

**NORTHERN DYNASTY MINERALS LTD.**  
**AMEX Corporate Governance**

The Company's common shares are listed on the American Stock Exchange ("AMEX"). The Company is considered a "foreign issuer" under the Amex Company Guide as it is incorporated under the laws of the Province of British Columbia. Section 110 of the AMEX Company Guide permits AMEX to consider the laws, customs and practices of foreign issuers in relaxing certain AMEX listing criteria, and to grant exemptions from AMEX listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. We have sought or intend to seek relief from AMEX for the corporate practices described below.

The Company's governance practices differ from those followed by U.S. domestic companies pursuant to AMEX listing standards in the following manner:

- **Board Composition**

Section 802 (a) of the Amex Company Guide requires that a listed company have a Board of Directors consisting of at least a majority of members who satisfy applicable independence standards under Sections 121 and 802 of the Amex Company Guide. The Company's Board is currently composed of nine members. The Company presently has four independent directors, namely Gordon J. Fretwell, Walter Segsworth, Wayne Kirk and David Elliott. The Company presently has five non-independent directors, namely Robert A. Dickinson, Ronald W. Thiessen, Jeffrey R. Mason, David J. Copeland and Scott D. Cousens. The Company is not in compliance with Section 802 of the Amex Company Guide which requires that at least a majority of the directors on the Company's Board be independent.

- **Board Nominations Committee**

Section 804 of the Amex Company Guide requires that a listed company have a nominating committee of the directors that is responsible for recommending nominations to the company's board of directors, or that these recommendations are undertaken by a majority of the independent directors on its board of directors. Section 804 of the Amex Company Guide further requires that each member of a nominating committee be independent.

The Company has a Nominating and Governance Committee that is responsible for recommending nominations to the Company's Board of Directors, as contemplated by Section 804 of the Amex Company Guide. The Company presently has three independent directors on its Nominating and Governance Committee, namely Wayne Kirk, David Elliott, and Gordon J. Fretwell. The Company has one non-independent director on its Nominating and Governance Committee, namely Jeffrey R. Mason. While the Company has a majority of independent directors on its Nominating and Governance Committee, it is not in compliance with Section 804 of the Amex Company Guide which requires that all members be independent.

- **Compensation Committee**

Section 805 of the Amex Company Guide requires that a listed company have a compensation committee that is responsible for recommending the compensation of the company's chief executive officer to the company's board of directors, or that these recommendations be undertaken by a majority of the independent directors on its board of directors. Section 805 of the Amex Company Guide further requires that each member of a compensation committee be independent.

The Company has a Compensation Committee that is responsible for recommending the compensation of the Company's Chief Executive Officer to its board of directors, as contemplated by Section 805 of the Amex Company Guide. The Company presently has three independent directors on its compensation committee, namely Gordon Fretwell, David Elliott and Wayne Kirk. The Company has one non-independent director on its compensation committee, namely Jeffrey R. Mason. While the Company has a majority of independent directors on its Compensation Committee, it is not in compliance with Section 805 of the Amex Company Guide which requires that all members be independent.

- **Solicitation of Proxies**

AMEX requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to applicable SEC proxy rules. The Company is a foreign private issuer as defined in Rule 3b-4 under the 1934 Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Securities Exchange Act of 1934, as amended. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

- **Shareholders Approval for Dilutive Private Placement Financings**

Section 713 of the AMEX Company Guide requires that the Company obtain the approval of its shareholders for share issuances equal to 20 percent or more of presently outstanding shares for a price which is less than the greater of book or market value of the shares. There is no such requirement under British Columbia law or under the Company's home stock exchange rules (Toronto Stock Exchange or TSX Venture Exchange) unless the dilutive financing results in a change of control. The Company will seek a waiver from AMEX's section 713 requirements should a dilutive private placement financing trigger the AMEX shareholders' approval requirement in circumstances where the same financing does not trigger such a requirement under British Columbia law or under the Company's home country stock exchange rules.