2021, the two cases were consolidated, and a lead plaintiff and counsel were appointed. A consolidated and amended complaint was filed in June 2021, naming the Company, the Company's CEO and the Pebble Partnership's former CEO as defendants. The Company filed a motion to dismiss the complaint on behalf of all defendants, which the Court denied on January 25, 2023. On April 17, 2023, the parties notified the Court that, following mediation between the parties and the insurance carriers, an agreement-in-principle was reached to settle the consolidated action and that the parties expect to finalize the agreement over the coming weeks. This pending agreement-in-principle – albeit not yet reduced to a mutually agreed final written agreement and not yet shared with the Court for approval – (a) contemplates a settlement amount within insurance policy limits, and (b) makes clear that the Company denies any liability whatsoever and makes no admission of wrongdoing.

On December 3, 2020, a putative shareholder class action lawsuit was filed against the Company, certain of its current and former officers and directors, and one of its underwriters in the Supreme Court of British Columbia regarding the decrease in the price of the Company's stock following the USACE's November 25, 2020, decision regarding the Pebble Project. The case is captioned *Haddad v. Northern Dynasty Minerals Ltd. et al.,* Case No. VLC-S-S-2012849. The claim was filed on behalf of a purported class of investors, wherever they may reside, who acquired common shares of the Company's stock between December 21, 2017, and November 25, 2020, and seeks damages for (i) alleged misrepresentations in the Company's primary market offering documents and continuous disclosure documents, and (ii) its allegedly oppressive conduct. The Company has been served the claim and intends to defend itself vigorously. The underwriter has asserted contractual rights of indemnification against the Company for any loss that the underwriter may incur in connection with the lawsuit. On April 20, 2022, the putative plaintiff filed and subsequently served an application to amend his pleadings to harmonize with the pleadings in the Woo case described below, add Mr. Woo as a plaintiff, and add new underwriter defendants. Also on April 20, 2022, the putative plaintiff filed and subsequently served an application for leave to commence a secondary market liability claim under s. 140.3 of the B.C. Securities Act, for an order certifying the action as a class action, and for related relief.

On February 17, 2021, a putative shareholder class action lawsuit was filed against the Company, certain of its current and former officers and directors, and certain of its underwriters in the Supreme Court of British Columbia regarding the decrease in the price of the Company's stock following (i) the USACE's August 24, 2020 announcement that the Pebble Project could not be permitted as proposed, and (ii) the USACE's November 25, 2020 decision regarding the Pebble Project. The case is captioned *Woo v. Northern Dynasty Minerals Ltd. et al.*, Case No. VLC-S-S-211530. The claim was filed on behalf of a purported class of investors, wherever they may reside, who purchased securities of the Company between June 25, 2020 and November 25, 2020, and seeks damages for (i) alleged misrepresentations in the Company's primary market offering documents and continuous disclosure documents, (ii) allegedly oppressive conduct, (iii) alleged unjust enrichment, and (iv) negligence. The Company has been served and intends to defend itself vigorously. The underwriters have asserted contractual rights of indemnification against the Company for any loss that they may incur in connection with the lawsuit.

In April 2023, an agreement-in-principle was reached to settle the Haddad and Woo actions following mediation between the parties and the insurance carriers. The parties expect to finalize the agreement over the coming weeks. This pending agreement-in-principle – albeit not yet reduced to a mutually agreed final written agreement and not yet shared with the Court for approval – (a) contemplates a settlement amount within insurance policy limits, and (b) makes clear that the Company denies any liability whatsoever and makes no admission of wrongdoing.

On March 5, 2021, a putative shareholder class action lawsuit was filed against the Company, certain of its current and former officers and directors, and certain of its underwriters in the Ontario Superior Court of Justice regarding the decrease in the price of the Company's stock following the USACE's November 25, 2020 decision regarding the Pebble Project. The case is captioned *Pirzada v. Northern Dynasty Minerals Ltd. et al.*, Case No. CV-21-00658284-00CP. The claim was filed on behalf of a purported class of investors, wherever they may reside, who acquired securities of the Company between June 25, 2020 and November 25, 2020, and seeks damages for (i) alleged misrepresentations in the Company's primary market offering documents and continuous disclosure documents, (ii) allegedly oppressive conduct, and (iii) alleged negligence. On March 30, 2022, the plaintiff made a motion to discontinue the claim without costs and the court granted the discontinuance in April 2022.

Given the nature of the claims, it is not currently possible for the Company to predict the outcome nor practical to determine their possible financial effect.

Grand Jury Subpoena

On February 5, 2021, the Company announced that the Pebble Partnership and its former CEO, had each been served with a subpoena issued by the United States Attorney's Office for the District of Alaska to produce documents in connection with a grand jury investigation. The Company is not aware of any civil or criminal charges having been filed against any entity or individual in this matter. The Company also self-reported this matter to the US Securities and Exchange Commission ("SEC"), and there is a related inquiry being conducted by the enforcement staff of the SEC's San Francisco Regional Office. The Company and the Pebble Partnership are cooperating with each of these investigations.

Indemnification Obligations

The Company is subject to certain indemnification obligations to both present and former officers and directors, including the Pebble Partnership's former CEO, in respect to the legal proceedings described above. These indemnification obligations will be subject to limitations prescribed by law and the articles of the Company and may also be subject to contractual limitations.

(b) Short-term Lease Commitments

As of March 31, 2023, the Group has a short-term lease commitment of $14 (2022 – $12) with a fixed monthly payment over the remaining term.

(Unaudited - Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, option, warrant or DSU)

(c) Pipeline Right-of-Way Bond Commitment

The Group has a bond of US$300 with the Alaskan regulatory authorities for a performance guarantee related to any potential reclamation liability as a condition for a pipeline right-of-way to a subsidiary of the Pebble Partnership, the Pebble Pipeline Corporation. The Group is liable to the surety provider for any funds drawn by the Alaskan regulatory authorities.

(d) Pebble Performance Dividend Commitment

The Group has a future commitment beginning at the outset of project construction at the Pebble Project to distribute cash generated from a 3% net profits royalty interest in the Pebble Project to adult residents of Bristol Bay villages that have subscribed as participants, with a guaranteed minimum aggregate annual payment of US$3,000 each year the Pebble mine operates.

(e) Sponsorship Commitment

The Group entered into a sponsorship agreement in December 2022 for an aggregate commitment of US$85 to produce a research paper and be able to participate in a conference (completed). As of March 31, 2023, the remaining commitment is approximately US$19.

(f) Office Use Commitment

The Company has an office use agreement with HDSI (note 7(b)) ending April 29, 2026. At March 31, 2023 the total remaining undiscounted commitment was $312. This commitment is a flow through cost at market rates. The following table summarizes the commitment schedule:

		Total
Less than one year	$	99
One to five years		213
Total	$	312

(g) Contingent Legal Fees Payable

The Group has legal fees totalling US$635 payable to certain legal counsel on completion of a transaction that secures a partner for the Pebble Partnership.

Northern Dynasty Minerals Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2023

Table of Contents

1.1 Date

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the unaudited condensed consolidated interim financial statements (the "**Financial Statements**") of Northern Dynasty Minerals Ltd. ("**Northern Dynasty**" or the "**Company**") for the three months ended March 31, 2023, and the Company's audited consolidated financial statements for the year ended December 31, 2022 (the "**2022 Financial Statements**") and the annual MD&A for the same period (the "**2022 Annual MD&A**"), as publicly filed under the Company's profile on SEDAR at www.sedar.com.

The Company reports in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee (together, "**IFRS**"). The following disclosure and associated Financial Statements are presented in accordance with IFRS. This MD&A is prepared as of May 12, 2023.

All dollar amounts herein are expressed in Canadian dollars, unless otherwise specified.

Glossary

Abbreviations commonly used in this MD&A:	
2020 Mine Plan	The mine plan under the updated Project Description, as described in the final environmental impact statement for the Pebble Project *see Pebble EIS below*
2023 Technical Report	The NI 43-101 technical report entitled, *2023 Technical Report on the Pebble Project, Southwest Alaska, USA*, Effective Date: February 24, 2023, by J. David Gaunt, P.Geo., James Lang, P.Geo., Eric Titley, P.Geo., Hassan Ghaffari, P.Eng., Stephen Hodgson, P.Eng.
Administrative Appeal Decision	The administrative appeal decision of the USACE dated April 24, 2023 issued in respect of the appeal by the Pebble Partnership of the Alaska District's Record of Decision of the Pebble Partnership's permit application under Section 404 of the CWA
Alaska District	The Alaska District of the USACE
CMP	Compensatory Mitigation Plan for the Pebble Project submitted by the Pebble Partnership to the USACE under the CWA permitting process
CWA	Clean Water Act
EIS	Environmental Impact Statement
EPA	U.S. Environmental Protection Agency
Final Determination	The final determination of the Regional Administrator of EPA Region 10 issued on January 30, 2023
NEPA	The United States National Environmental Policy Act
Original Proposed Determination	The original proposed determination of the EPA under Section 404(c) of the CWA in respect of the Pebble Project published in July 2014
Pebble Partnership	The Pebble Limited Partnership, an Alaskan registered limited partnership wholly owned by the Company
Pebble Deposit	The copper, gold, molybdenum, silver and rhenium mineral deposit located in southwest Alaska on the mining claims and leasehold interests of the Pebble Partnership
Pebble Project	The development of a mine producing copper, gold, molybdenum, silver and rhenium minerals from the Pebble Deposit
Project Description	The production plan and corresponding project configuration for the development of a mine at the Pebble Project, as presented in the June 2020 Revised Permit Application
Proposed Project	The development of the Pebble Project in accordance with the Project Description

Abbreviations commonly used in this MD&A:	
PIR	Public Interest Review under the CWA permitting process
Revised Proposed Determination	The revised proposed determination of the EPA under Section 404(c) of the CWA in respect of the Pebble Project published in May 2022
ROD	The Record of Decision issued by the USACE on November 20, 2020 denying the permit application of the Pebble Partnership under Section 404 of the CWA
Royalty Agreement	The royalty agreement dated July 26, 2022 between the Pebble Partnership, together with certain other wholly-owned subsidiaries of the Pebble Partnership, and the royalty holder (refer *1.2.3 Financing)*
Royalty Holder	The holder of a royalty granted under the Royalty Agreement
SEC	The United States Securities and Exchange Commission.
USACE	U.S. Army Corps of Engineers

Forward Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the United States *Private Securities Litigation Reform Act of 1995*. Forward-looking statements describe our future plans, strategies, expectations and objectives, and are generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology.

Forward-looking statements contained or incorporated by reference into this MD&A include, without limitation, statements regarding:

- our goal regarding the potential for securing the necessary permitting of a mine at the Pebble Project and our ability to establish that such a permitted mine can be economically developed;
- the remand process to be completed by the Alaska District of the USACE under the Administrative Appeal Decision and the issuance of the final ROD under section 404 of the CWA under the remand process ordered by the USACE under the Administrative Appeal Decision;
- our ability to successfully obtain federal and state permits required for the Pebble Project, including under the CWA, the NEPA, and relevant legislation;
- our ability to successfully challenge the EPA's Final Determination;
- the outcome of the US government investigations involving the Company;
- our ability to successfully defend against or otherwise resolve purported class action lawsuits that have been commenced against the Company;
- our plan of operations, including our plans to carry out and finance exploration and development activities;
- our ability to raise capital for the exploration, permitting and development activities and meet our working capital requirements;
- our expected financial performance in future periods;
- our expectations regarding the exploration and development potential of the Pebble Project;

- the outcome of the legal proceedings in which we are engaged;
- the contribution of the Pebble Project to the United States federal, state and regional economies;
- that any additional prepayment investments will be made in connection with our gold and silver production Royalty Agreement (as defined below) for the Pebble Project;
- the uncertainties with respect to the effects of COVID-19;
- uncertainties related to the conflict in Ukraine; and
- factors relating to our investment decisions.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable.

Key assumptions upon which the Company's forward-looking information are based include:

- that the remand process of the ROD order under the Administrative Appeal Decision will enable us to respond to the USACE's comments on the CMP in our efforts to adequately address the direct and indirect impacts of the Pebble Project;
- that we will ultimately be able to demonstrate that a mine at the Pebble Project can be developed and operated in an environmentally sound and socially responsible manner, meeting all relevant federal, state and local regulatory requirements so that we will be ultimately able to obtain permits authorizing construction of a mine at the Pebble Project;
- that we will be able to secure sufficient capital necessary for continued environmental assessment and permitting activities and engineering work which must be completed prior to any potential development of the Pebble Project which would then require engineering and financing in order to advance to ultimate construction;
- that we will ultimately be able to demonstrate that a mine at the Pebble Project will be economically feasible based on a mine plan for which permitting can be secured;
- that we will be successful in challenging the EPA's Final Determination under the CWA;
- that the COVID-19 outbreak will not materially impact or delay our ability to obtain permitting for a mine at the Pebble Project;
- that the market prices of copper, gold, molybdenum, silver and rhenium will not significantly decline or stay depressed for a lengthy period of time;
- that our key personnel will continue their employment with us; and
- that we will continue to be able to secure adequate financing on acceptable terms.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used. Forward-looking statements are also subject to risks and uncertainties facing our business, any of which could have a material impact on our outlook.

Some of the risks we face and the uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include:

- we may be unsuccessful in our efforts to present a revised CMP to the Alaska District of the USACE under the USACE's remand process that will address the concerns of the Alaska District as to the impacts of the Pebble Project with the result that the Alaska District may issue a final ROD denying the Pebble Partnership a permit that we require to operate a mine at the Pebble Project;
- the USACE may ultimately elect not to conduct any further analysis of the record or CMP on remand as a result of the EPA's Final Determination;
- we may be unsuccessful in challenging the EPA's Final Determination under the CWA;
- our inability to ultimately obtain permitting for a mine at the Pebble Project;
- our inability to establish that the Pebble Project may be economically developed and mined or contain commercially viable deposits of ore based on a mine plan for which government authorities are prepared to grant permits;
- any agreement-in-principle to resolve the shareholder securities litigation claims that have been filed against us in the U.S. and in Canada may not lead to a final written settlement agreement accepted by all relevant stakeholders, including the respective Courts, and, in such an event, we may not be successful in defending shareholder securities litigation claims that have been filed against us in the U.S. and in Canada, and we may be obligated to indemnify our underwriters in addition to being subject to liabilities to the plaintiffs;
- even if the shareholder securities litigation claims that have been filed against us in the U.S. and in Canada are successfully resolved, we may still need to litigate an unknown number of securities litigation claims filed on an individual (non-class) basis with respect to any shareholders who "opt-out" of any applicable class settlement;
- the uncertainty of the outcome of current or future government investigations and inquiries, including but not limited to, matters before the U.S. Department of Justice, a federal grand jury in Alaska and the SEC;
- government efforts to curtail the COVID-19 pandemic may delay the Company in completion of its work relating to this permitting process;
- our ability to obtain funding for working capital and other corporate purposes associated with advancement of the Pebble Project;
- the Royalty Holder under our gold and silver production Royalty Agreement may not increase its investment;
- an inability to continue to fund exploration and development activities and other operating costs;
- our actual operating expenses may be higher than projected;
- the highly cyclical and speculative nature of the mineral resource exploration business;
- the technical uncertainties of the Pebble Project and the lack of established reserves on the Pebble Project;
- an inability to recover even the financial statement carrying values of the Pebble Project if we cease to continue on a going concern basis;
- the potential for loss of the services of key executive officers;
- a history of, and expectation of further, financial losses from operations impacting our ability to continue on a going concern basis;
- the volatility of copper, gold, molybdenum, silver and rhenium prices and share prices of mining companies;
- uncertainty related to the conflict in Ukraine;
- the impact of inflation on project costs and budgets for 2023 and beyond;

- stock market volatility resulting from rising interest rates and the impact on our ability to complete equity financings;
- the inherent risk involved in the exploration, development and production of minerals, and the presence of unknown geological and other physical and environmental hazards at the Pebble Project;
- the potential for changes in, or the introduction of new, government regulations relating to mining, including laws and regulations relating to the protection of the environment and project legal titles;
- potential claims by third parties to titles or rights involving the Pebble Project;
- the uncertainty of the outcome of current or future litigation including but not limited to, the appeal and remand of the ROD and any challenge of the EPA's Final Determination;
- the possible inability to insure our operations against all risks;
- the highly competitive nature of the mining business;
- the potential equity dilution to current shareholders due to future equity financings or from the exercise of outstanding share purchase options and warrants to purchase the Company's common shares; and
- that we have never paid dividends and will not do so in the foreseeable future.

While the effort was made to list the primary risk factors, this list should not be considered exhaustive of the factors that may affect any of our forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, the risks and uncertainties described above. See ***1.15.5 Risk Factors*** and the risk factors and related discussions in the Company's annual information form for the year ended December 31, 2022 (the "**2022 AIF**").

Our forward-looking statements and risk factors are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should appreciate the inherent uncertainty of, and not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

For more information on the Company, investors should review the Company's 2022 AIF and other continuous disclosure filings that are available on SEDAR at www.sedar.com, and the Company's Annual Report on Form 40-F filed with the SEC available at www.sec.gov.

1.2 Overview

Northern Dynasty is a mineral exploration company with a wholly-owned Alaskan registered limited partnership, the Pebble Limited Partnership (the "**Pebble Partnership**"). The Company's business in Alaska is operated through the Pebble Partnership.

The Pebble Partnership holds a 100% interest in mining claims that host the Pebble Copper-Gold-Molybdenum-Silver-Rhenium deposit, the basis of the Pebble Project (or "Pebble") in southwest Alaska, USA ("U.S."). The Pebble Project is an initiative to develop one of the world's most important mineral resources.

A July 2022 study by S&P Global, entitled '*The Future of Copper: Will the looming supply gap short-circuit the energy transition?'* highlights the critical connection between electrification goals and the development of new resources of copper, like Pebble. The report was authored in response to the growing concern expressed by global authorities and governments that there are insufficient resources of copper to support the goal of Net-Zero Emissions by 2050, and concludes that "unless massive new supply [of copper] comes online in a timely way, the goal of Net-Zero Emissions by 2050 will be short-circuited and remain out of reach."[1] The report and the information on the S&P Global website regarding the report are not incorporated into this MD&A.

Recent events around the world have demonstrated the fragility and insecurity of the global supply chain, and further underscored the need for the U.S. and other countries to achieve security over important commodities that are part of the energy transition. The Company believes the Pebble Project would help the U.S. to advance its stated goal of mineral security.

Permitting

The Pebble Partnership submitted a CWA 404 Permit Application for the Pebble Project to the USACE in December 2017 and the federal permitting process was initiated in January 2018, led by the USACE. The EIS process concluded with the issue of the final Pebble EIS following 2½ years of intensive review by the USACE, eight federal cooperating agencies, three state cooperating agencies, the Lake & Peninsula Borough and federally recognized tribes. The final EIS was viewed by the Company as positive in that it found impacts to fish and wildlife would not be expected to affect harvest levels, there would be no measurable change to the commercial fishing industry including prices and there would be a number of positive socioeconomic impacts on local communities. Nevertheless, in November 2020, the USACE announced a negative ROD. The Pebble Partnership submitted an extensive Record for Appeal which was accepted in February 2021. The USACE completed the administrative record for the appeal and provided a copy to the Pebble Partnership in June 2021, following which the Pebble Partnership and its legal counsel reviewed the voluminous record for completeness and relevance to the USACE's permitting decision, and its sufficiency to support a fair, transparent and efficient review. A new Review Officer ("**RO**") was appointed in August 2021 to lead the Pebble Project appeal, and an appeal conference was held in July 2022.

USACE Remand Highlights Serious Flaws in the Permitting Decision

Subsequent to the end of the quarter, on April 25, 2023, the USACE Pacific Ocean Division took action to remand the permit decision back to the USACE – Alaska District to re-evaluate specific issues. Section II.A (page 27) of the Administrative Appeal Decision[2] states: "…Specifically, the District should provide complete and detailed comments to the Appellant on the compensatory mitigation plan allowing the Appellant sufficient time to address those comments prior to finalizing a revised mitigation plan review. The District should also note that if a compensatory mitigation plan is determined acceptable and adequately offsets direct and indirect impacts, a new PIR and 404(b)(1) analysis may be required."

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[1] *https://ihsmarkit.com/info/0722/futureofcopper.html*

[2] document is available at: *https://www.pod.usace.army.mil/Missions/Regulatory/Appeals/*

Management believes that the remand supports the Company's position since 2020 - the ROD process was not fairly conducted - and notes that the RO has raised similar concerns on many substantive issues. The administrative record does not show that the Company was given sufficient instruction, feedback or time to remedy the plan in order to have a chance of success. If the Company is given the opportunity to provide a new Compensatory Mitigation Plan ("**CMP**") that meets the requirements, that CMP could require re-evaluation of the justification for the 'significant degradation' finding which, in turn, could have a cascading effect on the Public Interest Review ("**PIR**") and the USACE's ultimate determination on the CWA. Additionally, as part of the PIR analysis, the RO pointed out that the District was wrong to consider potential catastrophic impacts of a tailings storage facility failure as a reason for its permit denial, because the final Pebble EIS found that the Pebble tailings storage facility design did NOT present any reasonably foreseeable failure risks. This contradiction will need to be explained on remand.

Management also notes that the EPA's Final Determination specifically refers to the risk of catastrophic tailings failure to justify its decision, despite the final Pebble EIS saying that this is not reasonably foreseeable.

As a result of the remand decision, and in light of the EPA's Final Determination, the District has been instructed to review the appeal decision and to notify the parties how it plans to proceed within 45 days of the remand issuance.

Refer to the discussions below under ***1.2.1.2 CWA Permitting* Process** and ***1.2.1.3 EPA Proposed and Final Determinations***, for more details on the status of the Company's permitting process, including the appeal of the ROD and recent decision on the appeal, and the description of the EPA's Final Determination.

Other Activities

During the quarter, the Company and its technical team was engaged in providing input, as necessary to the appeal of the ROD and assessing the next steps related to Final Determination as well as developing supporting materials for year-end filings. The Company continued to maintain an active corporate presence in Alaska and Washington, D.C., to engage and consult with project stakeholders. Corporate activities were also directed toward investor relations and discussions directed toward securing a partner with which to advance the overall development of the project.

From 2001, when Northern Dynasty's involvement with the Pebble Project began, to March 31, 2023, a total of $1 billion (US$902 million) has been invested to advance the project.[3]

Corporate

As at March 31, 2023, the Company had $9.4 million in cash and cash equivalents and working capital (current assets less current liabilities) of $8.1 million.

The Company has prioritized the allocation of its available financial resources to meet key corporate and Pebble Project expenditure requirements in the near term, including the funding of the appeal of the ROD and other

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[3] Of this, approximately $595 million (US$573 million) was provided by a wholly-owned subsidiary of Anglo American plc, which participated in the Pebble Partnership from 2007 to 2013, and the remainder was financed by Northern Dynasty. A major part of the 2007-2013 expenditures were on exploration, resource estimation, environmental data collection and technical studies, with a significant portion spent on engineering of possible mine development models, as well as related infrastructure, power and transportation systems. The technical and engineering studies that were completed during the period prior to December 2013 relating to mine-site and infrastructure development provide background support for management's current understanding of the most likely development scenarios for the Project. However, the scenarios evaluated during that period are not considered to be current. Accordingly, the Company is uncertain as to the extent to which it can realize significant value from this prior work. Environmental baseline studies and data, as well as geological and exploration information, remain important information available to the Company to advance the project.

matters addressed in ***1.5.3 Plan of Operations***. The Company will require additional funds to meet all its business objectives. Pursuant to the Royalty Agreement, the Company may receive four additional tranches of US$12 million each should the Royalty Holder exercise its right to purchase additional rights to future gold and silver production from the Pebble Project. However, there is no assurance that this will occur. The Company plans to conduct other financings, as necessary through any or a combination of debt and equity and/or contributions from possible new Pebble Project participants; however, there can be no assurance that it will be successful in obtaining additional financing. If the Company is unable to raise the necessary capital resources to meet obligations as they come due, the Company will at some point have to reduce or curtail its operations.

In February and April 2023, respectively, the Company announced that Siri C. Genik and Isabel Satra joined the Board of Directors.

1.2.1 Pebble Project

The Pebble Project is located in southwest Alaska, approximately 17 miles from the villages of Iliamna and Newhalen, and approximately 200 miles southwest of the city of Anchorage. Situated in an area of rolling hills approximately 1,000 feet above sea-level and 125 miles from Bristol Bay, the site conditions are generally favorable for the mine site and infrastructure development.

1.2.1.1 Project Background and Status

The Pebble deposit was discovered in 1989 by a prior operator, which by 1997 had developed an initial outline of the deposit.

Northern Dynasty has been involved in the Pebble Project since 2001. Exploration since that time has led to significant expansion of the mineral resources in the Pebble deposit, including a substantial volume of higher-grade mineralization in its eastern part. The deposit also remains open to further expansion at depth and to the east. Several other occurrences of copper, gold and molybdenum have also been identified along the extensive northeast-trending mineralized system that underlies the property. The potential of these earlier-stage prospects has not yet been fully explored.

Comprehensive deposit delineation, environmental, socioeconomic and engineering studies of the Pebble deposit began in 2004. A Preliminary Assessment of the Pebble Project completed in 2011 provided initial insights into the size and scale of project that the Pebble resource might support. The Pebble Partnership continued to undertake detailed engineering, environmental and socioeconomic studies over the next two years.

1.2.1.2 CWA Permitting Process

In the latter part of 2017, a project design was developed for the Pebble Project[4]. The CWA 404 permit application was submitted to the USACE on December 22, 2017, initiating federal review for the Pebble Project under NEPA. Significant milestones in this permitting process are summarized below:

[4] The project proposed for the EIS ("2020 Mine Plan") seeks to develop a portion of the currently estimated Pebble mineral resources. This does not preclude development of additional resources in other phases of the project in the future, although any subsequent phases of development would require extensive regulatory and permitting review by federal, state and local regulatory agencies, including a further comprehensive EIS review process under NEPA. During the NEPA process, the Pebble Partnership received a Request for Information ("**RFI**") from the USACE for a conceptual mine layout and written description for an expansion phase beyond the 2020 Mine Plan. The Pebble Partnership submitted the conceptual mine plan layout and written description to the USACE, explaining that the "concept is merely one of several expanded

- In January 2018, the Pebble Partnership received notice from the USACE that the CWA Act 404 permitting documentation was accepted and that an EIS would be required to comply with its NEPA review of the Pebble Project;
- On February 5, 2018, the USACE announced the appointment of AECOM, a leading global engineering/ environmental firm, as third-party contractor for the USACE EIS process;
- On March 19, 2018, the USACE published guidelines and timelines for completing CWA permitting, and the associated the USACE EIS process;
- Between April and August 2018, the Pebble Project was advanced through the Scoping Phase of the EIS process administered by the USACE, which included a 90-day public comment period. The Scoping Document was released on August 31, 2018;
- On February 20, 2019, the USACE posted the draft EIS on its website, then initiated a public comment process on the draft EIS, which was completed on July 2, 2019;
- In February 2020, a preliminary version of the final EIS was distributed for comment and review to cooperating agencies and to tribes participating in the process;
- In March 2020, the USACE announced it had decided on a Northern Transportation Route option as the draft Least Environmental Damaging Alternative ("**LEDPA**") for accessing the proposed Pebble mine site, subsequent to which the Pebble Partnership revised its Project Description to align with the USACE selection. The Northern Transportation Route includes adjustments to the port site (location at Diamond Point with offshore lightering station) and a road and pipeline route (located further to the north with no lake crossings or ferry terminals)[5];
- In May 2020, the EPA issued a letter confirming the EPA's decision not to pursue so-called 3(b) elevation under the CWA 404(q) guidelines; and
- On July 24, 2020, the USACE posted the final Pebble EIS on its website.

Publication of the final Pebble EIS in July 2020 followed 2½ years of intensive review by the USACE and eight federal cooperating agencies (including the US Environmental Protection Agency and US Fish & Wildlife Service), three state cooperating agencies (including Alaska Department of Natural Resources and Alaska Department of Environmental Conservation), the Lake & Peninsula Borough and federally recognized tribes. The final Pebble EIS was viewed by the Company as positive in that it found impacts to fish and wildlife would not be expected to affect harvest levels, there would be no measurable change to the commercial fishing

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development scenarios that could potentially be proposed and permitting in the future." The Pebble Partnership response to the RFI and this response is part of the EIS Administrative Record.

[5] It is the Pebble Partnership's intent to undertake the actions necessary to acquire the rights to build and operate the most appropriate transportation and infrastructure corridor to allow the development of the State's and Pebble Partnership's mineral rights. Information on Right-of-Way agreements is provided in ***1.2.1.5 Socioeconomic***.

On December 22, 2022, the Conservation Fund and Bristol Bay Heritage Land Trust announced three conservation easements over 44,000 acres in Southwest Alaska. The land, owned by the Pedro Bay Corp., is located off the northeastern shores of Lake Iliamna, in an area where an access road from Cook Inlet to the Pebble mineral deposit had been proposed. This 'northern transportation route' or 'Alternative 3', is one of several proposed access roads that were reviewed during the Pebble EIS and was identified as the LEDPA during that process.

The final Pebble EIS analyzes the potential impacts of four action development alternatives, and a "No Action" alternative. One of the other action alternatives is an access route which would parallel the north shore of Iliamna Lake to a Cook Inlet port site on Iliamna Bay. As a result of the conservation easement, the Company is further assessing this alternative "southern" route.

industry including prices and there would be a number of positive socioeconomic impacts on local communities.

After consultation with the USACE, a compensatory Mitigation Plan was submitted to the USACE on November 4, 2020. Further details can be found in the Company's 2022 AIF.

On November 25, 2020, the USACE issued the ROD. The ROD rejected the compensatory mitigation plan as "noncompliant" and determined the Pebble Project would cause "significant degradation" and was contrary to the public interest. Based on this finding, the USACE rejected Pebble Partnership's permit application under the CWA.

The Pebble Partnership submitted a request for appeal of the ROD (the "**RFA**") to the USACE Pacific Ocean Division on January 19, 2021. The RFA reflects the Pebble Partnership's position that the USACE's ROD and permitting decision are contrary to law, unprecedented in Alaska, and fundamentally unsupported by the administrative record, including the Pebble Project EIS. The specific reasons for appeal asserted by the Pebble Partnership in the RFA include (i) the finding of "significant degradation" by the USACE is contrary to law and unsupported by the record, (ii) the USACE's rejection of the Pebble Partnership's compensatory mitigation plan is contrary to the USACE regulations and guidance, including the failure to provide the Pebble Partnership with an opportunity to correct the alleged deficiencies, and (iii) the determination by the USACE that the Pebble Project is not in the public interest is contrary to law and unsupported by the public record.

On January 22, 2021, the State of Alaska, acting in its role as owner of the Pebble lands and subsurface mineral estate, announced that it had also filed a request for appeal. That appeal was rejected on the basis that the State did not have standing to pursue an administrative appeal with the USACE.

In a letter dated February 24, 2021, the USACE confirmed the Pebble Partnership's RFA is "complete and meets the criteria for appeal."

The USACE Pacific Ocean Division issued its Administrative Appeal Decision on April 25, 2023. That decision did not sustain the permit denial decision on the Pebble Project that was originally made by the USACE Alaska District, and instead remanded the matter back to the Alaska District to re-evaluate specific issues. The Administrative Appeal Record set forth the RO's assessment of the merits of the Pebble Partnership's reasons for appeal, as set forth in the RFA. The decision found that certain key reasons for appeal had merit, while other arguments did not have merit. As a result, the USACE ordered that the ROD be remanded to the Alaska District Engineer for reconsideration, additional evaluation, and documentation sufficient to support the decisions. Key elements of the decision included the following:

- The RO generally concluded that the Pebble Partnership's arguments that the finding of "significant degradation" by the Alaska District is contrary to law and unsupported by the record did not have merit but agreed with the Pebble Partnership that the Alaska District's use of a certain watershed scale for analysis was not supported by the record and remanded this portion of the decision to the Alaska District Engineer for reconsideration, additional evaluation and documentation sufficient to support the decision.
- The RO concluded that the argument that the CMP was improperly rejected without providing the Pebble Partnership an opportunity to correct the alleged deficiencies did have merit. As a result, the RO remanded the decision to the Alaska District Engineer for reconsideration, additional evaluation and documentation sufficient to support the decision with the specific directions that:
  - the USACE Alaska District should provide complete and detailed comments to the Pebble Partnership on the CMP and that the Pebble Partnership is to have sufficient time to address those comments prior to finalizing a revised CMP for review; and
  - if a CMP is determined to be acceptable and adequately offsets direct and indirect impacts, a new Public Interest Review and Section 404(b)(1) analysis may be required.

- The RO concluded that certain elements of the Pebble Partnership's arguments regarding the PIR decision analysis had merit and remanded those portions to the Alaska District Engineer for reconsideration, additional evaluation and documentation sufficient to support the decision.
- The RO concluded that the Pebble Partnership's arguments that the Record Decision failed to adequately consider the State of Alaska's interest as the land ownership and its designation of the land for mineral development did not have merit,

The Pebble Partnership is currently reviewing the materials from the recent Administrative Appeal Decision. It is anticipated that the Alaska District will evaluate the remand and the findings and determinations made by the USACE Pacific Ocean Division in its appeal decision. As a result of the remand decision, and in light of the EPA's Final Determination, the Alaska District has been instructed to review the appeal decision and to notify the parties how it plans to proceed within 45 days of the date of the Administrative Appeal Decision. However, the USACE cannot issue a permit under the CWA at this time in view of the Final Determination issued by the EPA even if the Pebble Partnership is successful in submitting a CMP that is acceptable to the USACE. Accordingly, there is no assurance that this remand and further CMP process will ultimately result in the issuance of a positive ROD by the USACE Alaska District. If this remand does not result in the issuance of a positive final decision, the Company may seek judicial review of the ROD in the appropriate US District Court. There is no assurance that any judicial review would be successful in overturning the ROD.

1.2.1.3 EPA Proposed and Final Determinations

In February 2014, the EPA announced a pre-emptive regulatory action under Section 404(c) of the CWA to consider restriction or a prohibition of mining activities associated with the Pebble Deposit, referred to as the Original Proposed Determination. From 2014-2017, Northern Dynasty and the Pebble Partnership focused on a multi-dimensional strategy, including legal and other initiatives to ward off the Original Proposed Determination. These efforts were successful, resulting in the joint settlement agreement announced on May 12, 2017, enabling the Pebble Project to move forward with state and federal permitting. As part of the joint settlement agreement, the EPA agreed to initiate a process that led to the withdrawal of the Original Proposed Determination in July 2019.

On September 9, 2021, the EPA announced it planned to re-initiate its Revised Proposed Determination process of making a CWA Section 404(c) determination for the waters of Bristol Bay, which would set aside the 2019 withdrawal of the Original Proposed Determination that was based on a 2017 settlement agreement between the EPA and Pebble Partnership. The Company believes the results of the Pebble EIS support the 2019 withdrawal. As part of its review process, the EPA issued a letter dated January 27, 2022, to the Pebble Partnership advising as to the EPA's belief that the discharge of dredged or fill associated with mining of the Pebble Project could result in unacceptable adverse effects on important fishery areas and of its intent to issue a Revised Proposed Determination. The EPA's letter was also addressed to the USACE and the State of Alaska Department of Natural Resources. The EPA invited the Pebble Partnership, the USACE, and the State of Alaska Department of Natural Resources to submit information "to demonstrate that no unacceptable adverse effects to aquatic resources" would result from the Pebble Project. The Pebble Partnership responded to the EPA on March 28, 2022, contesting both the factual claim by the EPA as to the impact on aquatic resources and the legal basis on which the EPA has proposed to act.

The State of Alaska also responded to the EPA's letter by letter dated March 28, 2022. The State of Alaska advised the EPA of its position that the issuance of a Section 404(c) veto would contravene the Alaska Statehood Act, the Cook Inlet Land Exchange Act and potentially the "takings clause" of the United States Constitution.

On May 25, 2022, the EPA announced that it intended to advance its pre-emptive veto of the Pebble Project and issued a revised Proposed Determination. The Revised Proposed Determination would establish a "defined area for prohibition" coextensive with the current mine plan footprint in which the EPA would prohibit the disposal of dredged or fill material for the Pebble Project. The Revised Proposed Determination would also establish a 309-square-mile "defined area for restriction."

On January 30, 2023, the EPA issued the Final Determination under Section 404(c) of the CWA, imposing limitations on the use of certain waters in the Bristol Bay watershed as disposal sites for certain discharges of dredged or fill material associated with development of a mine at the Pebble deposit. This Final Determination is the concluding step in the administrative process set forth in 40 C.F.R. Part 231, which governs EPA's authority under Section 404(c) to veto permit decisions. The Administrative Procedure Act ("APA"), 5 USC §551 et seq., which governs judicial review of agency decisions, provides that individuals aggrieved by agency action may seek judicial review of any "final agency action." The EPA's administrative determination can be challenged by filing a lawsuit in U.S. federal district court seeking reversal of that decision.

The Final Determination includes the determinations of the EPA that:

- the discharges of dredged or fill material for the construction and routine operation of the mine identified in the 2020 Mine Plan at the Pebble deposit will have unacceptable adverse effects on anadromous fishery areas in the South Fork Koktuli River ("**SFK**") and North Fork Koktuli River ("**NFK**") watersheds;
- discharges of dredged or fill material associated with developing the Pebble deposit anywhere in the mine site area within the SFK and NFK watersheds that would result in the same or greater levels of loss or streamflow changes as the 2020 Mine Plan also will have unacceptable adverse effects on anadromous fishery areas in these watersheds, because such discharges would involve the same aquatic resources characterized as part of the evaluation of the 2020 Mine Plan; and
- discharges of dredged or fill material for the construction and routine operation of a mine at the Pebble deposit anywhere in the SFK, NFK, and Upper Talarik Creek ("**UTC**") watersheds will have unacceptable adverse effects on anadromous fishery areas if the effects of such discharges are similar or greater in nature and magnitude to the adverse effects of the 2020 Mine Plan.

Based on these determinations, the Final Determination:

- prohibits the specification of waters of the United States within the Defined Area of Prohibition, as defined in the Final Determination, as disposal sites for the discharge of dredged or fill material for the construction and routine operation of the 2020 Mine Plan. This includes future proposals to construct and operate a mine to develop the Pebble deposit that result in any of the same aquatic resource loss or streamflow changes as the 2020 Mine Plan. Moreover, dredged or fill material need not originate within the boundary of the Pebble deposit to be associated with the developing the Pebble deposit and, thus, subject to the prohibition. For purposes of the prohibition, the "2020 Mine Plan" is (i) the mine plan described in the Pebble Partnership's June 8, 2020 CWA Section 404 permit application and the final Pebble EIS; and (ii) future proposals to construct and operate a mine to develop the Pebble deposit with discharges of dredged or fill material into waters of the United States within the Defined Area for Prohibition that would result in the same or greater levels of loss or streamflow changes as the mine plan described in the Pebble Partnership's June 8, 2020 CWA Section 404 permit application. The Defined Area for Prohibition covers approximately 24.7 square miles (63.9 km^2) and includes the area covered by the mine footprint of the 2020 Mine Plan; and
- restricts the use of waters of the United States within the Defined Area for Restriction, as defined in the Final Determination, for specification as disposal sites for the discharge of dredged or fill material associated with future proposals to construct and operate a mine to develop the Pebble deposit that would either individually or cumulatively result in adverse effects similar or greater in nature and magnitude to the adverse effects of the 2020 Mine Plan. The Defined Area for Restriction encompasses certain headwaters for the SFK, NFK and UTC watersheds and covers an area of approximately 309 square miles (800 km^2).

The Company and the Pebble Partnership plan to seek judicial review of the Final Determination in an appropriate U.S. federal district court. The Company anticipates that the Pebble Partnership will continue to assert the following arguments, among others, in any judicial proceedings:

- the EPA's Final Determination is premature and not authorized by the CWA and, accordingly, is contrary to law and precedent;

- the EPA erred when it did not exhaust the Section 404(q) elevation procedures prior to initiating its Section 404(c) procedures as the EPA's authority under Section 404(c) is narrowly prescribed by the CWA and is only to be used as a last resort;
- the EPA's decision to restrict development of 309-square-miles of land is legally and technically unsupportable;
- the EPA has not demonstrated that the development of the Pebble deposit will have unacceptable adverse effects under Section 404(c);
- the EPA has not demonstrated any impacts to Bristol Bay fisheries that would justify the extreme measures in the Final Determination and, further, the Final Determination contradicts the conclusion in the final Pebble EIS that the Pebble Project was "not expected to have a measurable impact on fish populations";
- the EPA's Final Determination violates the rights of the State of Alaska established under the Alaska Statehood Act, and related laws, and would undermine the State's legally protected interests in the development of lands it acquired and intended for mineral development; and
- the EPA must consider the benefits of the Pebble Project in light of the critical need for minerals essential to the renewable energy transition, as well as the environmental and social costs that would result from not developing the project.

There is no assurance that any judicial review would be successful in overturning the Final Determination or that the remand of the ROD will be successful. If not withdrawn or overturned, the Final Determination would prevent the Company from developing the Pebble deposit as set out in the 2020 Mine Plan or in any other mine plan that the EPA would consider as resulting in "adverse effects similar or greater in nature and magnitude to the adverse effects of the 2020 Mine Plan."

The Pebble Partnership would likely not be alone in challenging the EPA's Final Determination, as Alaska Governor Mike Dunleavy has publicly indicated that the State will pursue legal action against the EPA to challenge the Final Determination as indicated in a January 31, 2023 news release. Excerpts include: "EPA's veto sets a dangerous precedent. Alarmingly, it lays the foundation to stop any development project, mining or non-mining, in any area of Alaska with wetlands and fish bearing streams," said Alaska Governor Mike Dunleavy. "…The veto disregards the Alaska Statehood Act, violates the Clean Water Act, and departs from basic scientific methodology. Of particular concern is EPA's failure to demonstrate why the Army Corps of Engineers was wrong when it reviewed the same scientific data but arrived at the opposite conclusion-that the proposed mine plan "would not be expected to have a measurable effect on fish numbers or result in long-term changes to the health of the commercial fisheries in Bristol Bay."[6]

1.2.1.4 Technical Programs

The 2023 care and maintenance program is scheduled for May, weather permitting, and is planned to be completed by the end of June. A program of ongoing site maintenance, is planned.

The Company has updated its technical disclosure on the Pebble Project through the filing of the 2023 Technical Report on SEDAR. The 2023 Technical Report reflects recent events material to the Pebble Project, including the Final Determination. Information derived from the 2023 Technical Report is summarized under "Item 5.B – Description of Business – Technical Summary" in the Company's 2022 AIF which is filed on SEDAR. The 2023 Technical Report supersedes the Preliminary Economic Assessment Technical Report, effective date October 1, 2022 (the "**2022 PEA**"), which superseded the Preliminary Economic Assessment Technical Report, effective date September 9, 2021 (the "**2021 PEA**"), each of which has been filed on SEDAR and is no longer considered to be current. Accordingly, investors should not regard the results of the 2021 PEA or 2022 PEA as current or rely on these results.

[6] https://gov.alaska.gov/epas-preemptive-veto-sets-dangerous-precedent/

The Company plans to proceed with the preparation of a fully independent Preliminary Economic Assessment ("**2023 PEA**"). The Company anticipates that the 2023 PEA will:

- be generally based on the project description set out in the 2021 PEA and the 2022 PEA;
- make express reference to both the current status of:
  - the appeal by the Pebble Partnership of the ROD by the USACE and recent remand of the ROD to the Alaska District of the USACE for review; and
  - the issuance of the Final Determination by the EPA and Pebble Partnership's determination to challenge it;
- include an independent resource estimate for the Pebble Project;
- include updated current estimates of the capital and operation costs for the Pebble Project from those reflected in the 2021 PEA and the 2022 PEA; and
- include the results of the economic analysis of the Pebble Project.

1.2.1.5 Socioeconomic

Community Engagement

Pebble Project technical programs are supported by stakeholder engagement activities undertaken by the Pebble Partnership in Alaska. The objective of stakeholder outreach programs undertaken by the Pebble Partnership are to:

- advise residents of nearby communities and other regional interests about Pebble work programs and other activities being undertaken in the field;
- provide information about the proposed development plan for the Pebble Project, including potential environmental, social and operational effects, proposed mitigation and environmental safeguards;
- allow the Pebble Partnership to better understand and address stakeholder priorities and concerns with respect to development of the Pebble Project;
- encourage stakeholder and public participation in the regulatory permitting process for Pebble; and
- facilitate economic and other opportunities associated with advancement and development of the Pebble Project for local residents, communities and companies.

In addition to meeting with stakeholder groups and individuals, and providing project briefings in communities throughout Bristol Bay and the State of Alaska, the Pebble Partnership's outreach and engagement program have included:

- workforce and business development initiatives intended to enhance economic opportunities for regional residents and Alaska Native corporations;
- initiatives to develop partnerships with Alaska Native corporations, commercial fishing interests and other in-region groups and individuals;
- outreach to elected officials and political staff at the national, state and local levels; and
- outreach to third-party organizations and special interest groups with an interest in the Pebble Project, including business organizations, community groups, outdoor recreation interests, Alaska Native entities, commercial and sport fishery interests, and conservation organizations, among others.

Through these various stakeholder initiatives, the Company seeks to advance a science-based project design that is responsive to stakeholder priorities and concerns, provides meaningful benefits and opportunities to local residents, businesses and Alaska Native corporations, and energizes the economy of Southwest Alaska. This program of engagement and consultation also includes discussions to secure stakeholder agreements to support the project's development.

Right-of-Way Agreements and Other Community Initiatives

The Pebble Partnership has finalized Right-of-Way ("**ROW**") agreements with Alaska Native village corporations and other landowners with land holdings along proposed transportation and infrastructure routes for the Pebble Project. The ROW agreements secure access to portions of several proposed transportation and infrastructure routes to the Pebble Project site for construction and operation of the proposed mine and represents a significant milestone in the developing relationship between Pebble and the Alaska Native people of the region. Transportation and other infrastructure for a mine at Pebble is expected to benefit Alaska Native village corporations, their shareholders and villages through toll payments and user fees, contracting opportunities, and improved access to lower cost power, equipment and supplies, as well as enhanced economic activity in the region.

On June 16, 2020, the Company announced the Pebble Partnership has established the Pebble Performance Dividend LLC ("**PPD LLC**") to provide a local revenue sharing program with the objective of ensuring that full-time residents of communities in southwest Alaska benefit directly from the future operation of the proposed Pebble Project. The intention is for PPD LLC to distribute cash generated from a 3% net profits royalty interest in the Pebble Project to adult residents of Bristol Bay villages that have subscribed as participants, with a guaranteed minimum aggregate annual payment of US$3 million each year the Pebble mine operates, beginning at the outset of project construction.

A Memorandum of Understanding ("**MOU**") between the Pebble Partnership and APC was announced on July 6, 2020. The Alaska Peninsula Corporation ("**APC**") is an Alaska Native village corporation with extensive land holdings proximal to the Pebble site. The MOU envisages that APC will lead the development of a consortium of Alaska Native village corporations with land holdings along the Northern Transportation Route. It is contemplated that the consortium would provide road maintenance, truck transport, port operations and other logistical services to the Pebble Project should the development of the mine proceed. The MOU is consistent with the Company's strategy of ensuring the development of the Pebble Project will benefit local Alaska communities and people. The MOU is not a binding final contract. Any final contracts with APC or other Alaska Native village corporations will require further negotiation of commercial terms and negotiation of definitive contracts. There is no assurance that these contracts will be concluded or that the Alaska Native village corporations will support the Pebble Project.

1.2.2 Legal Matters

On September 23, 2020, the Company announced that Tom Collier, the former Chief Executive Officer of the Pebble Partnership, had submitted his resignation in light of comments made about elected and regulatory officials in Alaska and the Pebble Project in private conversations covertly videotaped by an environmental activist group. Conversations with Mr. Collier, as well as others with Ron Thiessen, Northern Dynasty's President and Chief Executive Officer, were secretly videotaped or audiotaped by unknown individuals posing as representatives of a Hong Kong-based investment firm, which represented that it was linked to a Chinese State-Owned Enterprise (SOE). The Company understands that a Washington DC-based environmental group, the Environmental Investigation Agency, released portions of the recordings online after obscuring the voices and identities of the individuals posing as investors.

Following the release of the recordings, the USACE issued a statement that, following a review of the transcripts of the recordings, they had "identified inaccuracies and falsehoods relating to the permit process and the relationship between our regulatory leadership and the applicant's executives".

Committee on Transportation and Infrastructure of the United States House of Representatives

On November 19, 2020, the Pebble Partnership received a letter from the Committee on Transportation and Infrastructure of the United States House of Representatives, stating that the comments made by Mr. Collier and Mr. Thiessen regarding the expansion, capacity, size and duration of the potential Pebble mine were believed to be inconsistent with the testimony of Mr. Collier before the Committee and demanding production of documents apparently related to the comments. The Company produced documents in response to those requests. The Company also responded to the Committee by letter denying and refuting that there was any inconsistency as raised in the Committee's November 19, 2020 correspondence.

On October 22, 2022, the Committee's then-Majority Staff released a report concerning the Pebble Project, alleging false testimony to the Committee, and indicating that a referral has been made to the U.S. Attorney General's Office. The Staff Report was issued without providing the Company any opportunity to respond to the allegations contained in the Staff Report prior to its release. Nor did the Committee publicly request or conduct any interviews of Northern Dynasty or Pebble employees after its November 19, 2020, correspondence. The Pebble Partnership, in a press release, responded "[w]e want to be absolutely clear, however, that to the extent the report contains any suggestion that we tried to mislead regulators in any way, it is categorically wrong and misinformed of the realities of the Pebble permitting process." The Company also stated "[w]e look forward to laying out the essential context missing from the report." Pebble Partnership CEO, John Shively, further responded to the Staff Report in a letter dated December 22, 2022, stating that the Staff Report was "issued in violation of Committee rules and without any meaningful consideration of the objective facts." No formal response to the letter has been received from the Committee.

Grand Jury Subpoena

On February 5, 2021, the Company announced that the Pebble Partnership and Tom Collier, the former Chief Executive Officer of the Pebble Partnership, had each been served with a subpoena issued by the United States Attorney's Office for the District of Alaska to produce documents in connection with a grand jury investigation. The Company is not aware of any criminal charges having been filed against any entity or individual in this matter.

The Company also self-reported this matter to the SEC, and responded to a related inquiry being conducted by the enforcement staff of the SEC's San Francisco Regional Office. The Company and the Pebble Partnership are cooperating with each of these investigations.

Class Action Litigation following the USACE'S Record of Decision

On December 4 and 17, 2020, separate putative shareholder class action lawsuits were filed against the Company and certain of its current and former officers and directors in the U.S. District Court for the Eastern District of New York regarding the drop in the price of the Company's stock following the ROD by the USACE regarding the Pebble Project. These cases are captioned *Darish v. Northern Dynasty Minerals Ltd. et al.,* Case No. 1:20-cv-05917-ENV-RLM, and *Hymowitz v. Northern Dynasty Minerals Ltd. et al.,* Case No. 1:20-cv-06126-PKC-RLM. Each of the complaints was filed on behalf of a purported class of investors who purchased shares of the Company's stock from December 21, 2017, through November 25, 2020, the date the USACE announced its decision, and seeks damages allegedly caused by violations of the federal securities laws. On March 17, 2021, the two cases were consolidated, and a lead plaintiff and counsel were appointed. A consolidated and amended complaint was filed in June 2021, naming the Company, the Company's CEO and the Pebble Partnership's former CEO as defendants. The Company filed a motion to dismiss the complaint on behalf of all defendants, which the Court denied on January 25, 2023. On April 17, 2023, the parties notified the Court that, following mediation between the parties and the insurance carriers, an agreement-in-principle was reached to settle the consolidated action and that the parties expect to finalize the agreement over the coming weeks. This pending agreement-in-principle – albeit not yet reduced to a mutually agreed final written agreement and not yet shared with the Court for approval – (a) contemplates a settlement amount within insurance policy limits, and (b) makes clear that the Company denies any liability whatsoever and makes no admission of wrongdoing.

On December 3, 2020, a putative shareholder class action lawsuit was filed against the Company, certain of its current and former officers and directors, and one of its underwriters in the Supreme Court of British Columbia regarding the decrease in the price of the Company's stock following the USACE's November 25, 2020, decision regarding the Pebble Project. The case is captioned *Haddad v. Northern Dynasty Minerals Ltd. et al.,* Case No. VLC-S-S-2012849. The claim was filed on behalf of a purported class of investors, wherever they may reside, who acquired common shares of the Company's stock between December 21, 2017 and November 25, 2020, and seeks damages for (i) alleged misrepresentations in the Company's primary market offering documents and continuous disclosure documents, and (ii) allegedly oppressive conduct. The Company has been served the claim and intends to defend itself vigorously. The underwriter has asserted contractual rights of indemnification against the Company for any loss that the underwriter may incur in connection with the lawsuit. On April 20, 2022, the putative plaintiff filed and subsequently served an application to amend his pleadings to harmonize with the pleadings in the Woo case described below, add Mr. Woo as a plaintiff, and add new underwriter defendants. Also on April 20, 2022, the putative plaintiff filed and subsequently served an application for leave to commence a secondary market liability claim under s. 140.3 of the B.C. Securities Act, for an order certifying the action as a class action, and for related relief.

On February 17, 2021, a putative shareholder class action lawsuit was filed against the Company, certain of its current and former officers and directors, and certain of its underwriters in the Supreme Court of British Columbia regarding the decrease in the price of the Company's stock following (i) the USACE's August 24, 2020 announcement that the Pebble Project could not be permitted as proposed, and (ii) the USACE's November 25, 2020 decision regarding the Pebble Project. The case is captioned *Woo v. Northern Dynasty Minerals Ltd. et al.*, Case No. VLC-S-S-211530. The claim was filed on behalf of a purported class of investors, wherever they may reside, who purchased securities of the Company between June 25, 2020, and November 25, 2020, and seeks damages for (i) alleged misrepresentations in the Company's primary market offering documents and continuous disclosure documents, (ii) allegedly oppressive conduct, (iii) alleged unjust enrichment, and (iv) negligence. The Company has been served and intends to defend itself vigorously. The underwriters have asserted contractual rights of indemnification against the Company for any loss that they may incur in connection with the lawsuit.

In April 2023, an agreement-in-principle was reached to settle the *Haddad* and *Woo* actions following mediation between the parties and the insurance carriers. The parties expect to finalize the agreement over the coming weeks. This pending agreement-in-principle – albeit not yet reduced to a mutually agreed final written agreement and not yet shared with the Court for approval – (a) contemplates a settlement amount within insurance policy limits, and (b) makes clear that the Company denies any liability whatsoever and makes no admission of wrongdoing.

On March 5, 2021, a putative shareholder class action lawsuit was filed against the Company, certain of its current and former officers and directors, and certain of its underwriters in the Ontario Superior Court of Justice regarding the decrease in the price of the Company's stock following the USACE's November 25, 2020 decision regarding the Pebble Project. The case is captioned *Pirzada v. Northern Dynasty Minerals Ltd. et al.*, Case No. CV-21-00658284-00CP. The claim was filed on behalf of a purported class of investors, wherever they may reside, who acquired securities of the Company between June 25, 2020, and November 25, 2020, and seeks damages for (i) alleged misrepresentations in the Company's primary market offering documents and continuous disclosure documents, (ii) allegedly oppressive conduct, and (iii) alleged negligence. On March 30, 2022, the plaintiff made a motion to discontinue the claim without costs and the court granted the discontinuance in April 2022.

Indemnification Obligations

The Company is subject to certain indemnification obligations to both present and former officers and directors, including Mr. Collier, in respect to the legal proceedings described above. These indemnification obligations will be subject to limitations prescribed by law and the articles of the Company, and may also be subject to contractual limitations.

1.2.3 Financing

Royalty Agreement for Proceeds of up to US$60 Million on Non-Core Metals

In July 2022, Northern Dynasty announced that the Pebble Partnership, together with certain other wholly-owned subsidiaries of the Pebble Partnership, had entered into the Royalty Agreement with the Royalty Holder to receive up to US$60 million over the next two years, in return for the right to receive a portion of the future gold and silver production from the Pebble Project for the life of the mine. The Company received an initial non-refundable payment of US$12 million from the Royalty Holder concurrently with execution of the Royalty Agreement and granted the option to the Royalty Holder to increase its investment to US$60 million, in aggregate. The Company retained the right to 100% of the copper production from the Pebble Project.

Pursuant to the terms of the Royalty Agreement, the Royalty Holder made the initial non-refundable payment of US$12 million in exchange for the right to receive 2% of the payable gold production and 6% of the payable silver production from the Pebble Project, in each case after accounting for a notional payment by the Royalty Holder of US$1,500 per ounce of gold and US$10 per ounce of silver, respectively, for the life of the mine. If, in the future, spot prices exceed US$4,000 per ounce of gold or US$50 per ounce of silver, then the Company will share in 20% of the excess price for either metal. Additionally, the Company will retain a portion of the metal produced for recovery rates in excess of 60% for gold and 65% for silver, and so is incentivized to continually improve operations over the life of the mine. Within two years of the date of the Royalty Agreement, the Royalty Holder has the right to invest additional funds, in US$12 million increments, for the right to receive additional 2% increments of gold production and 6% of silver production to an aggregate total of US$60 million, in return for the right to receive an aggregate of 10% of the payable gold and 30% of the payable silver (in each case, in the aggregate) on the same terms as the first tranche of the investment. The Royalty Holder is under no obligation to invest additional amounts to increase its interest in the gold and silver production from the Pebble Project.

The Pebble Partnership has also granted to the Royalty Holder a right of first refusal in respect of the sale of any gold or silver production from the Pebble Project pursuant to a streaming, royalty or other similar transaction in exchange for an upfront payment. The Royalty holder has granted to the Pebble Partnership a right of first refusal should it propose to sell any of its rights under the Royalty Agreement.

Subject to certain conditions, the Royalty Agreement does not restrict the Company’s ability to form partnerships to assist in the development of the Proposed Project, for example (but not restricted to) other mining companies or Alaska Native Corporations.

1.2.4 Market Trends

Copper prices were variable in early 2018, trended downward from June to August, then increased through to the end of the year and into 2019. Prices decreased in April/May of 2019, and were variable to increasing until late January 2020 when they dropped sharply, losing the gains made in late 2019. In 2020, prices dropped sharply in response to changing economic conditions related to COVID-19 but rebounded in May and trended upward, dropping slightly in October, then increased by the end of the year. In 2021, prices were variable to increasing to May, dropped in June, and then were stable until October when they became variable to the end of the year. Copper prices increased in early 2022, decreased from late April to July, then stabilized somewhat. Prices have been variable in 2023. The price for copper closed on May 11, 2023, at US$3.75/lb.

Gold prices rebounded in January 2018 from late 2017, then were relatively stable for several months, before decreasing in Q3 2018. Prices increased in the latter part of 2018 and through most of 2019 before stabilizing from September to December 2019 and into 2020. After decreasing sharply in March 2020, the gold price resumed an upward trend in response to uncertainty about global economic conditions related to COVID-19. Prices reached record highs in late July and early August 2020, then decreased before stabilizing for the remainder of the year. Prices were variable for most of 2021, and then increased from October to early 2022, and were variable to decreasing for most of 2022. Prices increased from December 2022 to February 2023, then dropped slightly and have been increasing since that time. The price for gold closed on May 11, 2023, at US$2,016/oz.

Molybdenum prices continued on an upward trend, increasing for most of 2018, and were steady from September 2018 and through much of 2019. Prices largely decreased from October 2019 to August 2020, then increased and continued to do so until dropping slightly in July 2021. Prices were relatively stable to increasing in 2022 and continued to increase to mid-March 2023 but have decreased since that time. The price for molybdenum closed on May 11, 2023, at US$21.25/lb.

Silver prices recovered in January 2018 after a decline in late 2017 but were variable the rest of 2018 and for most of 2019, stabilizing in November and December; the annual average price increased in 2019. After an increase in early January 2020, the price for silver fell to US$12.00/oz in March, then began to increase in response to uncertainty about global economic conditions related to COVID-19, reaching over US$27.00/oz in mid-August. After decreasing for a short time, prices increased for the remainder of the year and the average annual price increased in 2020. Prices were variable in 2021 and 2022. The average annual price increased in 2021 but decreased in 2022. Other than a decrease in February/March 2023, silver prices have largely increased from November 2022 to May 2023. The price for silver closed on May 11, 2023, at US$24.88/oz.

Average annual prices of copper, gold, molybdenum and silver for the past five years as well as the average prices so far in 2023 are shown in the table below:

Year	Average metal price [1,2]			
	Copper US$/lb	Gold US$/oz	Molybdenum US$/lb	Silver US$/oz
2018	2.96	1,269	11.94	15.71
2019	2.72	1,393	11.36	16.21
2020	2.80	1,769	8.68	20.54
2021	4.27	1,799	15.94	25.14
2022	3.99	1,800	18.73	21.74
2023 (to May 11)	4.02	1,922	29.21	23.26

1. *Source for copper, gold and silver is Argus Media at www.metalprices.com.*
   LME Official Cash Price for copper.
   LBMA PM price for gold.
   London PM fix for silver.
2. *Source for molybdenum prices is Platts.*

1.3 Selected Annual Information

Not required for the interim MD&A

1.4 Summary and Discussion of Quarterly Results

All monetary amounts are expressed in thousands of dollars except per share amounts and where otherwise indicated. Minor differences are due to rounding.

Excerpts from Statements of Comprehensive Loss	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021
Expenses								
Exploration and evaluation	$ 2,274	$ 2,947	$ 1,839	$ 2,182	$ 2,301	$ 2,897	$ 2,907	$ 3,345
General and administrative	2,445	2,284	2,132	2,517	2,093	2,644	2,405	2,480
Legal, accounting and audit	2,025	698	1,707	1,521	84	(1,386)	3,124	1,916
Share-based compensation	413	415	1,874	6	6	6	244	1,286
Other items [1]	(97)	(74)	(137)	(38)	(22)	(28)	(14)	197
Loss for the quarter [2]	$ 7,060	$ 6,270	$ 7,415	$ 6,188	$ 4,462	$ 4,133	$ 8,666	$ 9,224
Basic and diluted loss per common share	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.02	$ 0.02
Weighted average number of common shares (000s)	529,779	529,779	529,779	529,779	529,779	529,751	528,470	516,077

1. Other items include interest income, finance expense, exchange gains or losses, gain on lease term modification, (gain) loss on disposal of property, plant and equipment, and other income.

2. Loss before tax

Discussion of Quarterly Trends

Exploration and evaluation expenses ("**E&E**") have fluctuated depending on activities undertaken. In Q2 to Q4 2021, the Company completed engineering work to finalize the 2021 PEA for the Pebble Project and also completed a summer field program. In Q1 2022, the Company focused on the review and issue of the study on the economic contribution assessment of the proposed Pebble Project, as well as advancing the summer field program. In Q2 2022, the Company completed its summer field program and in Q3 2022 the Company completed its wildfire cleanup program. In Q4 2022, the Company completed an updated PEA to evaluate the impact of the Royalty Agreement. In Q1 2023, the Company advanced its fully independent PEA. E&E also includes costs for Native community engagement, site leases, land access agreements and annual claim fees.

General and administrative expenses ("**G&A**") trended lower in 2022 as compared to 2021 as the Company incurred less consultation expenses. In Q1 2023, G&A increased from Q4 2022 due to increased consulting and conference and travel.

Legal, accounting and audit expenses have fluctuated in response to legal fees incurred in relation to class action lawsuits, the preparation for and response to the grand jury investigation in Alaska, and response to the Revised Proposed Determination. In Q4 2022, the derecognition of a contingent payable relating to legal fees reduced legal expenses by $0.8 million. The Company received insurance proceeds for certain of the costs incurred relating to class action lawsuits and the grand jury investigation in Q4 2021, Q1 2022 and Q1 2023 which offset fees paid in those quarters.

Share-based compensation expense ("**SBC**") has fluctuated due to timing of share purchase option ("**option**") grants which affects the estimate of fair value determined, the quantum of option grants and the vesting periods associated with these option grants. The Company granted 11,254,000 options in Q3 2022 which was the first grant since 2020.

1.5 Results of Operations

The following financial data has been prepared from the Financial Statements and is expressed in *thousands* of Canadian dollars unless otherwise stated.

The Company's operations and business are not driven by seasonal trends, but rather are driven towards the achievement of project milestones relating to the Pebble Project such as the achievement of various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits, the completion of pre-feasibility and final feasibility studies, preparation of engineering designs, as well as receipt of financings to fund these objectives along with mine construction.

1.5.1 Results of Operations – Three Months ended March 31, 2023 versus 2022

For the three months ended March 31, 2023, the Company recorded a $2.6 million increase in net loss as loss from operating activities increased by $2.7 million primarily due to a $1.9 million increase in legal, accounting and audit expenses and SBC.

Exploration and evaluation expenses

The breakdown of E&E (in thousands of dollars) for the periods as compared to 2022 is as follows:

E&E	Three months			
		2023		2022
Engineering	$	1,101	$	948
Environmental		306		537
Site activities		270		282
Socio-economic		548		517
Other activities and travel		49		17
Total	$	2,274	$	2,301

E&E was generally on par with the prior year quarter. The decrease in environmental costs was offset by an increase in engineering costs due to the Company's work on the PEA.

General and administrative expenses

The following table (in thousands of dollars) provides a breakdown of G&A, and also includes legal, accounting and audit expenses incurred, in the period as compared to 2022:

	Three months			
		2023		2022
Conference and travel	$	103	$	50
Consulting		224		149
Depreciation of right-of-use assets		24		25
Insurance		736		525
Office costs, including information technology		185		175
Management and administration		731		755
Shareholder communication		266		219
Trust and filing		176		195
Total G&A		2,445		2,093
Legal, accounting and audit		2,025		84
	$	4,470	$	2,177

G&A increased by $0.3 million in the three months as compared to 2022 due primarily from higher insurance cost amortization and higher consulting and conference and travel costs.

Legal, accounting and audit expenses increased by $1.9 million in the quarter due primarily to increased legal fees in relation to the class action lawsuits and the grand jury investigation.

Other

The Company recorded an increase in SBC of $0.4 million in the quarter as the Company did not incur any SBC on options in the prior year as options had fully vested prior to that and no new options had been issued.

1.5.2 Financial position as at March 31, 2023 versus December 31, 2022

The total assets of the Company decreased by $5.7 million due primarily to the $4.7 million decrease in cash and cash equivalents and the $0.6 million decrease in amounts receivable and prepaid expenses.

1.5.3 Plan of Operations

Our business objectives for 2023 subject to available financial resources, are to:

- continue with the appeal and remand of the ROD by the USACE;
- challenge the EPA's Final Determination;
- continue with engineering, environmental, permitting and evaluation work on the Pebble Project as required;
- maintain an active corporate presence in Alaska to advance relationships with political and regulatory offices of government (both in Alaska and Washington, D.C.), Alaska Native partners and broader stakeholder relationships;
- advance efforts toward a successful remand of the ROD, and reversal of EPA's Final Determination;
- maintain the Pebble Project and Pebble claims in good standing;
- continue to seek potential partner(s) with greater financial resources to further advance the Pebble Project; and
- continue general and administrative activities in connection with the advancement of the Pebble Project.

The key milestone in the development of the Company's business is presently the successful completion of an appeal of the ROD.

The USACE's ROD has had a material impact on the Company's previously disclosed plan of operations. Accordingly, the Company has altered its intended business activities and milestones to be completed over the next 12 months to focus on the remand of the ROD. In addition, the Company will evaluate available options to challenge the EPA's Final Determination. The Company's present business objectives and milestones are anticipated to generally include the following activities over the next 12 months being April 1 to March 31, 2023:

Milestone/Business Objective	Business Activity within Next 12 Months	Timeframe for Completion [1]	Anticipated Budget during Next 12 Months
Continue with engineering, environmental, permitting and evaluation work on the Pebble Project as required	Work includes ongoing site maintenance to remain in compliance with permitting and demobilization of field equipment as required, additional engineering and evaluation of the Pebble Project including update to mineral resources and 2023 PEA	Ongoing through next twelve months	US$2,497,000

Milestone/Business Objective	Business Activity within Next 12 Months	Timeframe for Completion [1]	Anticipated Budget during Next 12 Months
Maintain an active corporate presence in Alaska	Continue to build relationships with: • both federal and Alaska state governments and agencies; • Native Corporations and communities, an example being the establishment of the Pebble Performance Dividend, which is intended to provide a direct benefit to the people of Bristol Bay; • Right-of-Way Payments to various Native Corporations	Ongoing through next twelve months	US$4,222,000,
Pebble claims maintenance	Continue to maintain the Pebble claims in good standing.	Ongoing through next twelve months	US$1,360,000
Pebble partnering process [1]	Ongoing discussions and possible negotiations to secure a project partner(s) with the financial resources to advance development of the Pebble project. Management will continue to seek suitable partner(s) with the objective to maximize shareholder value through 2023.[2]	Ongoing through next twelve months	US$1,000,000
General corporate purposes, including appeal and remand of the ROD by the Pacific Ocean Division to the Alaska District USACE on Pebble, challenge to EPA's Final Determination; defence of Class Action Lawsuits, settlement of historical liabilities, handling of grand jury investigation	Respond to the Alaska District of the USACE under the remand process of the ROD order by the USACE, challenge of EPA's Final Determination and defense of legal proceedings	Ongoing through next twelve months	US$6,796,000

Notes

1. Due to the COVID-19 pandemic, some due diligence activities that a partner may usually undertake such as site visits have been slower than anticipated.
2. There is no assurance that these discussions or possible negotiations will result in any binding agreement with any partner for the development of the Pebble Project. See 1.15.5 *Risk Factors*.

The Company's actual plan of operations and expenditures for the next twelve months may vary depending on future developments and at the discretion of the Company's board of directors and management.

The Company will require additional financing beyond its current cash and working capital in order to carry out these further business activities. The Company believes that its ability to obtain additional financing has been and will continue to be negatively impacted by the Record of Decision and its ability to successfully advance the remand of the ROD and challenge the EPA's Final Determination. The Company does not have an arrangement in place for any future financing or raising of funds other than through the Royalty Agreement, whereby the Company can sell a further interest in gold and silver production from the Pebble Project at the

Royalty Holder's option. (see ***1.6 Liquidity***) As such, there is no assurance that the Company will be able to raise the required additional financing when required. In addition, the Company cautions that while a successful appeal and remand of the ROD will reduce one of the significant risk factors faced by the Pebble Project, significant risk factors will remain for the development of the Pebble Project, as described in ***1.15.5 Risk Factors***.

In the event that remand of the ROD does not result in a positive ROD, or that the Company is unsuccessful on challenging EPA's Final Determination, the Company will be required to re-assess its options for advancing the development of the Pebble Project. While the Company is unable to assess the full impact of any remand of the ROD or reversal of the EPA Final Determination at this time, the Company anticipates that a negative result on remand of the ROD or challenge of the EPA's Final Determination will have a negative impact on the Company's ability to obtain additional financing and will most likely limit the Company's financing options to further issuances of the Company's equity securities.

The Company may also attempt to reduce the amount of additional financing required by entering into a potential joint venture or other partnership arrangement for the advancement of the Pebble Project. The Company is continuing to evaluate the availability of long-term project financing options among mining companies, private equity firms and others, utilizing conventional asset level financing, debt, royalty and alternative financing options. There is no assurance that Northern Dynasty will be able to partner the Pebble Project or secure additional financing when required. In July 2022, the Company was able to bolster its treasury with the receipt of the first tranche of US$12 million on the execution of the Royalty Agreement (discussed above under "***Royalty Agreement for Proceeds of up to US$60 Million on Non-Core Metals***").

To the extent that Northern Dynasty is unable to raise additional financing, it will have to curtail its operational activities, which will ultimately delay advancement of the Pebble Project.

Northern Dynasty's inability to obtain a positive ROD following the USACE's remand may ultimately mean that it will be unable to proceed with the development of the Pebble Project as currently envisioned or at all. Similarly, the inability to successfully challenge the EPA's Final Determination may also ultimately mean that the Company will be unable to proceed with the development of the Pebble Project as currently envisioned or at all.

1.6 Liquidity

The Company's major sources of funding have been the issuance of equity securities for cash, primarily through private placements and prospectus offerings to sophisticated investors and institutions and proceeds pursuant to the exercise of options and warrants. The Company's access to financing is always uncertain. There can be no assurance of continued access to equity funding.

As at March 31, 2023, the Company had cash and cash equivalents of $9.4 million, a decrease of $4.7 million from December 31, 2022. The Company employed $4.7 million in its operating activities in the three months ended March 31, 2023. The Company has prioritized the allocation of its available financial resources to meet key corporate and Pebble Project expenditure requirements in the near term, being the next 12 months, as outlined above under ***1.5.3 Plan of Operations***. Pursuant to the Royalty Agreement, the Company may, at the option of the Royalty Holder, receive additional tranches of US$12 million each, up to US$48 million, until July 2024 (refer Section 1.2.3. Financing - ***Royalty Agreement for Proceeds of up to US$60 Million on Non-Core Metals***). The Company does not have any arrangements in place for additional funding. There can be no assurances that the Company will be successful in obtaining additional financing when required. If the Company is unable to raise the necessary capital resources to meet obligations as they come due, the Company will have to reduce or curtail its operations at some point.

At March 31, 2023, the Company had a working capital of $8.1 million as compared to $14.8 million at December 31, 2022. The Company has no lease or any other long-term obligations other than those disclosed below:

The following commitments and payables (expressed in *thousands)* existed at March 31, 2023:

	Payments due by period as of the reporting date			
	Total	≤ 1 year	1-5 years	> 5 years
Trade and other payables [1]	**$ 2,882**	$ 2,882	$ –	$ –
Payables to related parties	**384**	384	–	–
Lease commitments [2]	**747**	200	450	97
Other commitments [3]	**352**	139	213	–
Total	**$ 4,365**	$ 3,605	$ 663	$ 97

Notes to table

1. Excludes current and non-current lease liabilities which are disclosed separately (refer note 2 below).
2. Relates to the undiscounted lease payments to be made by the Company over the remaining lease terms.
3. Includes payments due on a short-term lease and payments for the use of offices and shared space from a related party.
4. US dollar amounts have been converted at the closing rate on March 31, 2023, of $1.3519 per US dollar.

The Company has no "Purchase Obligations", defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. The Company is responsible for maintenance payments on the Pebble Project claims and annual toll payments and fees pursuant to the right of way agreements (see ***1.2.1.5* Socioeconomic**). In addition, the Company has payments relating to routine site and office leases, which are included in the table above.

1.7 Capital Resources

The Company's capital resources consist of its cash reserves, which include its cash and equivalents. As at March 31, 2023, other than noted in ***1.6 Liquidity***, the Company has no other long-term debt and no commitments for material capital expenditures.

The Company has no lines of credit or other sources of financing.

1.8 Off-Balance Sheet Arrangements

As at March 31, 2023, the Company had no off-balance sheet arrangements.

1.9 Transactions with Related Parties

Transactions with Hunter Dickinson Services Inc. ("HDSI")

Hunter Dickinson Inc. ("**HDI**") and its wholly owned subsidiary, HDSI are private companies established by a group of mining professionals engaged in advancing and developing mineral properties for a number of private and publicly listed exploration companies, one of which is the Company.

Current directors of the Company, namely Robert Dickinson and Ron Thiessen, Board Chair and Chief Executive Officer ("**CEO**"), respectively, are active members of the HDI Board of Directors. Mark Peters, the Company's Chief Financial Officer ("**CFO**"), is also the CFO of HDSI. Other key management personnel of the Company –

Adam Chodos, Stephen Hodgson, Bruce Jenkins, Trevor Thomas and Mike Westerlund – are active members of HDI's senior management team.

The business purpose of the related party relationship

HDSI provides technical, geological, corporate communications, regulatory compliance, administrative and management services to the Company, on an as-needed and as-requested basis from the Company.

HDSI also incurs third party costs on behalf of the Company. Such third-party costs include, for example, directors and officers' insurance, travel, conferences, and technology services.

As a result of this relationship with HDSI, the Company has ready access to a range of diverse and specialized expertise on a regular basis, without having to engage or hire full-time experts. The Company benefits from the economies of scale created by HDSI.

The measurement basis used

The Company procures services from HDSI pursuant to an agreement (the "**Services Agreement**") dated July 2, 2010, whereby HDSI agreed to provide technical, geological, corporate communications, administrative and management services to the Company. A copy of the Services Agreement is publicly available under the Company's profile at www.sedar.com.

Services from HDSI are provided on a non-exclusive basis as required and as requested by the Company. The Company is not obligated to acquire any minimum amount of services from HDSI. The fees for services are determined based on an agreed upon charge-out rate for each employee performing the service and the time spent by the employee. The charge-out rate also includes overhead costs such as office rent, information technology services and administrative support. Such charge-out rates are agreed and set annually in advance.

Third party expenses are billed at cost, without any markup.

Ongoing contractual or other commitments resulting from the related party relationship

Other than noted below, there are no ongoing contractual or other commitments resulting from the Company's transactions with HDSI, other than the payment for services already rendered and billed. The agreement may be terminated upon 60 days' notice from either party.

In an addendum to the Services Agreement between HDSI and the Company, dated October 10, 2015, following a change of control, the Company is subject to termination payments if the Services Agreement is terminated. The Company will be required to pay HDSI $2.8 million, and an aggregate amount equal to six months of annual salaries payable to certain individual service providers under the Services Agreement and their respective employment agreements with HDSI.

The Company has an office use agreement with HDSI, whereby HDSI is providing two offices and a non-fixed space, on as needed basis, for a five-year term, which commenced May 1, 2021, and ends April 29, 2026. Pursuant to this agreement, the Company has a remaining undiscounted commitment at March 31, 2023 of $0.3 million, which has been disclosed in the table in ***1.6 Liquidity***. The commitment is a flow through cost at market rates.

Transactions during the Reporting Period and Balances with HDSI at the end of the Reporting Period

Disclosure as to transactions with HDSI and any amounts due to or from HDSI is provided in Note 7 in the notes to the Financial Statements which accompany this MD&A, and which are available under the Company's profile at www.sedar.com.

Key Management Personnel

The required disclosure for the remuneration of the Company's key management personnel is provided in Note 7 in the notes to the Financial Statements which accompany this MD&A, and which are available under the Company's profile at www.sedar.com.

1.10 Fourth Quarter

Not applicable

1.11 Proposed Transactions

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course, before the Board of Directors for consideration.

1.12 Critical Accounting Estimates

The required disclosure is provided in Note 2 in the notes to the Financial Statements which accompany this MD&A, and which are available under the Company's profile at www.sedar.com.

1.13 Changes in Accounting Policies including Initial Adoption

The required disclosure is provided in Note 2 in the notes to the Financial Statements which accompany this MD&A, and which are available under the Company's profile at www.sedar.com.

1.14 Financial Instruments and Other Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents and restricted cash and amounts receivable. The Company limits the exposure to credit risk by only investing with high-credit quality financial institutions in business and saving accounts, guaranteed investment certificates, government treasury bills, low risk corporate bonds and money market funds, which are available on demand by the Company as and when required or mature in timeframes appropriate to the needs of the Company. There has been no change in the Company's objectives and policies for managing this risk except for changes in the carrying amounts of financial assets exposed to credit risk, and there was no significant change to the Company's exposure to credit risk during the period ended March 31, 2023. Amounts receivable include receivable balances with government agencies, prepaid expenses and refundable deposits. Management has concluded that there is no objective evidence of impairment to the Company's amounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. There has been no change in the Company's objectives and policies for managing this risk. The Company's liquidity position is discussed further in Section ***1.6 Liquidity.***

Foreign Exchange Risk

The Company is subject to both currency transaction risk and currency translation risk: the Pebble Partnership, Pebble Services Inc., and U5 Resources Inc., have the US dollar as functional currency; and certain of the Company's corporate expenses are incurred in US dollars. The fluctuation of the US dollar in relation to the Canadian dollar has an impact upon the losses incurred by the Company as well as the value of the Company's assets as the Company's functional and presentation currency is the Canadian dollar. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

There has been no change in the Company's objectives and policies for managing this risk, except for the changes in the carrying amounts of the financial assets and liabilities exposed to foreign exchange risk. The Company's exposure to foreign exchange risk is as follows:

US dollar denominated financial assets and liabilities (in thousands of Canadian Dollars)	**March 31 2023**	December 31 2022
Financial assets:		
Amounts receivable	$ 139	$ 108
Cash and cash equivalents and restricted cash	4,519	7,347
	4,658	7,455
Financial liabilities:		
Non-current trade payables	(423)	(463)
Current trade and other payables	(2,635)	(1,383)
Payables to related parties	(107)	(71)
	(3,165)	(1,917)
Net financial assets exposed to foreign currency risk	$ 1,493	$ 5,538

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar relative to the US dollar would result in a gain or loss of $149 (December 31, 2022 – $554) in the reported period. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. There has been no change in the Company's objectives and policies for managing this risk and no significant change to the Company's exposure to interest rate risk during the three months ended March 31, 2023.

Commodity price risk

While the value of the Company's Pebble Project is related to the prices of copper, gold, molybdenum, silver and rhenium and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks in respect of its operational activities.

Copper, gold, molybdenum, silver, and rhenium prices have fluctuated widely historically and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

Capital Management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain the future development of the business. The capital structure of the Company currently consists of equity, comprising share capital and reserves, net of accumulated deficit. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

1.15 Other MD&A Requirements

Additional information relating to the Company, including the Company's 2022 AIF, is available under the Company's profile on SEDAR at www.sedar.com.

1.15.1 Disclosure of Outstanding Share Data

The capital structure of the Company as of the date of this MD&A is as follows:

	Number
Common shares issued and outstanding	529,779,388
Share options pursuant to the Company's incentive plan	27,693,500
Deferred share units	578,521
Non-incentive plan options [1]	37,600

Note to table:

1. These were issued on the acquisition of Cannon Point in October 2015 and expire in December 2024.

1.15.2 Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

1.15.3 Management's Report on Internal Control over Financial Reporting ("ICFR")

The Company's management, including the CEO and the CFO, is responsible for establishing and maintaining adequate ICFR. ICFR is a process designed by, or under the supervision of, the CEO and CFO and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The Company's ICFR includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

There has been no change in the design of the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's ICFR during the period covered by this MD&A.

1.15.4 Limitations of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any system of disclosure controls and procedures or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

1.15.5 Risk Factors

The securities of Northern Dynasty are highly speculative and subject to a number of risks. A prospective investor or other person reviewing Northern Dynasty for a prospective investor should not consider an investment in Northern Dynasty unless the investor is capable of sustaining an economic loss of their entire investment. The risks associated with Northern Dynasty's business include:

Northern Dynasty May be Unsuccessful in Obtaining a Positive Record of Decision Under the Remand Process Ordered by the USACE and challenging the EPA's Final Determination and may ultimately not be able to Obtain the Required Environmental Permits for the Pebble Project.

The USACE's ROD issued on November 25, 2020, has denied Northern Dynasty's environmental permit for development of the Pebble Project under the CWA. This environmental permit is required for Northern Dynasty to proceed with the development of the Pebble Project. While the USACE's Pacific Ocean Division has remanded the ROD to the Alaska Division for reconsideration, there is no assurance that the remand of the ROD will result in a positive ROD or that the required environmental permit will be obtained. While the Pebble Partnership may have the ability to respond to comments on the CMP for the Pebble Project as part of the remand process, there is no assurance that this opportunity will result in the USACE accepting that the mitigation concerns have been addressed. Further, the USACE cannot issue a permit under the CWA at this time in view of the Final Determination issued by the EPA even if the Pebble Partnership is successful in submitting a CMP that is acceptable to the USACE. An inability to obtain a positive ROD will mean that Northern Dynasty cannot proceed with the development of the Pebble Project as presently envisioned. There is no assurance that Northern Dynasty will be able to redesign the Pebble Project in a manner that addresses the "significant degradation" finding reached by the USACE or ultimately develop any compensatory mitigation plan that the USACE accepts as appropriately addressing the "significant degradation" determination or that will change the USACE's position that environmental permitting of the Pebble Project under the CWA is against the public interest. Northern Dynasty's inability to address these issues may mean that the Company is ultimately not able to secure the environmental permits that are required to develop the Pebble Project. Accordingly, there is no assurance that Northern Dynasty will ever be able to proceed with the development of the Pebble Project and that investors will be able to recover their investment in the Company.

In addition, the EPA re-initiated the CWA Section 404(c) process, and has issued a Final Determination for the waters of Bristol Bay. The Final Determination has established the Defined Area for Prohibition coextensive with the current mine plan footprint in which the EPA prohibits the disposal of dredged or fill material for the Pebble Project and has also established the Defined Area for Restriction. Such Final Determination will negatively affect the ability of the Pebble Partnership to obtain required permitting and develop the Project, even if the remand of the ROD is successful unless the Final Determination is also challenged and withdrawn. There is no assurance that any challenge by the Company to the EPA's Final Determination will be successful. The inability to successfully challenge the EPA's Final Determination may ultimately mean that the Company will be unable to proceed with the development of the Pebble Project as currently envisioned or at all.

Inability to Ultimately Achieve Mine Permitting and Build a Mine at the Pebble Project.

The Company may ultimately be unable to secure the necessary permits under United States federal and Alaskan State laws to build and operate a mine at the Pebble Project. The EPA has undertaken regulatory action through the issuance of the Final Determination to restrict development of the Pebble Project and there is no assurance that the Final Determination will be successfully challenged or withdrawn in future. In addition, there is no assurance that the EPA will not seek to undertake future regulatory action to impede or restrict the Pebble Project even if the Final Determination is successfully challenged. In addition, there are prominent and well-organized opponents of the Pebble Project, and the Company may be unable, even if it presents solid scientific and technical evidence of risk mitigation, to overcome such opposition and convince governmental authorities that a mine should be permitted at the Pebble Project. The Company faces not only the permitting and regulatory issues typical of companies seeking to build a mine, but additional public and regulatory scrutiny due to its location and potential size. Accordingly, there is no assurance that the Company will obtain the required permits.

Although, the Company received a denial of its CWA 404 permit application from the USACE, the USACE Pacific Ocean Division remanded the permit decision back to the USACE – Alaska District for reconsideration of specific issues. The uncertainty of the USACE remand and the EPA Final Determination casts doubt as to whether the Company will ever be able to obtain these permits for the Pebble Project as currently planned or within the timeline envisioned. Should the USACE remand be successful, and the Final Determination successfully challenged, of which there is no assurance, the Company will still be required to secure the full range of permits and authorizations from multiple federal and state regulatory agencies, which will take several years. After all permits necessary to begin construction are in hand, a number of years would be required to finance and build a mine and commence operations. During these periods, the Company would likely have no income and so would require additional financing to continue its operations. Unless and until the Company builds a mine at the Pebble Project it will be unable to achieve revenues from operations and may not be able to sell or otherwise recover its investment in the Pebble Project, which would have a material adverse effect on the Company and an investment in the Company's common shares.

The Pebble Project Has Not Been Evaluated by Any Preliminary or Final Feasibility Study

The development of the Pebble Project has not been evaluated by any preliminary or final feasibility study. Accordingly, even if the ROD is overturned and the Final Determination successfully challenged, there are substantial risks that we will not be able to proceed with the development of the Pebble Project, that the Pebble Project cannot be economically mined and/or that shareholders will not be able to recover their investment in the Company.

If Northern Dynasty is Unable to Defend the " Class Action" Lawsuits against it, there is No Assurance that Northern Dynasty will not be Subject to Judgements for Damages against it.

As discussed above, Northern Dynasty is the subject of proposed class action lawsuits against it that assert liability against Northern Dynasty on behalf of a purported class of shareholders under securities laws, both in

Canada and in the United States. Currently, there are agreements-in-principle to resolve lawsuits in the United States and Canada. The settlement process is being conducted separately in Canada and the United States, but collectively, the settlements-in-principle in the aggregate are within insurance policy limits. However, these agreements-in-principle could fail due to the parties' inability to reach a final, written settlement agreement or the respective Courts could refuse to approve the settlements, as required by both jurisdictions. It is also possible that a number of shareholders may object to the proposed settlement and pursue individual (non-class action) claims against the Company.

Should settlement negotiations fail, or the forthcoming settlement agreements be rejected by the applicable Courts, the respective lawsuits would proceed. In that event, while Northern Dynasty intends to vigorously defend these claims, there is no assurance that Northern Dynasty will be successful in defending all claims made against it. Should Northern Dynasty not be successful in defending these claims, it may be subject to judgements against it and be required to pay substantial amounts in damages to the plaintiffs under these judgements. These damages could result in a material and adverse impairment to Northern Dynasty's financial condition and capital resources, and may further impair its ability to pursue the development of the Pebble Project.

In addition, Northern Dynasty is required under the terms of the indemnification agreements that it has entered into with underwriters in connection with Northern Dynasty's public financings to indemnify the underwriters for any losses that they incur. As certain of Northern Dynasty's underwriters have been named as defendants in certain of these class action lawsuits, Northern Dynasty may be required to indemnify and pay monies to the underwriters for any losses that they suffer and expenses that they incur. In addition, Northern Dynasty may be required to indemnify certain of its officers and directors for any losses that they suffer or expenses that they incur. The agreements-in-principle, as currently anticipated, would not require any payments of monies on behalf of the underwriters or any officers and directors.

There is no assurance that Northern Dynasty's existing insurance policies will respond and be sufficient to cover any amounts that it may be required to pay to the plaintiffs in these class action lawsuits should any lawsuit proceed against the Company or the underwriters under our indemnification obligations. We may also be required to indemnify certain of our officers and directors who have been named as party to these lawsuits. Absent a final settlement approved by the Court, these damages could result in a material and adverse impairment to our financial condition and capital resources and may further impair our ability to raise additional financing and pursue the development of the Pebble Project. The same issues and uncertainty apply with respect to potential future lawsuits filed by individual shareholders who object to and "opt-out" of any forthcoming settlement of the various class claims.

Grand Jury Investigation and Related Matters.

The Company is cooperating with a grand jury investigation involving the United States Attorney's Office for the District of Alaska, and an SEC inquiry, as described above under ***1.2.2 Legal Matters***. The Company is not able to provide investors with guidance as to the outcome of the grand jury investigation or SEC inquiry, or whether either of them will result in any charges or other claims against the Company, the Pebble Partnership or their associated individuals. The Company does anticipate, however, that it will incur substantial expenses in connection with the grand jury and SEC matters, including legal fees and expenses related to the collection, review, and production of documents, among other things. Any adverse civil or criminal proceedings could have a material adverse impact on Northern Dynasty's prospects and ability to advance development of the Pebble Mine project.

In addition, Northern Dynasty and the Pebble Partnership may face ongoing and further inquiries, demands or allegations concerning future plans for the Pebble Project from the U.S. Congress' House Committee on Transportation and Infrastructure. Again, any adverse civil or criminal proceedings relating to the Committee's investigation could have a material adverse impact on Northern Dynasty's prospects and ability to advance development of the Pebble Project. In addition, these inquiries or any possible resulting civil or criminal proceedings could erode any existing political support for the Pebble Project, which may reduce the likelihood of the Pebble Project obtaining the required environmental permitting.

The Record of Decision and the Final Determination have had and will have an Ongoing Adverse Impact on Northern Dynasty's Ability to Finance the Pebble Project.

Northern Dynasty believes that the USACE's ROD has had a material adverse impact on its ability to finance its operations and will continue to adversely impact its financing options for so long as the ROD remains outstanding. In addition, the EPA's Final Determination may adversely impact Northern Dynasty's ability to complete future financings. Appealing the ROD in any future litigation and challenging the EPA's Final Determination will require a substantial amount of our current cash and financial resources. As Northern Dynasty does not have any revenues, and does not anticipate revenues in the foreseeable future, Northern Dynasty will require additional financing to continue its operations and to fully fund the appeal and remand of the ROD and the challenge of the Final Determination. Northern Dynasty does not have any assurance that it will be able to achieve this financing. If Northern Dynasty is unsuccessful in its obtaining a positive ROD after remand or challenge of the EPA's Final Determination, Northern Dynasty's financing options may be substantially limited and it may not be able to generate the necessary financing to enable continued operations without a substantial reduction or restructuring of the Pebble Project. The Company's inability to secure this additional required financing will negatively impact the ability of shareholders to recover their investment in the Company.

Risks Associated with the Novel Coronavirus ("COVID-19").

The current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions, which may adversely impact Northern Dynasty's business and results of operations and the operations of contractors and service providers. The extent to which the COVID-19 impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning its severity and the actions taken to contain the virus or treat its impact, among others. The adverse effects on the economy, the stock market and Northern Dynasty's share price could adversely impact its ability to raise capital, with the result that our ability to pursue development of the Pebble Project could be adversely impacted, both through delays and through increased costs. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations and could delay its plans for development of the Pebble Project.

Risk of Secure Title or Property Interest.

There can be no certainty that title to any property interest acquired by the Company or any of its subsidiaries is without defects. Although the Company has taken reasonable precautions to ensure that legal title to its properties is properly documented, there can be no assurance that its property interests may not be challenged or impugned. Such property interests may be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

The Pebble Partnership's mineral concessions at Pebble are located on State of Alaska lands specifically designated for mineral exploration and development. Alaska is a stable jurisdiction with a well-developed regulatory and legal framework for resource development and public lands management, a strong commitment to the rule of law and lengthy track record for encouraging investment in the development if its land and natural resources.

The Pebble Project is Subject to Political and Environmental Regulatory Opposition.

The Pebble Project faces concerted opposition from certain individuals and organizations who are motivated to preclude any possible mining in the Bristol Bay Watershed (the "**BBW**"). The BBW is an important wildlife and salmon habitat area. Accordingly, one of the greatest risks to the Pebble Project is seen to be political/permitting risk, which may ultimately preclude construction of a mine at the Pebble Project. Opposition may include legal challenges to exploration and development permits, which may delay or halt development. Other tactics may, and have been, employed by opposition groups to delay or frustrate development at Pebble, included political and public advocacy, electoral strategies, media and public outreach campaigns, attempting to purchase intervening land rights, and protest activity. These efforts could materially increase the cost and time for development of the Pebble Project and the related infrastructure, or require changes to development plans, which could adversely impact project economics.

The Pebble Partnership's Mineral Property Interests Do Not Contain Any Mineral Reserves or Any Known Body of Economic Mineralization.

Although there are known bodies of mineralization on the Pebble Project, and the Pebble Partnership has completed core drilling programs within, and adjacent to, the deposits to determine measured and indicated resources, there are currently no known reserves or body of commercially viable ore. Accordingly, the Pebble Project must be considered an exploration prospect only. Extensive additional work is required before Northern Dynasty or the Pebble Partnership can ascertain if any mineralization may be economic and hence constitute "ore".

Mineral Resources Disclosed by Northern Dynasty or the Pebble Partnership for the Pebble Project are Estimates Only.

Northern Dynasty has included mineral resource estimates that have been made in accordance with 43-101. These resource estimates are classified as "measured resources", "indicated resources" and "inferred resources". Northern Dynasty advises United States investors that although the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources", there is no assurance any mineral resources that Northern Dynasty may report as "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" under 43-101 would be the same had Northern Dynasty prepared the resource estimates under the standards adopted under the SEC Modernization Rules. Investors are cautioned not to assume that any part or all of mineral deposits classified as "measured resources" or "indicated resources" will ever be converted into "mineral reserves". Further, "inferred resources" have a great amount of uncertainty as to their economic and legal feasibility. Under Canadian securities law, estimates of "inferred mineral resources" cannot form the basis of feasibility or prefeasibility studies, or any economic study except a Preliminary Economic Assessment as prescribed under NI 43-101.

All amounts of mineral resources are estimates only, and Northern Dynasty cannot be certain that any specified level of recovery of metals from the mineralized material will in fact be realized or that the Pebble Project or any other identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body that can be economically exploited. Mineralized material, which is not mineral reserves, does not have demonstrated economic viability. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices and actual results of mining. There can be no assurance that any future economic or technical assessments undertaken by the Company with respect to the Pebble Project will demonstrate positive economics or feasibility.

The mineral resource estimates contained herein have not been adjusted for any risk that the required environmental permits may not be obtained for the Pebble Project. The risk associated with the ability of the Pebble Project to obtain required environmental permits is a risk to the reasonable prospects for eventual economic extraction of the mineralisation and their definition as a mineral resource.

There Is No Assurance That Northern Dynasty Will Be Able To Partner The Pebble Project.

One of Northern Dynasty's business objectives is to enter into a joint venture or other partnership arrangement with a third-party partner to fund the advancement of the development of the Pebble Project. There is no assurance that Northern Dynasty will be able to enter into an arrangement with a partner for the development of the Pebble Project, and the negative impact of the ROD, EPA's Final Determination, and the investigations regarding the Pebble Project may negatively impact the Company's ability to enter into any arrangement. To the extent that Northern Dynasty does not enter into any agreement to partner the Pebble Project, it will continue to be required to fund all exploration and other related expenses for advancement of the Pebble Project, of which there is no assurance.

Negative Operating Cash Flow and Financing Requirements.

The Company currently has a negative operating cash flow and anticipates that it will continue to do so for the foreseeable future due to the fact that it does not have revenues from mining or any other activities. As a result, the Company's plans for development of the Pebble Project, operating cash flow will continue to be negative until the Company receives revenue from production at the Pebble Project to offset expenses incurred, of which there is no assurance. Accordingly, the Company will require substantial additional capital in order to fund its future exploration and development activities. The Company does not have any arrangements in place for this additional funding and there is no assurance that such funding will be achieved when required. The Company has historically relied on equity financings to finance its operations but there is no assurance that future equity financings will be available to the Company. Further, any additional equity financing may result in substantial dilution to existing shareholders. Any failure to obtain additional financing or failure to achieve profitability and positive operating cash flows will have a material adverse effect on its financial condition and results of operations. Further there is no assurance that the Royalty Holder under the Royalty Agreement will exercise its right to purchase any additional rights to future gold and silver production from the Pebble Project, or that the Company will enter into additional streaming or royalty agreement financing arrangements for the Pebble Project.

Northern Dynasty Has No History of Earnings and No Foreseeable Earnings, and May Never Achieve Profitability or Pay Dividends.

Northern Dynasty has only had losses since inception and there can be no assurance that Northern Dynasty will ever be profitable. Northern Dynasty has never declared or paid any dividends on its common shares. Northern Dynasty intends, for the foreseeable future, to retain its future earnings, if any, to finance its exploration activities and its operations. Northern Dynasty presently has no ability to generate earnings from its mineral properties as its mineral properties are in the pre-development stage.

Northern Dynasty's Condensed Consolidated Interim Financial Statements have been Prepared Assuming Northern Dynasty will continue on a Going Concern Basis.

Northern Dynasty prepared its Financial Statements on the basis that Northern Dynasty will continue as a going concern. At March 31, 2023, the Company had working capital of $8.1 million. Northern Dynasty has prioritized the allocation of its financial resources to meet key corporate and Pebble Project expenditure requirements in the near term, including the funding of the appeal and remand of the ROD and legal challenges to EPA's Final Determination. Additional financing will be required to progress any material expenditures at the Pebble Project and for working capital. Northern Dynasty's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interest are entirely dependent upon the existence of economically recoverable mineral reserves at the Pebble Project, the ability of the Company to finance its operating costs, the completion of the exploration and development of the Pebble Project, the Pebble Partnership obtaining the necessary permits to mine, and on future profitable production at the Pebble Project. Furthermore, failure to continue as a going concern would require that Northern Dynasty's assets and liabilities be restated on a liquidation basis, which would likely differ significantly from their going concern assumption carrying values. Refer also to discussion in ***1.6 Liquidity***.

As the Pebble Project is Northern Dynasty's only Mineral Property Interest, any Failure to establish that the Pebble Project Possesses Commercially Viable and Legally Mineable Deposits of Ore may cause a Significant Decline in the Trading Price of Northern Dynasty's Common Shares and reduce its ability to obtain New Financing.

The Pebble Project is, through the Pebble Partnership, Northern Dynasty's only mineral project. Northern Dynasty's principal business objective is to carry out further exploration and related activities to establish whether the Pebble Project possesses commercially viable deposits of ore. If Northern Dynasty is not successful in its plan of operations, Northern Dynasty may have to seek a new mineral property to explore or acquire an interest in a new mineral property or project. Northern Dynasty anticipates that such an outcome would adversely impact the price of Northern Dynasty's common shares. Furthermore, Northern Dynasty anticipates that its ability to raise additional financing to fund exploration of a new property or the acquisition of a new property or project would be impaired as a result of the failure to establish commercial viability of the Pebble Project.

If Prices for Copper, Gold, Molybdenum, Silver and Rhenium Decline, Northern Dynasty May Not Be Able To Raise the Additional Financing Required To Fund Expenditures for the Pebble Project.

The ability of Northern Dynasty to raise financing to fund the Pebble Project will be significantly affected by changes in the market price of the metals for which it explores. The prices of copper, gold, molybdenum, silver and rhenium are volatile, and are affected by numerous factors beyond Northern Dynasty's control. The level of interest rates, the rate of inflation, the world supplies of and demands for copper, gold, molybdenum, silver and rhenium and the stability of exchange rates can all cause fluctuations in these prices. Such external economic factors are influenced by changes in international investment patterns and monetary systems and political developments. The prices of copper, gold, molybdenum, silver and rhenium have fluctuated in recent years, and future significant price declines could cause investors to be unprepared to finance exploration of copper, gold, molybdenum, silver and rhenium, with the result that Northern Dynasty may not have sufficient financing with which to fund its activities related to the advancement of the Pebble Project.

The Russian-Ukrainian Conflict – Potential Effects Which Could Detrimentally Affect the Global Economy, Peace and Stability in Europe and Beyond, and Our Business and Share Price

Russian military forces invaded Ukraine in February 2022. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("**NATO**") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. In addition, certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain and could have an adverse impact on the Company's business and results of operations and may have wide-ranging consequences on the peace and stability of the region and the world economy.

The conflict could affect the economies and securities markets of countries in ways that cannot necessarily be foreseen at the present time. These events could also exacerbate other pre-existing political, social and economic risks. Such events could also cause substantial market volatility, exchange trading suspensions and closures and affect the Company's performance, the price of its securities and its ability to successfully raise capital at reasonable rates or at all. As a result, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Although we do not have employees, suppliers or business activities in Ukraine or Russia at this time, the conflict may have a detrimental impact on our business and operations at some point in the future if the conflict spreads, escalates or affects Europe or the world more broadly.

Mining is Inherently Dangerous and Subject to Conditions or Events beyond the Company's Control, which could have a Material Adverse Effect on the Company's Business.

Hazards such as fire, explosion, floods, structural collapses, industrial accidents, unusual or unexpected geological conditions, ground control problems, power outages, inclement weather, seismic activity, cave-ins and mechanical equipment failure are inherent risks in the Company's exploration, development and mining operations. These and other hazards may cause injuries or death to employees, contractors or other persons at the Company's mineral properties, severe damage to and destruction of the Company's property, plant and equipment and mineral properties, and contamination of, or damage to, the environment, and may result in the suspension of the Company's exploration and development activities and any future production activities. Safety measures implemented by the Company may not be successful in preventing or mitigating future accidents.

Northern Dynasty Competes with Larger, Better Capitalized Competitors in the Mining Industry.

The mining industry is competitive in all of its phases, including financing, technical resources, personnel and property acquisition. It requires significant capital, technical resources, personnel and operational experience to effectively compete in the mining industry. Because of the high costs associated with exploration, the expertise required to analyze a project's potential, and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over Northern Dynasty. Northern Dynasty faces strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities than Northern Dynasty possesses. As a result of this competition, Northern Dynasty may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms Northern Dynasty considers acceptable or at all.

Compliance with Environmental Requirements will take Considerable Resources and Changes to these Requirements could Significantly Increase the Costs of Developing the Pebble Project and Could Delay These Activities.

Northern Dynasty and the Pebble Partnership must comply with stringent environmental legislation in carrying out work on the Pebble Project. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Changes in environmental legislation could increase the cost to the Pebble Partnership of carrying out its exploration and, if warranted, development of the Pebble Project. Further, compliance with new or additional environmental legislation may result in delays to the exploration and, if warranted, development activities.

Changes in Government Regulations or the Application thereof and the Presence of Unknown Environmental Hazards on Northern Dynasty's Mineral Properties May Result in Significant Unanticipated Compliance and Reclamation Costs.

Government regulations relating to mineral rights tenure, permission to disturb areas and the right to operate can adversely affect Northern Dynasty. Northern Dynasty and the Pebble Partnership may not be able to obtain all necessary licenses and permits that may be required to carry out exploration at the Pebble Project. Obtaining the necessary governmental permits is a complex, time-consuming and costly process. The duration and success of efforts to obtain permits are contingent upon many variables not within the Company's control. Obtaining environmental permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary approvals and permits will be obtained and, if obtained, that the costs involved will not exceed those that the Company previously estimated. It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that the Company would not proceed with the development or operation of a mine at the Pebble Project.

Litigation.

The Company is, and may in future be, subject to legal proceedings, including with regard to actions discussed in ***1.2.2 Legal Matters*** in the pursuit of its Pebble Project. Given the uncertain nature of these actions, the Company cannot reasonably predict the outcome thereof. If the Company is unable to resolve these matters favorably, it will likely have a material adverse effect of the Company.

Northern Dynasty is Subject to Many Risks that are Not Insurable and, as a Result, Northern Dynasty will Not Be Able to Recover Losses through Insurance Should Such Certain Events Occur.

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. Northern Dynasty may become subject to liability for pollution, cave-ins or hazards against which it cannot insure. The payment of such liabilities could result in an increase in Northern Dynasty's operating expenses, which could, in turn, have a material adverse effect on Northern Dynasty's financial position and its results of operations. Although Northern Dynasty and the Pebble Partnership maintain liability insurance in an amount which they consider adequate, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or Northern Dynasty and the Pebble Partnership might elect not to insure against such liabilities due to high premium costs or other reasons, in which event Northern Dynasty could incur significant liabilities and costs that could materially increase Northern Dynasty's operating expenses.

If Northern Dynasty Loses the Services of the Key Personnel that it Engages to Undertake its Activities, then Northern Dynasty's Plan of Operations May Be Delayed or be More Expensive to Undertake than Anticipated.

Northern Dynasty's success depends to a significant extent on the performance and continued service of certain contractors, including HDSI (refer ***1.9 Transactions with Related Parties***). The Company has access to the full resources of HDSI, an experienced exploration and development firm with in-house geologists, engineers and environmental specialists, to assist in its technical review of the Pebble Project. There can be no assurance that the services of all necessary key personnel will be available when required or, if obtained, that the costs involved will not exceed those previously estimated. It is possible that the costs and delays associated with the loss of services of key personnel could become such that the Company would not proceed with the development or operation of a mine at the Pebble Project.

The Volatility of Northern Dynasty's Common Shares Can Expose Northern Dynasty to the Risk of Litigation.

Northern Dynasty's common shares are listed on the TSX and NYSE American. Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved (see previous risk). These factors include macroeconomic developments in North America and globally, currency fluctuations and market perceptions of the attractiveness of particular industries. The price of Northern Dynasty's common shares is also likely to be significantly affected by short-term changes in copper, gold, molybdenum, silver and rhenium prices or in Northern Dynasty's financial condition or results of operations as reflected in quarterly earnings reports.

As a result of any of these factors, the market price of Northern Dynasty's common shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Northern Dynasty is and may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Northern Dynasty Will Require Additional Funding to Meet the Development Objectives of the Pebble Project.

Northern Dynasty will need to raise additional financing (through share issuances, debt or asset level partnering) to achieve permitting and development of the Pebble Project. In addition, a positive production decision at the Pebble Project would require significant capital for project engineering and construction.

Accordingly, the continuing permitting and development of the Pebble Project will depend upon Northern Dynasty's ability to obtain financing through debt financing, equity financing, the joint venturing of the project or other means. There can be no assurance that Northern Dynasty will be successful in obtaining the required financing, or that it will be able to raise the funds on terms that do not result in high levels of dilution to shareholders. If Northern Dynasty is unable to raise the necessary capital resources, it may at some point have to reduce or curtail its operations, which would have a material adverse effect on its ability to pursue the permitting and development of the Pebble Project.

While we may attempt to reduce the amount of additional financing required by entering into a potential joint venture or other partnership arrangement for advancement of the Pebble Project, there is no assurance that we may be able to conclude any such agreements. In addition, any joint venture or other form of partnership arrangement for the Pebble Project is anticipated to result in a dilution in our ownership interest in the Pebble Project.

There is also no assurance that we will be successful in securing any long-term project financing utilizing conventional asset level financing, debt, royalty and alternative financing options, such as stream financing. Any project debt financing that we may obtain in the future will require future repayments of principal and interest from cash flows generated by the Pebble Project. Likewise, any potential sale of royalty interests in minerals produced from the Pebble Project would require future payments of royalties from cash flows generated by the Pebble Project. If we enter into any streaming arrangements for the Pebble Project, it is anticipated that we would be required to sell minerals produced from the Pebble Project at preferential rates as consideration for up-front funding provided by the party providing the stream financing. As a result, any of these financing options are anticipated to impact on the cash flows from the Pebble Project that would be available to the Company should the Pebble Project proceed to development. Our board of directors has not made any determination as to whether to proceed with any of the above forms of financing and there is no assurance that these financing options will be available to advance development of the Pebble Project.

1.15.6 Qualified Persons

Stephen Hodgson, P.Eng., and David Gaunt, P.Geo., qualified persons who are not independent of Northern Dynasty, have reviewed and approved the scientific and technical information in this MD&A.

1.15.7 U.S. Securities Matters

The Company is a "foreign issuer" under the U.S. Exchange Act and entitled to file continuous disclosure reports with the SEC under the Multi-Jurisdictional Disclosure System ("**MJDS**") between Canada and the United States, and to provide disclosure on our mineral properties, including the Pebble project, in accordance with NI 43-101 disclosure standards and CIM Definition Standards. For this reason, information contained in this MD&A in respect of the Pebble project may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.