UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

[ ] **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

[X] **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007 Commission File Number: 001-32210

NORTHERN DYNASTY MINERALS LTD.

(Exact name of Registrant as specified in its charter)

British Columbia Canada	**1040**	**Not Applicable**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

Suite 1020, 800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V8
(604) 684-6365
(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company
Suite 400, 2711 Centerville Road
Wilmington, Delaware 19808
(800) 927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title Of Each Class	Name Of Each Exchange On Which Registered
Common Shares, no par value	American Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:
[X] Annual Information Form [X] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: **92,543,639 Common Shares**

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.
Yes[ ] No[X]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes[X] No[ ]



INTRODUCTORY INFORMATION

In this annual report, references to "we", "our", "us", the "Company" or "Northern Dynasty", mean Northern Dynasty Minerals Ltd. its subsidiaries and consolidated interests, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollars.

PRINCIPAL DOCUMENTS

The following documents that are filed as exhibits to this annual report are incorporated by reference herein:

- our Annual Information Form for the year ended December 31, 2007;
- our Audited Consolidated Financial Statements as at and for the three years ended December 31, 2007, 2006 and 2005; and
- our Management Discussion and Analysis for the year ended December 31, 2007.

FORWARD-LOOKING STATEMENTS

This annual report includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995*. These statements appear in a number of places in this annual report and documents incorporated by reference herein and include statements regarding our intent, belief or current expectation and that of our officers and directors. These forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this annual report or in documents incorporated by reference in this annual report, words such as "believe," "anticipate," "estimate," "project," "intend," "expect," "may," "will," "plan," "should," "would," "contemplate," "possible," "attempts," "seeks" and similar expressions are intended to identify these forward-looking statements. These forward-looking statements are based on various factors and were derived utilizing numerous assumptions that could cause our actual results to differ materially from those in the forward-looking statements. Accordingly, you are cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements include, among others, statements regarding:

- our expected financial performance in future periods;
- our plan of operations, including our plans to carry out exploration and development activities;
- our ability to raise capital for exploration and development activities;
- our expectations regarding the exploration and development potential of our properties; and
- factors relating to our investment decisions.

Certain of the assumptions we have made include assumptions regarding, among other things:

- future commodity prices;
- the cost of carrying out exploration and development activities on our mineral properties;

- our ability to obtain the necessary expertise in order to carry out our exploration and development activities within the planned time periods; and
- our ability to obtain adequate financing on acceptable terms.

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

- the speculative nature of the mineral resource exploration business;
- the exploration stage of our mineral projects;
- the lack of known reserves on our mineral properties;
- our inability to establish that our Pebble Property contains commercially viable deposits of ore;
- our ability to recover the financial statement carrying values of our mineral property interests if the Company ceases to continue on a going concern basis;
- loss of the services of any of our executive officers;
- our history of financial losses;
- our ability to continue on a going concern basis;
- the volatility of gold, copper and molybdenum prices;
- the inherent risk involved in the exploration, development and production of minerals;
- changes in, or the introduction of new, government regulations relating to mining, including laws and regulations relating to the protection of the environment;
- the presence of unknown environmental hazards on our mineral properties;
- potential claims by third parties to the Company's mineral projects;
- our inability to insure our operations against all risks;
- the highly competitive nature of our business;
- the historical volatility in our share price;
- potential conflicts of interest relating to our directors and officers;
- the potential dilution to our shareholders from any future equity financings;
- the loss of services of our independent contractors; and
- the potential dilution to our shareholders from the exercise of options to purchase our shares.

We refer you to the section entitled "Risk Factors" in our Annual Information Form. We assume no obligation to update or to publicly announce the results of any change to any of the forward-looking statements contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

The documents that have been incorporated by reference into this annual report use the terms “measured resources”, “indicated resources” and “inferred resources”. These resource estimates have been prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects and the Canadian Institute of Mining and Metallurgy Classification System. These standards differ significantly from the requirement of the United States Securities and Exchange Commission (the “SEC”). Investors are advised that while the terms “measured resources”, “indicated resources” and “inferred resources” are recognized and required by Canadian regulations, including Canadian National Instrument 43-101, the SEC does not recognize them. Under United States standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made and all permits are in hand or are expected to be issued in the near future. **Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.** These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources, or inferred mineral resources will ever be upgraded to a higher category. Investors are cautioned not to assume that any part of the reported measured mineral resources, indicated mineral resources, or inferred mineral resources in this annual report is economically or legally mineable. Further, “inferred resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies.

Disclosure of “contained ounces” in mineral resources is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not qualify as “reserves” as in place tonnage and grade without reference to unit measures.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in or incorporated by reference in this annual report have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the SEC, and reserve and resource information contained herein and incorporated by reference herein may not be comparable to similar information disclosed by U.S. domestic issuers.

NOTE TO UNITED STATES READERS REGARDING DIFFERENCES BETWEEN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) which principles differ in certain respects from those applicable in the United States (“US GAAP”) and from practices prescribed by the SEC. Note 11 to our audited consolidated financial statements included herein provides a reconciliation of the significant differences between Canadian and United States generally accepted accounting principles.

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the *Securities Exchange Act of 1934* (the "Exchange Act")). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in reports that we file or submit under the Exchange Act.

It should be noted that while our Chief Executive Officer and our Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met.

There were no changes in our disclosure controls and procedures during the fiscal year ended December 31, 2007 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and the board of directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP, with a reconciliation to United States GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (3) 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 financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that internal control over financial reporting was effective as of December 31, 2007 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and the reconciliation to United States GAAP.

AUDIT COMMITTEE

Our Board of Directors has established a separately-designated independent Audit Committee of the board in accordance with Section 3(a)(58)(A) of the Exchange Act for the purpose of overseeing our accounting and financial reporting processes and the audits of our annual financial statements. As at the date of this annual report, the Audit Committee was comprised of David Elliott, Wayne Kirk and Gordon Fretwell.

AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that David Elliott, a member of the Audit Committee of our board, is an audit committee financial expert (as that term is defined in Item 401 of Regulation S-K under the Exchange Act) and is an independent director under applicable laws and regulations and the requirements of the American Stock Exchange.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth information regarding amounts billed to us by our independent auditors for each of our last two fiscal years:

	Year Ended December 31,	
	2007	2006
Audit Fees	$ 70,000	$ 40,000
Audit Related Fees	–	–
Tax Fees	–	–
All Other Fees	–	–
Total	$ 70,000	$ 40,000

Audit Fees

Audit fees are the aggregate fees billed by our independent auditor for the audit of our annual consolidated financial statements, reviews of interim consolidated financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.”

Tax Fees

Tax fees are fees for tax compliance and tax advice on actual or contemplated transactions.

All Other Fees

All other fees relate to services other than the audit fees, audit-related fees and tax fees described above.

Audit Committee Pre-Approval Policies

From time to time, our management requests approval from the Audit Committee of our board for audit and non-audit services from our independent auditors. The Audit Committee pre-approves all such non-audit services with set maximum dollar limits. In considering these requests with respect to non-audit services, the Audit Committee assesses, among other things, whether the services requested would be considered prohibited services as contemplated by the rules of the Securities and Exchange Commission, and whether the services requested and related fees could impair the independence of our auditors.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

CONTRACTUAL OBLIGATIONS

Other than already disclosed in the financial statements, we did not have any contractual obligations as at December 31, 2007.

CODE OF ETHICS

We have adopted a Code of Ethics that applies to our officers, employees and directors and promotes, among other things, honest and ethical conduct. The code also promotes compliance by our Chief Executive Officer, Chief Financial Officer and other senior finance staff with the Sarbanes-Oxley Act of 2002. Investors may view our Code of Ethics on our web site at www.northerndynastyminerals.com.

AMEX CORPORATE GOVERNANCE

The Company's common shares are listed for trading on The American Stock Exchange ("AMEX"). Section 110 of the AMEX company guide permits AMEX to consider the laws, customs and practices of their home country in relaxing certain AMEX listing criteria otherwise applicable to foreign issuers, and grants 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. A description of the significant ways in which the Company's governance practices differ from those followed by United States domestic companies pursuant to AMEX standards is contained on the Company's website at www.northerndynastyminerals.com. Upon listing, the Company received an exemption from its quorum requirement. Under the AMEX listing standards, the quorum requirement is a minimum of one third of shareholders entitled to vote for U.S. domestic companies. The Company does not meet this requirement and has been granted relief from this listing standard.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company concurrently filed an Appointment of Agent for Service of Process and Undertaking on Form F-X signed by the Company and its agent for service of process with respect to the class of securities in relation to which the obligation to file this annual report arises, which Form F-X is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2008.

NORTHERN DYNASTY MINERALS LTD.

By: */s/ Ronald W. Thiessen*

Ronald W. Thiessen
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Audited consolidated financial statements of the Company and notes thereto as at and for the three years ended December 31, 2007, 2006 and 2005, together with the report of the auditors thereon
99.6	Management's Discussion and Analysis for the three years ended December 31, 2007, 2006 and 2005
99.7	Annual Information Form of the Company for the year ended December 31, 2007
99.8	Consent of DeVisser Gray LLP, Chartered Accountants
99.9	Pebble Limited Partnership Agreement dated July 31, 2007 (1)
99.10	Consent of Mark Rebagliati, P.Eng.
99.11	Consent of David W. Rennie, P.Eng.
99.12	Consent of James Lang, P.Geo.
99.13	Consent of David Gaunt, P.Geo.
99.14	Consent of Lawrence Melis, P.Eng.
99.15	Consent of Derek Barratt, P.Eng.
99.16	Consent of Eric Titley, P.Geo.
99.17	Consent of Stephen Hodgson, P.Eng.

(1) Incorporated by reference. Filed on **www.sedar.com** on March 26, 2008 as a material agreement.

CERTIFICATION
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald W. Thiessen, Chief Executive Officer of Northern Dynasty Minerals Ltd., certify that:

(1) I have reviewed this annual report on Form 40-F of Northern Dynasty Minerals Ltd for the fiscal year ended December 31, 2007;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

(4) The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

(5) The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the issuer's auditors and the audit committee of issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2008

By: /s/ R. Thiessen

Name: Ronald W. Thiessen
Title: Chief Executive Officer

CERTIFICATION
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey R. Mason, Chief Financial Officer of Northern Dynasty Minerals Ltd., certify that:

(1) I have reviewed this annual report on Form 40-F of Northern Dynasty Minerals Ltd for the fiscal year ended December 31, 2007;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

(4) The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

(5) The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the issuer's auditors and the audit committee of issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2008

By: /s/ J. Mason

Name: Jeffrey R. Mason
Title: Chief Financial Officer

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald W. Thiessen, Chief Executive Officer of Northern Dynasty Minerals Ltd. (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2007 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ R. Thiessen

Name: Ronald W. Thiessen
Title: Chief Executive Officer

Date: March 31, 2008

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Company's Annual Report on Form 40-F. A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Annual Report on Form 40-F pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey R. Mason, Chief Financial Officer of Northern Dynasty Minerals Ltd. (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2007 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ J. Mason

Name: Jeffrey R. Mason
Title: Chief Financial Officer

Date: March 31, 2008

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Company's Annual Report on Form 40-F. A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Annual Report on Form 40-F pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2007, 2006, AND 2005

(Expressed in thousands of Canadian Dollars)

D E V I S S E R G R A Y L L P
CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Northern Dynasty Minerals Ltd.

We have audited the consolidated balance sheets of Northern Dynasty Minerals Ltd. ("the Company") as at December 31, 2007 and 2006, and the consolidated statements of operations and comprehensive loss and cash flows for each of the years in the three-year period ended December 31, 2007, and the consolidated statements of shareholders' equity and deficit for each of the years in the two year period then ended. We have also audited the Company's internal control over financial reporting as of December 31, 2007 based on the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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 financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and cash flows for each of the years in the three year period ended December 31, 2007 in accordance with Canadian generally accepted accounting principles. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

"De Visser Gray LLP"

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
March 19, 2008

NORTHERN DYNASTY MINERALS LTD.

Consolidated Balance Sheets
(Expressed in thousands of Canadian Dollars)

	December 31 2007	December 31 2006
ASSETS		
Current assets		
Cash and equivalents	$ 40,341	$ 93,690
Marketable securities (note 5)	13	–
Amounts receivable and prepaids	1,000	490
Options exercised proceeds receivable (note 9(g))	–	3,740
Balance receivable from related parties (note 9)	27	192
	41,381	98,112
Equipment (note 6)	674	633
Mineral property interests (note 7)	168,222	168,222
Total Assets	**$ 210,277**	**$ 266,967**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,607	$ 7,839
Balance payable to related parties (note 9)	21	–
	7,628	7,839
Future income tax liability (note 10)	57,786	61,601
Non-controlling interest (note 7(a)(iii))	35,552	–
	93,338	61,601
Shareholders' equity		
Share capital	365,202	357,364
Contributed surplus	18,018	10,062
Accumulated other comprehensive loss	(3)	–
Deficit	(273,906)	(169,899)
	109,311	197,527
Subsequent event (note 7(b))		
Total Liabilities and Shareholders' Equity	**$ 210,277**	**$ 266,967**

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

Approved by the Board of Directors

/s/ Ronald W. Thiessen

Ronald W. Thiessen
Director

/s/ Robert A. Dickinson

Robert A. Dickinson
Director

NORTHERN DYNASTY MINERALS LTD.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for share information)

	Years ended December 31		
	2007	2006	2005
Expenses			
Amortization	$ 146	$ 124	$ 93
Conference and travel	1,161	936	701
Exploration (see schedule of exploration expenses)	86,424	50,613	43,066
Foreign exchange loss (gain)	3,878	(773)	(281)
Interest income	(2,749)	(2,238)	(585)
Legal, accounting and audit	1,649	931	312
Office and administration	5,062	3,041	2,362
Shareholder communication	623	386	367
Stock-based compensation - exploration (note 8(d))	4,644	1,882	1,788
Stock-based compensation - administration (note 8(d))	6,489	4,163	2,302
Trust and filing	485	149	193
Net loss before the following	107,812	59,214	50,318
Gain on disposal of marketable securities	(1)	(194)	–
Loss on disposal of fixed assets	11	–	–
Net loss before taxes	107,822	59,020	50,318
Future income tax recovery	(3,815)	(637)	–
Loss for the year	$ 104,007	$ 58,383	$ 50,318
Other comprehensive loss			
Unrealized loss on available-for-sale marketable securities (note 5)	2	–	–
Reclassification of realized gain on disposal of marketable securities included in loss	1	–	–
Other comprehensive loss	$ 3	$ –	$ –
Total comprehensive loss	$ 104,010	$ 58,383	$ 50,318
Basic and diluted loss per common share	$ 1.13	$ 0.75	$ 0.90
Weighted average number of common shares outstanding	91,978,571	77,708,870	55,845,791

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

NORTHERN DYNASTY MINERALS LTD.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

	Years ended December 31		
	2007	2006	2005
Operating activities			
Loss for the year	$ (104,007)	$ (58,383)	$ (50,318)
Items not involving cash			
Amortization	146	124	93
Contributions from non-controlling interest (note 7(a)(iii))	35,552	–	–
Finder's fees (note 5)	5	–	–
Future income tax recovery	(3,815)	(637)	–
Gain on disposal of marketable securities	(1)	(194)	–
Loss on disposal of fixed assets	11	–	–
Shares received for property option agreement (note 5)	(20)	–	–
Stock-based compensation (note 8(d))	11,133	6,045	4,090
Changes in non-cash working capital items			
Amounts receivable and prepaids	(510)	(73)	(15)
Accounts payable and accrued liabilities	(232)	4,678	136
Balances receivable from and payable to related parties	186	256	(436)
Cash and equivalents used in operating activities	(61,552)	(48,184)	(46,450)
Investing activities			
Proceeds on disposal of equipment	28	–	–
Purchase of equipment	(226)	(346)	(106)
Acquisition costs of mineral property interests	–	(82)	–
Proceeds on sale of marketable securities	–	558	–
Cash and equivalents provided by (used for) investing activities	(198)	130	(106)
Financing activities			
Common shares issued for cash, net of issue costs	4,661	132,535	47,029
Options exercised proceeds received (receivable) (note 9(h))	3,740	(3,740)	–
Cash provided from financing activities	8,401	128,795	47,029
Increase (decrease) in cash and equivalents	**(53,349)**	**80,741**	**473**
Cash and equivalents, beginning of year	93,690	12,949	12,476
Cash and equivalents, end of year	**$ 40,341**	**$ 93,690**	**$ 12,949**
Supplementary information			
Taxes paid	$ –	$ –	$ –
Interest paid	$ –	$ –	$ –
Interest received	$ 2,751	$ 2,238	$ 585
Non-cash investing and financing activities			
Issuance of shares for mineral property interests	$ –	$ 89,194	$ 4,918
Fair value of stock options allocated to shares issued upon exercise	$ 3,177	$ 5,045	$ 4,305

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

NORTHERN DYNASTY MINERALS LTD.

Consolidated Statements of Shareholders' Equity and Deficit
(Expressed in thousands of Canadian Dollars, except for share information)

		Year ended December 31, 2007		Year ended December 31, 2006
Share capital	**Number of shares**		**Number of shares**	
Balance at beginning of the year	91,685,519	$ 357,364	60,092,607	$ 132,362
Share purchase options exercised at $4.50 per share	150,068	675	19,932	90
Share purchase options exercised at $4.65 per share	–	–	100,000	465
Share purchase options exercised at $5.00 per share	–	–	1,897,500	9,488
Share purchase options exercised at $5.31 per share	515,066	2,735	99,932	531
Share purchase options exercised at $5.37 per share	15,000	81	–	–
Share purchase options exercised at $5.40 per share	68,400	369	64,933	351
Share purchase options exercised at $7.25 per share	105,436	764	22,498	163
Share purchase options exercised at $9.81 per share	2,500	25	–	–
Share purchase options exercised at $10.32 per share	1,650	17	–	–
Fair value of stock options allocated to shares issued on exercise	–	3,177	–	5,045
Warrants exercised at $5.00 per share, net of issue costs	–	–	6,985,344	34,004
Common shares issued pursuant to share purchase agreement, net of issue costs (note 8(b))	–	(5)	8,745,845	87,444
Common shares issued upon acquisition (note 7(a)(ii))	–	–	14,002,268	89,194
Common shares returned to treasury (note 7(a)(i))	–	–	(345,340)	(1,773)
Balance at end of the year	92,543,639	$ 365,202	91,685,519	$ 357,364
Contributed surplus				
Balance at beginning of the year		10,062		7,289
Stock-based compensation (note 8(d))		11,133		6,045
Common shares returned to treasury		–		1,773
Fair value of stock options allocated to shares issued on exercise		(3,177)		(5,045)
Balance at end of the year		$ 18,018		$ 10,062
Accumulated other comprehensive loss				
Balance at beginning of the year		–		–
Unrealized loss on available-for-sale marketable securities (note 5)		(2)		–
Gain recognized on disposal of available-for-sale marketable securties		(1)		–
Balance at end of the year		$ (3)		$ –
Deficit				
Balance at beginning of the year		(169,899)		(111,516)
Loss for the year		(104,007)		(58,383)
Balance at end of the year		$ (273,906)		$ (169,899)
TOTAL SHAREHOLDERS' EQUITY		$ 109,311		$ 197,527

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

NORTHERN DYNASTY MINERALS LTD.

Consolidated Schedules of Exploration Expenses
(Expressed in thousands of Canadian Dollars)

	Years ended December 31		
	2007	2006	2005
Assays and analysis	$ 1,114	$ 586	$ 343
Drilling	17,700	7,563	5,724
Engineering	4,464	4,744	9,339
Environmental	19,624	13,664	13,081
Equipment rental	97	67	47
Freight	2,150	1,082	558
Geological	1,780	1,250	919
Graphics	110	36	63
Option payment (note 5)	(20)	–	–
Property fees and assessments	202	172	175
Site activities	18,592	10,295	5,052
Socioeconomic	7,778	4,626	2,507
Transportation	11,567	5,627	4,669
Travel and accommodation	1,266	901	589
Incurred during the year	**86,424**	**50,613**	**43,066**
Cumulative expenditures, beginning of year	137,274	86,661	43,595
Cumulative expenditures, end of year	**$ 223,698**	**$ 137,274**	**$ 86,661**

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

1. NATURE OF OPERATIONS

Northern Dynasty Minerals Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia, and its principal business activity is the exploration of mineral properties. The Company's principal mineral property interest is its 50% share in the Pebble Project (note 7(a)(iii)) located in Alaska, United States of America ("USA").

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

2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A reconciliation of material differences between these principles and accounting principles generally accepted in the United States is shown in note 11.

These consolidated financial statements include the accounts of the Company and its wholly- owned subsidiaries. The Company has determined that its 50:50 partnership with an indirect wholly-owned subsidiary of Anglo-American plc ("Anglo") in the Pebble Project qualifies as a variable interest entity and concluded that the Company is the primary beneficiary and accordingly has consolidated the activities of the partnership (notes 3(m) and 7(a)(iii)).

All material intercompany balances and transactions have been eliminated at December 31, 2007, 2006 and 2005.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) *Cash and equivalents*

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash. At December 31, 2007, of the $40,341 (2006 – $93,690) cash and equivalents held by the Company, $37,490 (US$38,740) were held in United States dollars (2006 – $20,747 (US$17,801)). The Company's cash and equivalents are invested in business accounts with CIBC, and which are available on demand for the Company's programs, and which are not invested in any asset backed deposits/investments.

(b)

Equipment

Equipment is recorded at cost and is amortized over its estimated useful life using the declining balance method at various rates ranging from 20% to 30% per annum.

(c)

Mineral property interests

Exploration expenditures incurred prior to the determination of the feasibility of mining operations and administrative expenditures are expensed as incurred. Mineral property acquisition costs, and exploration and development expenditures incurred subsequent to such determination and to increase or to extend the life of existing production, are capitalized and amortized over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned, or when an impairment has been determined to have occurred.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, on the date of issue or as otherwise provided under the agreement terms for the mineral property interest. Costs for properties for which the Company does not possess unrestricted ownership and exploration rights, such as option agreements, are expensed in the period incurred or until a feasibility study has determined that the property is capable of commercial production.

Costs of exploration activities, feasibility studies, and option payments are expensed in the period incurred.

Administrative expenditures related to exploration activities are expensed in the period incurred.

The amount presented for mineral property interests represents costs incurred to date and accumulated acquisition costs, less write-downs, and does not necessarily reflect present or future values.

(d)

Asset retirement obligations

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

The Company has no material asset retirement obligations as the disturbance to date is minimal, and the Company carries out, and expenses in the period incurred, appropriate reclamation activities.

(e)

Impairment of long-lived assets

Long-lived assets, including mineral properties and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed, if any, are presented separately on the balance sheet and reported at the lower of the carrying amount and the fair value less costs to sell, and are no longer amortized.

(f)

Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date of issue or as otherwise provided for under the terms of the agreement to issue the shares.

(g)

Stock-based compensation

The Company has a share option plan which is described in note 8(d). The Company records all stock-based payments using the fair value method.

Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable and are charged to operations over the vesting period. The offset is credited to contributed surplus.

Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

(h)

Foreign currency translation

The Company's functional currency is the Canadian dollar. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date. Revenues and expenses, except amortization, are translated at average exchange rates for the year. Amortization is translated at the same exchange rates as the assets to which it relates. Gains or losses on translation are recorded in the statement of operations.

(i)

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, generally using the enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Future income tax assets also result from unused loss carry forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(j)

Loss per common share

Basic loss per common share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

Diluted loss per common share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per common share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the year.

When the Company is in a net loss position, diluted loss per share is not presented separately as the effect of the outstanding options and warrants would be anti-dilutive.

(k)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of the recoverability on buildings and equipment, impairment of mineral property interests, rates of amortization of equipment, the determination of reclamation obligations, and the assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(l)

Environmental expenditures

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. The Company's policy is to meet or possibly

surpass environmental standards set by relevant legislation by the application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against operations as incurred or capitalized and amortized depending on their expected future economic benefit. Estimated future removal and site restoration costs are recognized when the ultimate liability is reasonably determinable, and are charged against operations over the estimated remaining life of the related business operations, net of expected recoveries.

(m) *Variable interest entities*

The Company accounts for variable interest entities ("VIE") in accordance with CICA Accounting Guideline 15, *Consolidation of Variable Interest Entities* ("AcG15"). AcG-15 prescribes the application of consolidation principles for entities that meet the definition of a VIE and for which the Company is considered the primary beneficiary. VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The primary beneficiary is the party that has exposure to a majority of the expected losses and/or expected residual returns of the VIE. An enterprise holding other than a voting interest in a VIE could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary.

The Company has determined that the Pebble Limited Partnership ("the Partnership") is a VIE and has concluded that it is the primary beneficiary and consequently has consolidated the activities of the Pebble Limited Partnership from August 1, 2007 (note 7 (a)(iii)).

Expenditures incurred on the Pebble Project through the Partnership have been included in the consolidated statement of operations. Anglo's contributions to December 31, 2007 of $35.5 million (US$35.9 million) have been recorded as a non-controlling interest in the partnership.

(n) *Comparative figures*

The preparation of the prior years' comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

4. CHANGES IN ACCOUNTING POLICY

(a)

Newly Adopted Accounting Policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(i) Section 3855 – Financial Instruments – Recognition and Measurement.

This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or other comprehensive income (loss), depending on the classification of that related instrument.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income (loss). On adoption of this standard no adjustments to opening deficit or opening accumulated other comprehensive income (loss) were required.

All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, other financial liabilities or derivatives. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net income (loss).

- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income (loss) until the gain or loss is recognized in income when the asset is sold or deemed to be permanently impaired.

- Held for trading financial instruments are measured at fair value. Changes in fair value are included in net income (loss) in the period in which they arise.

- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in net

income (loss) in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in accumulated other comprehensive income (loss).

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Marketable securities are classified as available-for-sale securities. Such securities are measured at fair market value in the consolidated financial statements with unrealized gains or losses recorded in other comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net income (loss).

(ii) *Section 3865 – Hedges.*

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any financial instruments which qualify for hedge accounting.

(iii) *Section 1530 – Comprehensive Income (Loss).*

Comprehensive income (loss) is the change in the Company's shareholders' equity that results from transactions, events, and circumstances from other than the Company's shareholders and includes items that would not normally be included in net income (loss), such as unrealized gains or losses on available-for-sale investments. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings be presented in accumulated other "comprehensive income (loss)" until it is considered appropriate to recognize into net income (loss). This standard also mandates the presentation of comprehensive income (loss), and its components, with the same prominence as other line items in the financial statements.

Accordingly, the Company now reports a consolidated statement of comprehensive income and includes the category "accumulated other comprehensive income" in the shareholders' equity section of the consolidated balance sheet. As at December 31, 2007, the Company had accumulated other comprehensive loss of $3, and for the year ended December 31, 2007, comprehensive loss was $2 greater than the net loss.

(iv) *Section 1506 - Accounting Changes*

This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. As a result, changes in accounting policies are only permitted when required by a primary source of generally accepted accounting principles or when the change will result in more reliable and more relevant information.

(b)

Accounting Policies Not Yet Adopted

(i)

Section 1535 – Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the effects of adopting this standard.

(ii)

Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, *Financial Instruments – Disclosure and Presentation*. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. This standard is effective for the Company for interim and annual periods beginning on or after January 1, 2008. The Company expects that its disclosures will be expanded to incorporate the additional requirements.

(iii)

Amendments to Section 1400 – Going Concern

CICA 1400, *General Standards of Financial Statement Presentation*, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the impact of this new standard.

(iv)

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

5. MARKETABLE SECURITIES

Available for sale	Number of shares	Amount
Solomon Resources Limited		
Cost – common shares	75,000	$ 20
Finder's fees paid in shares	(15,000)	(5)
Unrealized loss recognized December 2007	–	(2)
Balance, December 31, 2007	60,000	$ 13

In 2007, the Company received 75,000 common shares in Solomon Resources Limited ("Solomon"), a company listed on the TSX Venture Exchange, in terms of an exclusive agreement in which Solomon has the option to earn a minimum 50% interest in a non core property (note 7(b)). To secure the option agreement with Solomon, the Company issued 15,000 of these shares to an individual in payment for this service.

These shares have been classified as available-for-sale securities and have been measured at fair market value being the quoted market price. Unrealized gains and losses have been recorded in comprehensive income (loss) (note 4(a)(i)).

6. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
December 31, 2007			
Buildings	$ 312	$ 76	$ 236
Furniture and fixtures	235	133	102
Site equipment	242	96	146
Vehicles	94	59	35
Computer equipment	204	49	155
	$ 1,087	$ 413	$ 674
December 31, 2006			
Buildings	$ 219	$ 50	$ 169
Furniture and fixtures	235	108	127
Site equipment	279	42	237
Vehicles	94	43	51
Computer equipment	88	39	49
	$ 915	$ 282	$ 633

7 MINERAL PROPERTY INTERESTS

(a) Pebble Property

	Years ended December 31	
	2007	2006
Balance, beginning of the year	$ 168,222	$ 16,707
Changes during the year		
Acquisition of 20% carried contractual interests held by HDGI	–	151,433
Acquisition costs	–	82
Balance, end of year	$ 168,222	$ 168,222

(i) Exploration and Resource Lands

Pursuant to an Assignment Agreement dated October 29, 2001 between the Company and Hunter Dickinson Group Inc., ("HDGI"), a related party to the Company, the Company was assigned an 80% interest in two options, which had been granted by Teck Cominco American Incorporated ("Teck Cominco") under a single agreement to HDGI in respect of Teck Cominco's "Pebble" copper/gold/molybdenum property in southwestern Alaska. One option granted the right to purchase 100% of the lands containing the then known mineralized resource at Pebble (the "Resource Lands Option") and the second option granted the right to purchase a 50% interest in the lands surrounding the Resource Lands (the "Exploration Lands Option") (together, the "Options"). HDGI is a related party by virtue of (i) having certain directors in common with the Company, and (ii) its shareholders or their associates being at the time significant shareholders of the Company. The Assignment Agreement was ratified by shareholders of the Company on June 28, 2002.

The Company was assigned the 80% interest together with the right to acquire the remaining 20% contractual interests in these option agreements from HDGI in consideration of the Company reimbursing HDGI's costs of $585 in connection with the options, which included the staking of 134 claims to expand the property and 30 kilometers of induced polarization surveying over the new claims, and agreeing to pay for HDGI's 20% share of costs in connection with the exercise requirements under the Options.

The Resource Lands Option was extended by one year in an agreement dated December 19, 2002 under which the Company issued to Teck Cominco 200,000 shares for the extension. Pursuant to the Resource Lands Option the Company had the right to purchase the 36 claims of the Resource Lands, subject to HDGI's 20% carried interests, by paying Teck Cominco US$10 million in cash or shares prior to November 30, 2004, which it did on November 23, 2004 by the issuance of 1,772,775 shares to Teck Cominco (total value $11.8 million). Teck Cominco had the right for 180 days to elect whether to require the Company to manage the resale of these shares ("NDM Resource Lands shares") in a manner where Teck Cominco would be guaranteed the US$10 million in resale proceeds net of any excess or deficiency adjustments. The actual adjusted amount was US$9.9 million. On May 9, 2005, Teck Cominco elected for the Company to guarantee the adjusted amount of US$9.9 million in resale proceeds of the 1,772,775 shares. Under the agreement, the Company ensured proceeds totalling US$9.9 million by May 22, 2006. The Company sold 473,700 of the 1,772,775 NDM Resource Lands shares in 2005 for proceeds of US$2.0 million. In 2006 the Company managed the sale of 1,277,028 NDM Resource Lands shares for the balance of US$7.9 million, thereby completing its commitment regarding the resale

of the NDM Resource Lands shares. The remaining 22,047 unsold NDM Resource Lands shares relating to this acquisition were returned to the Company's treasury.

At the time of the Company exercising the Resource Lands Option, the Company also exercised the Exploration Lands Option to earn a 50% interest in the adjacent Exploration Lands, subject to HDGI's carried interest, by having completed 60,000 feet of drilling on the Exploration Lands prior to November 30, 2004.

As a consequence of the Company exercising the Exploration Lands Option, Teck Cominco could elect to either form a 50:50 joint venture with the Company with respect to the Exploration Lands, or to sell its 50% interest in the Exploration Lands to the Company for US$4 million and retain a net profits interest. On February 21, 2005, Teck Cominco elected to sell its remaining 50% interest in the Exploration Lands to the Company for the stipulated US$4 million payment, a 4% pre-payback net profits interest (after debt service), and a 5% after-payback net profits interest in any mine production from the Exploration Lands. The Company issued 977,795 shares of the Company at the then-prevailing market price as consideration for the required US$4 million payment but subject to Teck Cominco's right to elect to have the proceeds guaranteed.

Teck Cominco had the right, until August 24, 2005, to elect whether to require the Company to manage the resale of these shares ("NDM Exploration Lands shares") in a manner where Teck Cominco would be guaranteed US$4 million in resale proceeds by August 24, 2006. On July 18, 2005, Teck Cominco elected for the Company to guarantee the US$4 million in resale proceeds. The Company completed its commitment to Teck Cominco in 2006 through the sale of 654,502 NDM Exploration Lands shares for proceeds of approximately US$4.0 million. The remaining 323,293 unsold NDM Exploration Lands shares relating to this acquisition were returned to the Company's treasury.

In total, 345,340 common shares of the Company, at a value of $1.8 million, unsold after the Company's obligations to Teck Cominco had been met, were returned to the treasury of the Company. The Company recorded this amount in contributed surplus and a related future income tax liability of $728 generated on this transaction is fully offset by previously unrecognized tax assets.

(ii) HDGI 20% carried contractual interest

As a consequence of the Company electing to exercise the Options, the Company was entitled under the Assignment Agreement with HDGI to elect to acquire HDGI's 20% carried contractual interests in the Options for cash or share consideration equal to the independently appraised value of the carried interests.

On May 31, 2006, the Company acquired 100% of the outstanding common shares of HDGI for purchase price of 14,002,268 common shares of the Company. The agreed number of shares was based on negotiations between the Company, represented by a Special Committee of the Board of Directors, and HDGI with reference to an independent valuation of the carried interests performed by Ross Glanville & Associates Ltd in March 2005. Both parties agreed to a valuation of $6.37 per share, based upon the issuance of 14,002,268 common shares, as representing the fair value of the 20% carried contractual interest. The valuation report was publicly filed at www.sedar.com. The TSX Venture Exchange and the American Stock Exchange have accepted

the acquisition transaction. The results of HDGI's operations have been included in the consolidated financial statements since the date of acquisition. The following table summarizes the assets acquired and liabilities assumed on the date of acquisition:

Mineral property interest	$	151,433
Future income tax liability		(62,239)
Purchase price	$	89,194
Consideration – 14,002,268 common shares	$	89,194

Upon completion of the acquisition of HDGI and being discharged of Teck Cominco's share resale guarantees, the Company, until July 31, 2007, owned a 100% right, title and interest in the entire Pebble Property (subject only to the Teck Cominco net profits interest in the Exploration Lands portion of the property). On July 31, 2007, the Company formed a 50:50 limited partnership with Anglo American plc (see (iii)).

The acquisition created a future tax liability due to the limited pools available in HDGI to offset taxable income earned in that Company relative to the carrying cost of the acquired asset on the Company's balance sheet. Subsequent to the date of acquisition, deductible expenditures incurred by HDGI have reduced this liability and this amount has been recorded as a future income tax recovery.

(iii) Non-controlling interest, Limited Partnership with Anglo-American

Balance, beginning of year	$	–
Contributions by Anglo American to Partnership		35,552
Balance, end of year	$	35,552

On July 26, 2007, the Company converted a wholly-owned general partnership formed in 2006 to hold its Pebble Property interests into a limited partnership, the Pebble Limited Partnership ("the Partnership"), so that an indirect wholly-owned subsidiary of Anglo American plc ("Anglo") could subscribe for 50% of the Partnership's equity effective July 31, 2007. Each of the Company and Anglo effectively have equal rights in the Partnership through wholly-owned affiliates. The Partnership's assets include the shares of two Alaska subsidiaries which hold registered title to the claims. To maintain its 50% interest in the Partnership, Anglo will be required to make staged cash investments into the Partnership aggregating to US$1.425 billion.

The purpose of the strategic Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project. The transaction agreements lay out a schedule to accomplish this goal, targeting completion of a pre-feasibility study by December 2008, a feasibility study by 2011 and commencement of commercial production by 2015.

Anglo's staged investment includes a committed expenditure of US$125 million to complete a pre-feasibility study targeted at the end of 2008. After the completion of the pre-feasibility study, Anglo must, in order to retain its 50% interest, elect to commit to a further US$325 million for a feasibility study, the completion and approval of which is targeted for 2011, and this is expected to take the Partnership to a production decision. Upon the decision to develop a mine, Anglo must elect to commit to the next US$975 million of expenditures to retain its 50% interest,

completion of which will meet the US$1.425 billion requirement. If the feasibility study is completed after 2011, Anglo's overall funding requirement increases to US$1.5 billion. The Partnership agreement provides for equal project control rights for both partners, with no operator's fees payable to either party. After Anglo's staged contribution is completed, both partners will be equally responsible to fund the Partnership operations in connection with the Pebble Project going forward.

The Company has accounted for the Partnership as a VIE (note 3(n)). Expenditures incurred since August 1, 2007 on the Pebble Project have been incurred through the Partnership and are included in the Company's consolidated statement of operations. Anglo's contributions to the Partnership from August 1, 2007 to December 31, 2007 amounted to $35.5 million (US$35.9 million) and have been recorded as a non-controlling interest in the Partnership. Under the Partnership agreement and applicable tax regulations, neither the Company nor its affiliated general partnership will be entitled to the benefits for tax purposes of the expenditures incurred by the Partnership from Anglo's investment, as these benefits accrue exclusively to Anglo under the Partnership agreement and applicable tax regulations.

(b)

Pickle Lake Joint Venture

The Company holds a 37.5% participating joint venture interest, subject to a 2.5% net profits interest ("NPI") held by the original owners, in certain mineral properties which are non core to the Company, in northwestern Ontario under the Pickle Lake Joint Venture. The remaining 62.5% joint venture interest is held by Energold Minerals Inc. ("Energold") (together jointly with the Company, the "Partners"). The Company continues to maintain these claims in good standing.

In October 2006, the Partners entered into an option agreement with Solomon Resources Limited ("Solomon") whereby Solomon will have the right to earn up to a 60% interest in the Eyapamikama Lake property (formerly Arseno Lake), located 170 kilometres north of Pickle Lake. Under the option agreement, Solomon is granted an exclusive option to earn a minimum 50% interest in the property by funding an initial exploration program of $25 (completed). During 2007, Solomon notified the Partners of its intent to exercise the option to earn a 50% interest and opted in terms of the option agreement to issue to the Partners a total of 200,000 common shares of Solomon ("Solomon shares") of which 75,000 were issued to the Company (note 5) and 125,000 to Energold.

Under the option agreement to earn its 50% interest, Solomon must in addition:

- Incur exploration expenditures totaling $1 million and issue to the Partners 200,000 Solomon shares and make a cash payment of $65 or 400,000 Solomon shares by January 31, 2008. Subsequent to year end and before January 31, 2008, Solomon indicated the need for an amendment to the option agreement as it had not incurred the required exploration expenditures. Both the Company and Energold are in the process of evaluating an amendment to the agreement.

- Incur exploration expenditures cumulatively totaling $2 million by January 31, 2009.

Solomon has the option to increase its interest to 60% by issuing to the Partners 300,000 Solomon shares and making a cash payment of $100 by January 31, 2009 and incurring additional $1 million in exploration expenditures by January 31, 2010.

(c)

Little Bald Mountain

The Company holds an 8.1% net profits interest in the Little Bald Mountain property in Nevada, USA.

8.

SHARE CAPITAL

(a)

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares, without par value.

(b)

Issued and outstanding common shares (refer to Consolidated Statements of Shareholders' Equity and Deficit)

In July 2006, the Company issued 8,745,845 common shares in connection with a share purchase agreement with Kennecott Canada Exploration Inc. ("Kennecott"), a subsidiary of Rio Tinto plc, for $10.00 per share. Kennecott has a right of first refusal to participate in up to 50% of future share placements by the Company, subject to customary exceptions, until Kennecott reached 19.9% of the Company's outstanding share capital. The right thereafter continues as a 19.9% right until Kennecott either fails to take up any offered allotment or the fifth anniversary of the agreement, whichever occurs first. In early 2007, Rio Tinto, through its subsidiary QIT-Fer Et Titane Inc., purchased 9.4 million common shares of Northern Dynasty from a significant shareholder of the Company to bring its share ownership to approximately 19.6%.

(c)

Share purchase warrants

The continuity of share purchase warrants (each warrant exercisable into one common share) for the year ended December 31, 2006 and 2007 is as follows:

Expiry date	Exercise price	Dec 31 2005	Issued	Exercised	Expired/ cancelled	Dec 31 2006 and 2007
Sept. 18, 2006	$ 5.00	6,985,344	–	(6,985,344)	–	–
Weighted average exercise price		$ 5.00	$ –	$ 5.00	$ –	$ –

(d)

Share purchase option compensation plan

The Company has a share option plan approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees, and service providers. The share option plan (the "2007 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time. Pursuant to the 2007 Rolling Option Plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts). Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The continuity of share purchase options for the year ended December 31, 2007 is:

Expiry date		Exercise price	Dec 31 2006	Granted	Exercised	Expired / cancelled	Dec 31 2007
September 28, 2007	$	5.40	85,067	–	(68,400)	(16,667)	–
November 30, 2007	$	4.50	150,068	–	(150,068)	–	–
November 30, 2007	$	5.31	515,066	–	(515,066)	–	–
December 14, 2007	$	5.37	15,000	–	(15,000)	–	–
April 30, 2009	$	7.25	410,670	–	(45,436)	(5,834)	359,400
April 30, 2009	$	9.81	62,500	–	(2,500)	(10,000)	50,000
April 30, 2009	$	10.32	–	613,000	(1,650)	(15,000)	596,350
April 30, 2011	$	7.25	1,125,000	–	(60,000)	(120,000)	945,000
February 12, 2012	$	10.95	–	828,000	–	–	828,000
			2,363,371	**1,441,000**	**(858,120)**	**(167,501)**	**2,778,750**
Weighted average exercise price			$ 6.64	$ 10.68	$ 5.44	$ 7.49	$ 9.06

The continuity of share purchase options for the year ended December 31, 2006 is:

Expiry date		Exercise price	Dec 31 2005	Granted	Exercised	Expired / cancelled	Dec 31 2006
November 30, 2006	$	4.65	100,000	–	(100,000)	–	–
November 30, 2006	$	5.00	1,897,500	–	(1,897,500)	–	–
September 28, 2007	$	5.40	150,000	–	(64,933)	–	85,067
November 30, 2007	$	4.50	170,000	–	(19,932)	–	150,068
November 30, 2007	$	5.31	641,666	–	(99,932)	(26,668)	515,066
December 14, 2007	$	5.37	15,000	–	–	–	15,000
April 30, 2009	$	7.25	–	471,500	(22,498)	(38,332)	410,670
April 30, 2009	$	9.81	–	62,500	–	–	62,500
April 30, 2011	$	7.25	–	1,125,000	–	–	1,125,000
			2,974,166	**1,659,000**	**(2,204,795)**	**(65,000)**	**2,363,371**
Weighted average exercise price			$ 5.05	$ 7.35	$ 5.03	$ 6.45	$ 6.64

Options outstanding and exercisable at December 31, 2007 were as follows:

Expiry date		Exercise price	Options outstanding	Number of options vested	Contractual Life remaining (years)
April 30, 2009	$	7.25	359,400	359,400	1.33
April 30, 2009	$	9.81	50,000	15,000	1.33
April 30, 2009	$	10.32	596,350	197,685	1.33
April 30, 2011	$	7.25	945,000	945,000	3.33
February 12, 2012	$	10.95	828,000	276,000	4.14
Total			2,778,750	1,793,085	
Weighted average exercise price				$ 8.18	

The exercise prices of all share purchase options granted during the year were equal to the market price at the grant date. Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted have been reflected in the statements of operations as follows:

	Years ended December 31		
	2007	2006	2005
Exploration			
Engineering	$ 1,389	$ 637	$ 644
Environmental, socioeconomic and land	916	224	256
Geological	2,339	1,021	888
	4,644	1,882	1,788
Operations and administration	6,489	4,163	2,302
Total compensation cost recognized in operations, credited to contributed surplus	**$ 11,133**	**$ 6,045**	**$ 4,090**

The grant date fair value of options granted during the year ended December 31, 2007 was $5.51 (2006 – $3.43) .

The weighted average assumptions used to estimate the fair value of options granted during the period were:

	2007	**2006**	**2005**
Risk-free interest rate	4%	4%	3%
Expected life	3.8 years	4.4 years	2.5 years
Vesting period	0 – 24 months	0 – 24 months	0 – 18 months
Expected volatility	64%	52%	60%
Expected dividend yield	nil	nil	nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

9. RELATED PARTY BALANCES AND TRANSACTIONS

	Years ended December 31		
Transactions	2007	2006	2005
Services rendered and expenses reimbursed			
Hunter Dickinson Inc. (a)	$ 5,386	$ 3,728	$ 2,286
Hunter Dickinson Group Inc. (b)	–	–	13
Sidev Holdings Ltd. (c)	208	176	203
CEC Engineering Ltd. (d)	19	–	–
Galahad Gold plc (e)	–	31	47
Shambala Gold plc (e)	–	–	125
Beattie Consulting Ltd. (f)	–	2	12

Balances receivable	At December 31, 2007	At December 31, 2006
Hunter Dickinson Inc. (a)	$ 27	$ 192
Northern Dynasty directors and service provider (g)	–	3,740
	$ 27	$ 3,932

Balances payable	At December 31, 2007	At December 31, 2006
Sidev Holdings Ltd. (c)	$ 21	$ –
	$ 21	$ –

(a)

Hunter Dickinson Inc. ("HDI") is a private company owned equally by eight public companies, one of which is Northern Dynasty. HDI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis pursuant to an agreement dated December 31, 1996. Balances receivable from HDI result from advances to HDI by the Company for services to be rendered subsequent to the period reported. Included in the total of services provided by HDI for the year ended December 31, 2007 is $1,483 invoiced to the Pebble Limited Partnership for services from August 1, 2007.

(b)

Hunter Dickinson Group Inc. (“HDGI”) was a private company with certain directors in common that provided consulting services to the Company.

In October 2001, the Company was assigned an 80% interest in two options granted by Teck Cominco to HDGI in respect of Teck Cominco’s "Pebble" gold-copper- molybdenum property in southwestern Alaska (note 7(a)(i)).

In May 2006, the Company completed the acquisition of the 20% remaining contractual interest in the Pebble Property from HDGI (note 7(a)(ii)).

(c)

Sidev Holdings Ltd., is a private company controlled by a director of Pebble East Corp. (formerly Northern Dynasty Mines Inc.), a wholly-owned private US subsidiary of the Company until July 31, 2007 and the Pebble Limited Partnership from August 1, 2007 onwards, and provides project management services at market rates.

(d) CEC Engineering Ltd. is a private company owned by a director that provides engineering and project management services to the Company based on the fair market value of these services.

(e) Galahad Gold plc ("Galahad") was previously a significant shareholder of the Company, with a director in common, which charged the Company for travel expenses incurred. Shambala Gold plc, a subsidiary of Galahad, provided engineering and project management services to the Company at market rates.

(f) Beattie Consulting Ltd., is a private company controlled by a former director of Northern Dynasty Minerals Ltd. that provided project management services to the Company at market rates.

(g) On November 30, 2006, the Company received irrevocable notifications of exercise from holders of 748,000 common share purchase options. Under the Company's incentive option plan, as amended, the persons exercising these options were permitted to defer paying to the Company the required exercise proceeds of $5.00 per share for a period up until 10 days after an internally imposed share trading blackout period applicable to these persons had been lifted (but within 90 days in any event unless a regulatory approval for a further extension was obtained). The blackout was imposed on account of their involvement in certain sensitive negotiations. The common share certificates in respect of these exercised options were held by the Company and were not released until the required cash payment was received. In February 2007, the blackout was lifted and the said cash payment of $3,740 was received by the Company.

10. INCOME TAXES

As at December 31, 2007 the tax effect of the significant components within the Company's future tax asset (liability) were as follows:

	December 31 2007	December 31 2006
Future income tax assets (liabilities)		
Resource pools	$ 75,878	$ 56,888
Loss carry forwards	5,969	3,800
Equipment	105	110
Other	1	–
Subtotal	81,953	60,798
Valuation allowance	(76,772)	(59,432)
Net future income tax asset	5,181	1,366
Acquisition of HDGI – Excess of book value of mineral property over tax value	(62,239)	(62,239)
Sale of NDM Exploration and Resource Lands shares – Excess of book value of mineral property over tax value	(728)	(728)
Net future income tax liability	$ (57,786)	$ (61,601)

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to income before income taxes. These differences result from the following items:

	December 31 2007	December 31 2006	December 31 2005
Combined Canadian federal and provincial statutory rate	34.12%	34.12%	34.87%
Income tax at statutory rates	$ (36,789)	$ (20,138)	$ (17,546)
Non-deductible items	3,809	2,098	1,435
Partnership losses not deductible	14,081	–	–
Reduction in statutory tax rates	1,092	360	126
Difference in foreign tax rates	(3,270)	(3,620)	(2,734)
Change in valuation allowance	17,340	20,131	18,991
Other	(78)	532	(272)
Income tax recovery	$ (3,815)	$ (637)	$ –

At December 31, 2007, the Company had available losses for income tax purposes in Canada totaling approximately $18,200 (2006 – $9,400), expiring in various years from 2008 to 2027.

The Company has capital losses available of $160 (2006 – $157), which can be used to offset future capital gains.

The Company has approximately $187,700 (2006 – $151,900) of resource tax pools available in Canada, which, when available, may be carried forward and utilized to reduce future taxes related to certain resource income. In addition, the Company has approximately $185,600 (2006 –$148,900) of resource tax pools available, which may be used to shelter certain resource income in the United States.

11. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which differ in certain material respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Had the Company followed US GAAP, certain items on the statements of loss and deficit, and balance sheets would have been reported as follows:

Total assets		**2007**		2006
Total assets under US and Canadian GAAP	$	210,277	$	266,967

Total liabilities		**2007**		2006
Total liabilities under US and Canadian GAAP	$	100,966	$	69,440

Total share capital and contributed surplus		**2007**		2006
Total share capital and contributed surplus under US and Canadian GAAP	$	383,220	$	367,426

Total accumulated other comprehensive loss		**2007**		2006
Total accumulated other comprehensive loss under US and Canadian GAAP	$	3	$	–

Total deficit		**2007**		2006
Total deficit under US and Canadian GAAP	$	273,906	$	169,899

Consolidated Statements of Operations		**2007**		**2006**		**2005**
Loss for the year under Canadian GAAP, being comprehensive loss in 2007	$	(104,010)	$	(58,383)	$	(50,318)
Other comprehensive income						
Realization on prior year mark-to-market adjustment (a)		–		–		(169)
Comprehensive loss for the year under US GAAP	$	(104,010)	$	(58,383)	$	(50,487)
Loss per share under US GAAP	$	(1.13)	$	(0.75)	$	(0.90)
Comprehensive loss per share under US GAAP	$	(1.13)	$	(0.75)	$	(0.90)

There are no material differences between Canadian GAAP and US GAAP in the consolidated statements of cash flows for the years ended December 31, 2007, 2006, and 2005.

(a)

Available-for-sale securities

In the year ended December 31, 2005, under US GAAP, the Company realized a prior year mark- to-market adjustment on the disposal of the Company's investment in marketable securities, namely its holdings of common shares of Taseko Mines Limited. No such adjustment would be recorded under Canadian GAAP.

During the current fiscal year, this difference in accounting treatment has been eliminated due to the Company's adoption of the new CICA accounting standards pertaining to financial instruments (note 4).

(b)

Impact of recent United States accounting pronouncements

(i)

In March 2004, the Emerging Issues Task Force ("EITF") issued EITF 04-3, *Mining Assets: Impairment and Business Combinations*. EITF 04-3 requires mining companies to consider cash flows related to the economic value of mining assets (including mineral properties and rights) beyond those assets' proven and probable reserves, as well as anticipated market price fluctuations, when assigning value in a business combination in accordance with SFAS 141 and when testing the mining assets for impairment in accordance with SFAS 144. EITF 04-3 is effective for fiscal periods beginning after March 31, 2004. The adoption of EITF 04-3 did not have material impact on the Company's financial position, results of operations or cash flows.

(ii)

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 153, " *Exchanges of Non-Monetary Assets - An Amendment of APB Opinion No. 29*" ("SFAS 153"). The guidance in APB No. 29, " *Accounting for Non-Monetary Transactions*" is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS 153 amends APB No. 29 to eliminate the exception for exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 was effective for the Company's 2006 fiscal year. The adoption of SFAS 153 had no impact on the Company's financial position, results of operations or cash flows.

(iii)

In March 2005, the EITF issued EITF 04-6, "Accounting for Stripping Costs in the Mining Industry". The consensus indicated that costs of removing overburden and waste materials ("stripping costs") after production begins, represent variable production costs and should be considered a component of mineral inventory cost subject to the guidance in Chapter 4 of Accounting Research Bulletin No. 43, "Restatement and Revision of Accounting Research Bulletins". EITF 04-6 is effective for fiscal years beginning after December 15, 2005 and upon adoption, can be applied by either retroactively restating prior periods or using a cumulative catch-up adjustment. The adoption of this Statement had no impact the Company's financial position, results of operations or cash flows.

(iv)

In June 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*, a replacement of APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*. SFAS 154 requires retrospective application to prior periods' financial statements of a change in accounting principle unless it is impracticable to do so. This is a change from the existing practice that requires most accounting changes to be accounted for by including in net income in the period of the change the cumulative effect of changing to the new accounting principle. SFAS 154 will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The impact of SFAS 154 cannot be determined until such time as the Company makes a change in accounting policy.

(v)

In June 2006, the FASB issued Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - An Interpretation of SFAS Statement No. 109 (Accounting for Income Taxes) (*"FIN 48"). The interpretation was issued to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006.

Under US GAAP effective January 1, 2007, the Company adopted the provisions of FIN 48 that prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation requires that the Company recognize the impact of a tax position in the financial statements if the position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. In accordance with the provisions of FIN 48, any cumulative effect resulting from the change in accounting principle is to be recorded as an adjustment to the opening balance of deficit. The adoption of FIN 48 did not result in a material impact on the Company's consolidated financial position or results of operations.

(vi)

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement is intended to increase the consistency and comparability of fair value measurements and eliminate different definitions of fair value under various US standards. It establishes a framework for measuring fair value and expands disclosures about fair value measurements. The adoption of these recommendations is not expected to have a material impact on the Company.

(vii)

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This statement provides an option to measure eligible financial instruments at fair value, with changes in fair value recognized in income. Upon adoption, the first re-measurement to fair value would be reported as a cumulative- effect adjustment to opening balance of retained income. This statement will be effective for the Company's 2008 fiscal year. The Company currently does not expect this statement to have a material impact on the Company's results of operations or financial position.

(viii)

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations,* which requires recognition of the assets acquired, liabilities assumed and non-controlling interest arising in a business combination at their fair value as of the acquisition date. In addition, the costs of acquisition must be recognized separately from the business combination. This statement will be effective for the Company's 2009 fiscal year.



YEAR ENDED DECEMBER 31, 2007
MANAGEMENT'S DISCUSSION AND ANALYSIS

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1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Northern Dynasty Minerals Ltd. ("Northern Dynasty" or the "Company") for the year ended December 31, 2007, as publicly filed on SEDAR at www.sedar.com.

This MD&A is prepared as of March 20 **,** 2008. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements". These forward-looking statements constitute "forward-looking statements" within the meaning of Section 27A of the *Securities Act of 1933* and Section 21E of the *Securities Exchange Act of 1934.* All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those stated herein.

1.2 Overview

1.2.1 Summary

Northern Dynasty is a mineral exploration company whose major asset is a 50% share of the Pebble Copper-Gold-Molybdenum Project (the “Project”), and a stream of financing being provided towards the further exploration and, if warranted, development of the Project. The Pebble property is located in Alaska, 17 miles (30 kilometers) from the village of Iliamna, and approximately 200 miles (320 kilometers) southwest of the city of Anchorage.

An extensive, northeast-trending mineralized system underlies the Pebble property that hosts several copper, gold and molybdenum deposits. The Pebble West deposit was discovered and partially outlined through drilling by a previous operator from 1987-1997. Northern Dynasty acquired the right to earn an interest in the Pebble property in late 2001. Work by the Company has resulted in a significant expansion of the Pebble West deposit, the discovery and preliminary delineation of the Pebble East deposit, and the identification of two additional porphyry copper-gold-molybdenum deposits, a porphyry copper zone, a gold-copper skarn occurrence and several high-grade gold veins.

Comprehensive technical programs, including drilling, a full spectrum of engineering assessments, and environmental and socio-economic studies have been focused on the Pebble West and Pebble East deposits. Extensive measured and indicated resources were identified in Pebble West to 2004. Since its discovery in 2005, work has been directed toward advancing the technical data for Pebble East to a similar level of detail as Pebble West in preparation for prefeasiblity and feasibility studies for the Project.

In late July 2007, Northern Dynasty and Anglo American plc (“Anglo American”) established a 50:50 partnership (refer 1.2.2), the objective of which is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project. To accomplish this goal, plans are to complete a prefeasibility study by December 2008 and a feasibility study by 2011, targeting commercial production by 2015. In order to

maintain its 50% interest, Anglo American will fund all project expenditures until it has invested US$1.425 billion, after which expenditures will be split 50:50.

The partnership is managed by its 50:50 owned General Partner, Pebble Mines Corp. (“PMC”). Normal operations associated with the 2007 program have continued under the guidance of PMC.

The 2007 program encompassed drilling, engineering, and on-going environmental data collection and community engagement programs that successfully advanced the understanding of the Pebble East deposit, as well as expanding its mineral resources by 14%.

The comprehensive program will continue in 2008, with a focus on:

- Infill and step out drilling is planned to upgrade a portion of the mineral resources in the Pebble East deposit to an indicated category and support a prefeasibility study. Drilling will also test for the full extent of the deposit.
- Geotechnical data collection, detailed metallurgical testwork and infrastructure studies.
- Ongoing community engagement programs with a focus on project presentations, mining education tours, employee training and economic development programs.

1.2.2 Limited Partnership Established to Advance the Pebble Project

On July 26, 2007, the Company converted a wholly-owned general partnership formed in 2006 to hold its Pebble Property interests into a limited partnership, the Pebble Limited Partnership (“the Partnership”), so that an indirect wholly-owned subsidiary of Anglo American plc (“Anglo”) could subscribe for 50% of the Partnership's equity effective July 31, 2007. Each of the Company and Anglo effectively have equal rights in the Partnership through wholly-owned affiliates. To maintain its 50% interest in the Partnership, Anglo will be required to make staged cash investments into the Partnership aggregating to US$1.425 billion.

Anglo’s staged investment includes a committed expenditure of US$125 million to complete a prefeasibility study targeted for the end of 2008. After the completion of the prefeasibility study, Anglo must, in order to retain its 50% interest, elect to commit to a further US$325 million for a feasibility study, the completion and approval of which is targeted for 2011 and is expected to take the partnership to a production decision. Upon the decision to develop a mine, Anglo must elect to commit to the next US$975 million of expenditures to retain its 50% interest, completion of which will meet the US$1.425 billion requirement. Thereafter, any further expenditure will be funded on a 50:50 basis. If the feasibility study is completed after 2011, Anglo’s overall funding requirement increases to US$1.5 billion.

The partnership agreement provides for equal project control rights with no operator’s fees payable to either party.

The Company determined that the Partnership is a variable interest entity (“VIE”) in accordance with

Accounting Guideline 15 (“AcG-15”), “Consolidation of Variable Entities” . AcG-15 prescribes the application of consolidation principles for entities that meet the definition of a VIE and for which the Company is considered the primary beneficiary. The Company has concluded that it is the primary beneficiary of the VIE and consequently has consolidated the activities of the Partnership from August 1, 2007. Expenditures incurred on the Pebble Project through the Partnership have been included in the

consolidated statement of operations. Anglo's contributions to December 31, 2007 of $35.5 million (US$35.9 million) have been recorded as a non-controlling interest in the partnership.

Over the coming months, the partnership will put a management and operating team in place for the Alaskan-based operating company, guided by a board of directors with equal representation from Anglo and Northern Dynasty.

1.2.3 Technical Programs

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This section uses the terms 'measured resources' and 'indicated resources'. The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This section uses the term 'inferred resources'. The Company advises investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. 'Inferred resources' have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**

The Pebble West deposit is a near-surface resource that is amenable to extraction by open pit methods. The estimated mineral resources in the Pebble West deposit to March 2005[1,3] at a 0.30% copper-equivalent[4,5] cutoff include:

- Measured and Indicated Resources of 3.0 billion tonnes grading 0.28% copper, 0.32 g/t gold, and 0.015% molybdenum, containing 18.8 billion pounds of copper, 31.3 million ounces of gold and 993 million pounds of molybdenum.
- Inferred Resource of 1.1 billion tonnes grading 0.24% copper, 0.30 g/t gold and 0.014% molybdenum, containing 5.9 billion pounds of copper, 10.8 million ounces of gold and 361 million pounds of molybdenum.

The Pebble East deposit is located adjacent and to the east of Pebble West. Pebble East is deeper but higher grade than Pebble West, and geotechnical analysis indicates that it is amenable to underground bulk mining. A new resource estimate was completed in February 2008[2,3] for Pebble East. At a 0.60% copper equivalent[4,5] cut-off, there is:

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[1] The Pebble West resource estimate was completed in March 2005 under the direction of David W. Rennie, P. Eng. of Scott Wilson Roscoe Postle Associates Inc., and R. Mohan Srivastava, M.Sc., P.Geo., of FSS Canada Consultants Inc., who are independent Qualified Persons.

[2] The Pebble East estimate was prepared in February 2008 by David Gaunt, P.Geo., Hunter Dickinson Services Inc., and Duncan Campbell, MIMMM, Anglo American plc, technical consultants to the Partnership and the Qualified Persons for the current resource estimate. Neither would be considered independent.

[3] By prescribed definition, "Mineral Resources" do not have demonstrated economic viability. An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity.

[4] Copper equivalent calculations use metal prices of US$1.00/lb for copper, US$400/oz for gold, and US$6.00/lb for molybdenum. Copper equivalent has not been adjusted for metallurgical recoveries. Adjustment factors to account for differences in relative metallurgical recoveries for copper, gold and molybdenum will depend upon the completion of definitive metallurgical testing. CuEQ = Cu % + (Au g/t x 12.86/22.05) + (Mo % x 132.28/22.05) .

[5] A 0.30% CuEQ cut-off is considered to be comparable to that used for porphyry deposit open pit mining operations in the Americas. For bulk underground mining higher cut-offs, such as 0.60% CuEQ, are typically used. All cut-offs are subject to a feasibility study

- Inferred Resource of 3.9 billion tonnes grading 0.58% copper, 0.36 g/t gold and 0.033% molybdenum [2], containing 49 billion pounds of copper, 45 million ounces of gold, and 2.8 billion pounds of molybdenum.

Exploration and Resource Drilling

The 2007 program focused on Pebble East and consisted of two components: delineation drilling and infill drilling, totaling some 157,000 feet in 36 holes. Drill holes intersected long intervals of high-grade copper-gold-molybdenum mineralization, consistently exceeding 1% copper equivalent. The deposit remains open.

An updated estimate has been completed, increasing the inferred mineral resources in the Pebble East Deposit by 14%. Results are tabulated below. The estimate was prepared by technical consultants to the Partnership, based on geological and assay information from 162 diamond drill holes completed in the Pebble East area.

PEBBLE EAST DEPOSIT - INFERRED MINERAL RESOURCES AT FEBRUARY 2008

Cut-Off	Size	Grade				Contained Metal		
CuEQ[2,3] %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ[2] %	Copper B lb	Gold M oz	Molybdenum B lb
0.60	3860	0.58	0.36	0.033	0.99	49	45	2.8
0.70	3100	0.64	0.39	0.033	1.07	44	39	2.3
0.80	2420	0.71	0.42	0.034	1.16	38	33	1.8
0.90	1900	0.77	0.46	0.035	1.25	32	28	1.5
1.00	1520	0.82	0.49	0.035	1.32	27	24	1.2
1.10	1200	0.87	0.53	0.035	1.40	23	21	0.9

Engineering

Engineering work in 2007 was focused in the following areas:

- Collection of additional site and underground geotechnical data to support ongoing mine design work;
- Completion of metallurgical testwork on Pebble East to optimize conventional processing systems and designs;
- Continuation of assessments of the major infrastructure elements (access road, port and power) in order to establish the optimum alternatives and designs for these Project components; and
- Assessment of potential project mine plans that would extract portions of the extensive mineral resources available to determine likely scenarios for the prefeasibility study.

Geotechnical Data

Pebble East

The Pebble East geotechnical data collection program is managed by a international independent consulting firm. The objective of this program is to collect geotechnical data to support design of an important underground mine at Pebble East. In the first quarter, data was collected from the acoustic logger, and logged and collated by site staff. Personnel from the geotechnical consulting firm arrived on site in the second quarter of 2007 and, from then until the end of December, one rig was dedicated to a program that included drilling and logging oriented core. A number of holes were tested using the acoustic logger and geotechnical data was collected from all core by the Partnership personnel under the supervision of the independent consultant.

Surface

A surface geotechnical program, designed to supplement the extensive database collected in previous years, took place during the third and fourth quarters of 2007. The data will be used in the design of site infrastructure, tailings and water management systems. A total of 46 holes were laid out for the program, and 26 were completed by the end of the field season.

Metallurgy

More detailed flotation and comminution testwork for the Pebble East deposit commenced in January 2007, building on the scoping work done in 2006. Comminution techniques reduce the size of rock material to liberate minerals of interest. The initial phase of Pebble East comminution program was completed during the second quarter, and additional work identified for Pebble East and West. Samples were collected and shipped for tests to be completed in 2008.

In addition to testing for use of conventional grinding technology, a suite of samples was subjected to High Pressure Grinding Roll (HPGR) tests in 2007. The tests showed that there would be no advantage to utilizing HPGR at Pebble. Crushing tests were also carried out in fourth quarter.

A grind versus net present value analysis was completed on Pebble East samples. The analysis indicated that the optimum primary grind size would be approximately 200 microns, which is significantly coarser than the values used for planning to date. Using a coarser grind could significantly increase throughput for the same power draw through the currently planned grinding circuit or, alternately, obtain the same throughput with less grinding power. This work continues, with expected completion in the first quarter of fiscal 2008.

Flotation development work, including testing flotation conditions and determining reagent types, consumption, and recovery parameters, was completed in the second quarter. As the flowsheet is different than that originally devised for Pebble West, it must be re-tested with additional Pebble West samples. A new batch of samples was acquired by drilling nine holes at the Pebble West deposit in 2007, which were prepared and shipped from site by the end of the program. Work to confirm the flowsheet and reagent scheme for Pebble East as well as Pebble West and blended ore scenarios will take place in 2008. Additional grinding tests will be conducted on these samples.

Copper, gold and molybdenum recoveries achieved to flotation concentrate, projected to a 26% copper concentrate, were 91% for copper, 64% for gold and 94% for molybdenum. Silver recovery is estimated at 50%. Palladium has been detected in the Pebble East material. Payable levels of rhenium have also been found in the molybdenum concentrate. Testwork is underway to determine expected recoveries, as all of these metals have the potential to add significant value to the project.

Infrastructure

Although a base case for the project infrastructure has been developed, previous studies had shown that there may be additional opportunities provided through alternatives for the port site and road. Alternate port site studies were completed by year-end. This study confirmed that the two port alternatives that were studied rank very closely and further additional analysis will be required to make a final selection.

Environmental, Cultural and Socioeconomic Studies

Comprehensive environmental and socioeconomic base-line study programs continued in 2007, with the objectives of collecting data in the area of the expanded Pebble East deposit and comparing annual variability. This data provides a foundation for the sound environmental design of the project and preparation of state and federal permit applications in future years.

Environmental and socio-economic baseline data studies have now been completed for four consecutive years. This work was undertaken by over 45 independent consulting firms, and expanded the geographic scope of its investigations to support Pebble East planning. In addition to the currently obtained data, environmental base line information that was collected during the exploration activities by the prior operator has been obtained.

The Partnership team continued its efforts to engage people in the local communities, as well as other project stakeholders, in an informed dialogue on the deposit geology, project design alternatives, and environmental studies. Over the past 12 months, 430 meetings have been facilitated with project stakeholders throughout the State of Alaska. Local hire/recruiting, workforce training, and local business development initiatives were ongoing. Four community associates were hired to assist with project education in villages located in the area.

In 2007, the Stakeholder Relations (SR) team included eight people directly and many others indirectly. The primary goal was to be visible and available in the communities. Ninety communities were visited and more than 45 mining education tours were hosted. Those tours included representatives from 95 different stakeholder groups visiting the Pebble site and 47 representatives from stakeholder groups attending tours to operating mines in Alaska and British Columbia. In addition the SR team made presentations on the Pebble Project to 52 different groups around Alaska in addition to 40 presentations made during site tours.

The Partnership continues to focus on developing positive working relationships with many local Native and community institutions, supporting skills training, workforce and business development, local scholarships, search and rescue efforts, and other community initiatives.

More than 140 local people from more than 16 communities in the Bristol Bay area were employed by the Project last year, and significant expenditures were made on local goods, services and salaries. On-site training programs have enabled more local people to be hired and workers to be advanced to positions requiring more skill and responsibility. The Partnership has also continued to provide financial support to enable mining and natural resources career education to be introduced at schools in the local region.

Plans for 2008

Drilling

A 157,000-foot infill and delineation drill program commenced in mid February 2008. The drill program is designed to upgrade the resource classification of a portion of the Pebble East mineral resources to an

indicated category in preparation for prefeasibility mine planning studies. Drilling will also test for the outside limits of the deposit.

Environmental

Environmental and socioeconomic study program objectives for 2008 include collection of data to cover the expanded Pebble East deposit area and to compare annual variability. This data provides a foundation for the sound environmental design of the project and preparation of state and federal permit applications in future years. The primary focus of 2008 field programs will be in the areas of water, aquatic/fish, terrestrial/wildlife, wetlands, and subsistence/traditional use. As well, a draft of the Pebble Project Environmental Baseline Document will incorporate 2007 data.

Stakeholder Relations

This year stakeholder relations will be focused on introducing and explaining the Partnership and to introduce Anglo and what Anglo brings to the Project. The Stakeholder Relations team will continue their same level of outreach in communities and around the State. The Partnership will also be working closely with The Keystone Center and stakeholders to help design a stakeholder dialogue process that will be most acceptable to Pebble Stakeholders.

Stakeholder tours to operating mines are also planned for 2008. These tours are an excellent opportunity for stakeholders to learn about mining. Many participants come away with a better understanding about mining, gaining answers to many of their questions, as well as education to tell their communities and families about when they return home.

Workforce development and education plans for 2008 include additional training in the areas of various equipment operations, health, safety and environment, and other areas. College sponsorship programs for high school students will also be continued.

1.2.4 Market Trends

Overall, copper prices have been increasing since late 2003 and averaged US$3.22/lb in 2007. In 2008, copper prices have averaged US$3.48/lb to March 20. Forecasts suggest that there will be continued strong demand over the medium term, keeping prices above US$2.50/lb, and growing demand over the longer term.

Gold prices have been increasing for more than three years. The gold price averaged approximately US$695/oz in 2007. Gold prices have increased significantly in 2008, averaging US$925/oz to March 20. Gold prices are forecast to show continued strength over the medium to long term.

Molybdenum prices increased from US$7.60/lb in 2003 and peaked in 2005 at an average price of US$34/lb. Prices decreased in 2006, averaging US$25.53/lb over the year, and strengthened again in 2007, averaging US$30.47/lb for the year. In 2008, molybdenum prices have averaged US$33.72/lb to March 20. Molybdenum prices are expected to moderate but average at or above US$18/lb through 2010.

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in thousands of Canadian dollars, except per share amounts.

	As at December 31 2007	As at December 31 2006	As at December 31 2005
Current assets	$ 41,381	$ 98,112	$ 14,178
Mineral properties	168,222	168,222	16,707
Other assets	674	633	411
Total assets	**210,277**	**266,967**	**31,296**
Current liabilities	7,628	7,839	3,161
Other liabilities	93,338	61,601	–
Shareholders' equity	109,311	197,527	28,135
Total liabilities and shareholders' equity	**210,277**	**266,967**	**31,296**
Working capital	33,753	90,273	11,017
Expenses (income)			
Amortization	146	124	93
Conference and travel	1,161	936	701
Exploration	86,424	50,613	43,066
Legal, accounting and audit	1,649	931	313
Office and administration	5,062	3,041	2,362
Shareholder communication	623	386	367
Trust and filing	485	149	193
Foreign exchange loss (gain)	3,878	(773)	(282)
Future income tax recovery	(3,815)	(637)	–
Loss on disposal of fixed assets	11	–	–
Gain on disposal of marketable securities	(1)	(194)	–
Interest income	(2,749)	(2,238)	(585)
Stock-based compensation – exploration	4,644	1,882	1,788
Stock-based compensation – administration	6,489	4,163	2,302
Loss for the year	**104,007**	**58,383**	**$ 50,318**
Basic and diluted loss per common share	$ 1.13	$ 0.75	$ 0.90
Weighted average number of common shares outstanding	91,978,571	77,708,870	55,845,791

1.4 Summary of Quarterly Results

Expressed in thousands of Canadian dollars, except per-share amounts. Small differences are due to rounding.

	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31 2006
Current assets	$ 41,381	$ 46,068	$ 59,913	$ 82,611	$ 98,112	$ 107,966	$ 22,516	$ 11,885
Mineral properties	168,222	168,222	168,222	168,222	168,222	152,178	152,096	16,707
Other assets	674	594	669	715	633	512	391	394
Total assets	**210,277**	**214,884**	**228,804**	**251,548**	**266,967**	**260,656**	**175,003**	**28,986**
Current liabilities	7,628	7,199	7,311	5,821	7,839	6,391	4,166	2,987
Other liabilities	93,338	74,441	58,663	60,619	61,601	46,195	46,194	–
Shareholders' equity	109,311	133,244	162,830	185,108	197,527	208,070	124,643	25,999
Total liabilities and shareholders' equity	**210,2778**	**214,884**	**228,804**	**251,548**	**266,967**	**260,656**	**175,003**	**28,986**
Working capital	33,753	38,869	52,602	76,790	90,273	101,574	18,350	8,898
Expenses								
Amortization	34	36	47	30	61	26	19	18
Conference and travel	434	278	281	168	375	199	184	178
Exploration	23,529	27,396	21,761	13,738	16,565	16,115	11,055	6,877
Legal, accounting and audit	692	495	175	287	324	240	205	163
Office and administration	1,241	1,710	826	1,285	732	696	865	749
Shareholder communication	125	115	263	119	139	69	95	83
Trust and filing	216	39	138	92	2	29	11	107
Subtotal	26,271	30,069	23,490	15,719	18,198	17,374	12,434	8,175
Foreign exchange loss (gain)	767	1,266	1,947	(102)	(746)	(230)	268	(65)
Interest income	(401)	(560)	(821)	(968)	(984)	(943)	(177)	(133)
Loss on disposal of fixed assets	–	11	–	–	–	–	–	–
Gain on disposal of marketable securities	(1)	–	–	–	–	–	–	(194)
Subtotal	26,636	30,786	24,616	14,649	16,468	16,201	12,525	7,783
Stock-based compensation	1,644	2,384	3,168	3,937	1,339	1,048	2,555	1,103
Future income tax recovery	(43)	(832)	(1,956)	(982)	(638)	–	–	–
Loss for the period	**$ 28,237**	**$ 32,338**	**$ 25,828**	**$ 17,604**	**$ 17,169**	**$ 17,249**	**$ 15,080**	**$ 8,886**
Basic and diluted loss per common share	$ 0.31	$ 0.35	$ 0.28	$ 0.19	$ 0.19	$ 0.20	$ 0.21	$ 0.15
Weighted average number of common shares outstanding YTD (thousands)	92,264	91,968	91,922	91,756	91,027	86,599	71,977	60,804

1.5 Results of Operations

Loss for the year ended December 31, 2007 increased to $104.0 million, compared to a loss of $58.4 million in the previous fiscal year. Included in the loss for the current year was a non-cash stock-based compensation expense of $11.1 million (2006 – $6.0 million).

Expenses, excluding stock-based compensation, foreign exchange, interest income, and future income taxes, increased to $95.5 million from $56.2 million in the previous year due to higher exploration activity and an earlier start on the exploration program.

Exploration costs increased to $86.4 million from $50.6 million in the previous year. The main exploration expenditures during the year were:

- environmental planning and testing (2007 – $19.6 million; 2006 – $13.7 million);
- site activities (2007 – $18.6 million; 2006 – $10.3 million);
- drilling (2007 – $17.7 million; 2006 – $7.6 million) and
- helicopter transportation (2007 – $11.6 million; 2006 – $5.6 million).
- engineering (2007 – $4.5 million; 2006 – $4.7 million)
- socioeconomic (2007 – $7.8 million; 2006 – $4.6 million)

The increase in exploration costs is due to increased drilling associated with the Pebble East deposit with some 157,000 feet in 36 holes being drilled that encompassed both delineation and infill drilling. This assisted the Company in expanding its mineral resources in the the Pebble East deposit (refer 1.2.3) . The increase in environmental and socioeconomic costs was due to the on-going environmental data collection in the area of the expanded Pebble East deposit and increased community engagagement programs, both of which have advanced the understanding of the Pebble East deposit including providing a foundation for a sound environmental design of the project and preparation of state and federal permit applications in future years.

Office and administration costs increased to $5.1 million from $3.0 million in the previous year mainly due to increased administrative activities required to support work at the Pebble site and advisory fees. Legal, accounting and audit increased to $1.6 million from $0.9 million due to legal advisory services incurred for regulatory and environmental matters and accounting tax services related to the transaction with Anglo.

Increased stock-based compensation of $11.1 million was charged to operations during the year ended December 31, 2007, compared to $6.0 million in the previous year, due to the amortization of stock based compensation granted in the prior year and options granted during the year.

There was a future income tax recovery during the year of $3.8 million (2006 – $0.6) due to the build up of losses and resource pools available to reduce future income.

1.6 Liquidity

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants or options. The Company's access to financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding.

At December 31, 2007, the Company had working capital of approximately $33.8 million as compared to $90.3 million at December 31, 2006.

The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

The Company has no "Purchase Obligations", defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company.

1.7 Capital Resources

At December 31, 2007, Northern Dynasty had working capital of approximately $33.8 million, as compared to $90.3 million at December 31, 2006. The Company has no long-term debt and had 92,543,639 common shares issued and outstanding at December 31, 2007.

On July 26, 2007, the Company converted a wholly-owned general partnership formed in 2006 to hold its Pebble Property interests into a limited partnership, the Pebble Limited Partnership (“the Partnership”), so that an indirect wholly-owned subsidiary of Anglo American plc (“Anglo”) could subscribe for 50% of the Partnership's equity effective July 31, 2007. Each of the Company and Anglo effectively have equal rights in the Partnership through wholly-owned affiliates. To maintain its 50% interest in the Partnership, Anglo will be required to make staged cash investments into the Partnership aggregating to US$1.425 billion over a period of several years (refer 1.2.2) .

The Company had no commitments for material capital expenditures as of December 31, 2007.

The Company has no lines of credit or other sources of financing which have been arranged but as yet unused.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Hunter Dickinson Services Inc. ("HDSI") is a private company owned equally by eight public companies, one of which is Northern Dynasty. HDSI has certain directors in common with the Company and carries out geological, corporate development, administrative, financial management including raising of funds, investor relations, and other management activities for, and incurs third party costs on behalf of, the Company. The Company reimburses HDSI on a full cost-recovery basis.

Costs for services rendered by HDSI to the Company were $5.4 million for the year ended December 31, 2007 as compared to $3.7 million for the comparable period in 2006. The increase over 2006 is due to the increased level of activity of the Company that saw additional resources being provided by HDSI to assist the Company's exploration and development activities. Included in the total of services provided by HDSI for the year ended December 31, 2007 is $1,483 invoiced to the Partnership for services from August 1, 2007.

During the year ended December 31, 2007, the Company paid $0.2 million (2006 – $0.2 million) to a private company controlled by Bruce Jenkins, the Chief Operating Officer of a wholly-owned private US subsidiary of the Company until July 31, 2007 and the Partnership from August 1, 2007 onwards, for project management services.

During the year ended December 31, 2007, the Company paid $0.02 million (2006 - $nil) to a private company controlled by Dave Copeland, a director of the Company, for consulting engineering services.

During the year ended December 31, 2007, the Company received the required cash payment of $3.7 million from holders of 748,000 common share purchase options which were exercised but could not be traded until an internally imposed share trading blackout period which was applicable to these persons had been lifted. The common share certificates in respect of these exercised options were held by the Company until the cash payment had been received after the lifting of the blackout in early 2007.

1.10 Fourth Quarter

The Company reported a loss for the fourth quarter of 2007 of $28.2 million from $32.3 million in the third quarter and $17.2 million in the fourth quarter of 2006. The decrease in the current quarter as compared to the prior quarter was due to lower exploration expenses and a decrease in stock-based compensation to $1.6 million from $2.4 million in the prior quarter. Also office and administration costs decreased to $1.2 million from $1.7 million in the third quarter of the year. The increase from 2006 was due to higher exploration expenses and foreign exchange.

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 Company's accounting policies are presented in notes 3 and 4 of the audited consolidated financial statements for the year ended December 31, 2007. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. These estimates include:

- mineral resources and reserves,
- the carrying values of mineral properties,
- the carrying values of property, plant and equipment, and
- the valuation of stock-based compensation expense.

Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

Mineral resources and reserves, and the carrying values of mineral properties, and of property, plant and equipment

Mineral resources and reserves are estimated by professional geologists and engineers in accordance with recognized industry, professional and regulatory standards. These estimates require inputs such as future metals prices, future operating costs, and various technical geological, engineering, and construction parameters. Changes in any of these inputs could cause a significant change in the resources and reserves estimates which in turn could have a material effect on the carrying value of property, plant and equipment.

The carrying value of mineral properties is also dependant on the valuation used for the common shares and warrants of the Company issued for the acquisition of mineral properties. The value of the common shares issued is the price of the common shares of the Company at the date of issuance to effect the acquisition. The Company uses the Black-Scholes pricing model to estimate a value for the warrants issued upon the acquisition of a property. This model, and other models which are used to value options and warrants, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the carrying value initially recorded for mineral properties.

Stock-based compensation expense

From time to time, the Company may grant share purchase options to directors, employees and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

Asset retirement obligations

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

1.13 Changes in Accounting Policies including Initial Adoption

(a) Newly Adopted Accounting Policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(i)

Section 3855 – Financial Instruments – Recognition and Measurement.

This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or other comprehensive income (loss), depending on the classification of that related instrument.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income (loss). On adoption of this standard no adjustments to opening deficit or opening accumulated other comprehensive income (loss) were required.

All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, other financial liabilities or derivatives. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.
- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income (loss) until the gain or loss is recognized in income when the asset is sold or deemed to be permanently impaired.
- Held for trading financial instruments are measured at fair value. Changes in fair value are included in net income (loss) in the period in which they arise.
- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in net income (loss) in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in accumulated other comprehensive income (loss).

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Marketable securities are classified as available-for-sale securities. Such securities are measured at fair market value in the consolidated financial statements with unrealized gains or losses recorded in other comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net income (loss).

(ii)

Section 3865 – Hedges.

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any financial instruments which qualify for hedge accounting.

(iii) Section 1530 – Comprehensive Income (Loss).

Comprehensive income (loss) is the change in the Company's shareholders' equity that results from transactions, events, and circumstances from other than the Company's shareholders and includes items that would not normally be included in net income (loss), such as unrealized gains or losses on available-for-sale investments. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings be presented in accumulated other "comprehensive income (loss)" until it is considered appropriate to recognize into net income (loss). This standard also mandates the presentation of comprehensive income (loss), and its components, with the same prominence as the other line items in the financial statements.

Accordingly, the Company now reports a consolidated statement of comprehensive income and includes the category "accumulated other comprehensive income" in the shareholders' equity section of the consolidated balance sheet. As at December 31, 2007, the Company had accumulated other comprehensive loss of $3, and for the year ended December 31, 2007, comprehensive loss was $2 greater than the net loss.

(iv) Section 1506 - Accounting Changes

This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. As a result, changes in accounting policies are only permitted when required by a primary source of generally accepted accounting principles or when the change will result in more reliable and more relevant information.

(b) Accounting Policies Not Yet Adopted

(i)

Section 1535 – Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the effects of adopting this standard.

(ii)

Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, *Financial Instruments – Disclosure and Presentation*. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. This standard is effective for the Company for interim and annual periods

beginning on or after January 1, 2008. The Company expects that its disclosures will be expanded to incorporate the additional requirements.

(iii) *Amendments to Section 1400 – Going Concern*

CICA 1400, *General Standards of Financial Statement Presentation*, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the impact of this new standard.

(iv) *International Financial Reporting Standards ("IFRS")*

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

1.14 Financial Instruments and Other Instruments

None.

1.15 Other MD&A Requirements

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue

Not applicable. The Company is a non-venture issuer.

1.15.2 Disclosure of Outstanding Share Data

The following details the share capital structure as of the date of this MD&A, subject to minor accounting adjustments.

	Expiry date		Exercise price	Number	Number
Common shares					92,543,639
Share purchase options	April 30, 2009	$	7.25	359,400	
	April 30, 2011	$	7.25	945,000	
	April 30, 2009	$	9.81	50,000	
	April 30, 2009	$	10.32	593,000	
	February 20, 2012	$	10.95	828,000	2,775,400

1.15.3 Internal Controls over Financial Reporting Procedures

The management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and the board of directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (3) 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 financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that internal control over financial reporting was effective as of December 31, 2007 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

1.15.4 Disclosure Controls and Procedures

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the *Securities Exchange Act of 1934* (the "Exchange Act")). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in reports that we file or submit under the Exchange Act.

It should be noted that while our Chief Executive Officer and our Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met.

The following are the principal risk factors and uncertainties which, in management's opinion, are likely to most directly affect the ultimate feasibility of the Pebble project. The mineralized material at the Pebble project is currently classified as a mineral resource and it is not a reserve. Considerable additional work, including in-fill drilling, additional process tests, and other engineering and geologic work will be required to determine if the mineralized material is an economically exploitable reserve. There can be no assurance that this mineralized material can become a reserve or that the amount may be converted to a reserve or the grade thereof. Final feasibility work has not been done to confirm the pit design, mining methods, and processing methods. Final feasibility could determine that the currently assumed pit design, mining methods, and processing methods are not correct. Construction and operation of the mine and processing facilities depends on securing environmental and other permits on a timely basis. No permits have been applied for and there can be no assurance that required permits can be secured or secured on a timely basis. Data is incomplete and cost estimates have been developed in part based on costs at projects believed to be comparable, and not based on firm price quotes. Costs, including design, procurement, construction, and on-going operating costs and metal recoveries could be materially different from those currently assumed. There can be no assurance that mining can be conducted at assumed rates and grades. The project requires the development of port facilities, roads and electrical generating and transmission facilities. Although Northern Dynasty believes that the State of Alaska favors the development of these facilities, there can be no assurance that these infrastructure facilities can be developed on a timely and cost-effective basis. Energy risks include the potential for significant increases in the cost of fuel and electricity. The project has been evaluated using projected long-term price levels for copper, gold, silver and molybdenum. Prices for these commodities are historically volatile, and Northern Dynasty has no control of or influence on those prices, all of which are determined in international markets. There can be no assurance that the prices of these commodities will continue at current levels or that they will not decline below the projected prices. Prices for copper,gold, silver, and molybdenum have been below the projected prices at times during the past ten years, and for extended periods of time. The project will require major financing, probably a combination of debt and equity financing. There can be no assurance that debt and/or equity financing will be available on acceptable terms. A significant increase in costs of capital could materially and adversely affect the value and feasibility of constructing the project. Other general risks include those ordinary to large construction projects including the general uncertainties inherent in engineering and construction cost, compliance with generally increasing environmental obligations, and accommodation of local and community concerns.



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2007

This annual information form ("AIF") is as of March 26, 2008

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ITEM 2. PRELIMINARY NOTES

THE STATEMENTS HEREIN ARE STRICTLY THOSE OF NORTHERN DYNASTY LTD. AND ARE NOT TO BE CONSTRUED AS DISCLOSURES OF ANY OTHER PARTY INCLUDING THE PEBBLE PARTNERSHIP OR ANGLO-AMERICAN PLC.

This AIF will be incorporated into a filing with the United States Securities Exchange Commission under form 40F. It includes certain statements that may be deemed "forward-looking statements" within the meaning of Section 27A of the *Securities Act of 1933* and Section 21E of the *Securities Exchange Act of 1934*. All statements in this AIF, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions, as well as those factors addressed in the "Risk Factors" section of this AIF. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Incorporation of Continuous Disclosure Documents by Reference

In this Annual Information Form ("AIF"), the "Company" or "Northern Dynasty" refers to Northern Dynasty Minerals Ltd. and all its subsidiaries and affiliated partnerships together unless the context states otherwise.

Incorporated by reference into this AIF are the comparative audited consolidated financial statements and Management's Discussion and Analysis for Northern Dynasty for the fiscal year ended December 31, 2007 and 2006 together with the auditor's report thereon. These documents are available for review on the SEDAR website located at www.sedar.com. All financial information in this AIF is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Documents incorporated by reference in this AIF include all the audited financial statements for the year ended December 31, 2007 and 2006, and a technical report prepared pursuant to NI 43-101 dated copies of which are available on request from the offices of Northern Dynasty or by downloading from the SEDAR web site (indicated above).

Cautionary Note to Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This AIF uses the terms 'measured resources', 'indicated resources' and 'inferred resources'. Northern Dynasty advises the investors that while these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the United States Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted to reserves.** In addition, 'inferred resources' have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian regulations, estimates of Inferred Mineral Resources may not form the basis of Feasibility or Prefeasibility Studies, or economic studies except for a Preliminary Assessment as defined under 43-101. **Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

Currency and Metric Equivalents

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. The Company's accounts are maintained in Canadian dollars. The business activities of the Company, carried out through a wholly-owned Alaska subsidiary acting as a nominee for a general partnership of wholly-owned affiliated companies until July 26, 2007 at which time the general partnership was reconstituted as an Alaska limited partnership and re-named the Pebble Limited Partnership. On July 31, 2007 an indirectly wholly-owned subsidiary of Anglo subscribed for 50% of the equity of the Pebble Limited Partnership which from August 1, 2007 onwards conducted its business primarily with United States dollars. The rate of exchange on December 31, 2007, as reported by the Bank of Canada for the conversion of one Canadian dollar into one United States dollar, was 1.0088.

The following table sets forth (i) the rate of exchange for the Canadian dollar, expressed in U.S. dollars, in effect at the end of the periods indicated, (ii) the average of exchange rates in effect on the last day of each month during such periods, and (iii) the high and low exchange rates during such periods, each based on the noon rate of exchange as reported by the Bank of Canada for conversion of one Canadian dollars into one U.S. dollars.

	Year Ended December 31		
	2007	**2006**	**2005**
Rate at end of period	1.0088	0.8581	0.8577
Average rate for period	0.9311	0.8816	0.8255
High for period	1.0585	0.9099	0.8690
Low for period	0.8504	0.8528	0.7872

For ease of reference, the following factors for converting metric measurements into Imperial equivalents are as follows:

Metric Units	Multiply by	Imperial Units
Hectares	2.471	= acres
Metres	3.281	= feet
Kilometres	0.621	= miles (5,280 feet)
Grams	0.032	= ounces (troy)
Tonnes	1.102	= tons (short) (2,000 lbs)
grams/tonne	0.029	= ounces (troy)/ton

Glossary

In this Annual Information Form ("AIF") the following terms have the meanings set forth herein:

National Instrument NI 43-101 — The Canadian securities rule which establishes disclosure standards for mineral projects by Canadian resource companies.

Composite Hydrothermal System — Created by hydrothermal process or processes in which there is evidence of more than one centre or source of hydrothermal fluids, and potentially more than one mineral deposit.

HDGI — Is a reference to Hunter Dickinson Group Inc. (now renamed 3537137 Canada Inc.) which is the related party corporation which originally held the options to the Pebble Project, and which was acquired by the Company to become a 100% subsidiary in fiscal 2006.

Hydrothermal Alteration	Alteration of rocks or minerals by the reaction of hot, or hydrothermal, water with pre-existing (or host) rocks or minerals. The products of this reaction may also be a hydrothermal mineral deposit, that is, gangue and ore minerals that have been deposited in fractures, faults, breccia openings, etc., by replacement or open-space filling from watery fluids of 50-700 degrees C temperature and of 1-3 kilobars pressure.
Induced Polarization ("IP") Survey	A geophysical survey used to identify a feature that appears to be different from the typical or background survey results when tested for levels of electro- conductivity; IP detects both chargeable, pyrite-bearing rock and non-conductive rock that has a high content of quartz. It is commonly used to explore for mineralization associated with porphyry copper deposits.
Mineral Symbols	Au - Gold; Ag - Silver; Al - Aluminum; Cu - Copper; Fe - Iron; Mo - Molybdenum; Na - Sodium; O - Oxygen; Pb - Lead; S - Sulphur; Zn - Zinc.
Porphyry deposit	A type of mineral deposit in which ore minerals are widely disseminated, generally of low grade but large tonnage.

Resource Category (Classification) Definitions

The discussion of mineral deposit classifications in this AIF adheres to the mineral resource and mineral reserve definitions and classification criteria developed by the Canadian Institute of Mining (2005). Estimated mineral resources fall into two broad categories dependent on whether the economic viability of them has been established and these are namely "resources" (potential for economic viability) and ore "reserves" (viable economic production is feasible). Resources are sub-divided into categories depending on the confidence level of the estimate based on level of detail of sampling and geological understanding of the deposit. The categories, from lowest confidence to highest confidence, are inferred resource, indicated resource and measured resource. Reserves are similarly sub-divided by order of confidence into probable (lowest) and proven (highest). These classifications can be more particularly described as follows:

A "**Mineral Resource**" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

An "**Inferred Mineral Resource**" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An "**Indicated Mineral Resource"** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A "**Measured Mineral Resource"** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

A "**Mineral Reserve**" is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A "**Proven Mineral Reserve"** is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

ITEM 3. CORPORATE STRUCTURE

Northern Dynasty Minerals Ltd. is a mineral exploration company incorporated on May 11, 1983 pursuant to the *Company Act* of the Province of British Columbia (predecessor law to the *British Columbia Corporations Act* in force since 2004), under the name "Dynasty Resources Inc.". On November 30, 1983 the Company changed its name to "Northern Dynasty Explorations Ltd." and subsequently, on October 11, 1997, changed its name to Northern Dynasty Minerals Ltd. Northern Dynasty became a reporting company in the Province of British Columbia on April 10, 1984 and was listed on the Vancouver Stock Exchange (now the TSX Venture Exchange and herein generally "TSX Venture") from 1984-1987, listed on the Toronto Stock Exchange from 1987-1993, and unlisted but still in good standing with all securities commissions from 1993 to 1994, and thereupon listed on TSX Venture from 1994 to October 30, 2007 when it began trading on the Toronto Stock Exchange ("TSX"). In November 2004, the common shares of Northern Dynasty were also listed on the American Stock Exchange ("AMEX").

The head office of Northern Dynasty is located at Suite 1020, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6, telephone (604) 684-6365, facsimile (604) 684-8092. The Company's legal registered office is in care of its Canadian attorneys Lang Michener LLP, Barristers & Solicitors, at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7, telephone (604) 689 9111, facsimile (604) 685 7084

The Company's Alaska mineral resource exploration business is operated through an Alaska registered limited partnership, The Pebble Partnership, in which the Company owns a 50% interest through an Alaska general partnership of two 100% subsidiaries, which general partnership is named the Northern Dynasty Partnership. The business address of the Northern Dynasty Partnership is Suite 604, 3201 C Street, Anchorage Alaska USA, 99503.

In this Annual Information Form, a reference to the "Company" or "Northern Dynasty" includes a reference to its wholly-owned subsidiaries and consolidated interests, unless the context clearly indicates otherwise. Certain terms used herein are defined in the text and others are included in the glossary of this Annual Information Form.

ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Northern Dynasty is a mineral exploration company focused on developing the Pebble Project a copper-gold-molybdenum mineral project. The Pebble Project is located in Alaska, 17 miles (27 kilometers) from the village of Iliamna, and approximately 200 miles (320 kilometers) southwest of the city of Anchorage.

To December 31, 2007, Northern Dynasty's aggregate exploration expenditures on the Pebble Project total approximately $223 million with acquisition costs of approximately $168 million, bringing the total invested in the property to approximately $391 million. Northern Dynasty does not have any operating revenue, although historically it has had annual interest revenue as a consequence of investing surplus funds pending the completion of exploration programs.

Significant Acquisitions,Dispositions and Group Reorganization

In July 2007, the Company reorganized its Alaska affiliates in order to reconstitute them as an Alaska limited partnership so that an affiliate of Anglo American plc ("Anglo") could subscribe for 50% of the equity of the limited partnership (named The Pebble Partnership and herein "the Partnership"). Although the Partnership owns the Pebble Project, the Company does not consider the Anglo participation to be in the nature of a disposition of its Pebble Project interests because of Anglo's financial contribution requirements described herein. Immediately prior to July 31, 2007 Northern Dynasty owned, through its affiliates a 100% working interest in the Pebble project subject to a small net profits royalty held by a predecessor-in-interest on a portion of the Pebble Project lands.

On July 26, 2007, the Company converted a wholly-owned general partnership formed in 2006 to hold its Pebble Property interests into the Partnership (being a limited partnership), so that an indirect wholly-owned subsidiary of Anglo could subscribe for 50% of the Partnership's equity effective July 31, 2007. Each of the Company and Anglo effectively has equal rights in the Partnership through wholly-owned affiliates. The Partnership's assets include the shares of two Alaska subsidiaries which hold registered title to the Pebble mining claims. To maintain its 50% interest in the Partnership, Anglo will be required to make staged cash investments into the Partnership aggregating to US$1.425 billion.

The purpose of the Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project. The transaction agreements lay out a schedule to accomplish this goal, targeting completion of a prefeasibility study by December 2008, a feasibility study by 2011 and commencement of commercial production by 2015.

The Partnership agreement provides for equal project control rights for both partners, with no operator's fees payable to either party.(redacted versions of the Partnership documents are available for download at www.SEDAR.com) After Anglo's staged contribution is completed, both partners will be equally responsible to fund the Partnership operations in connection with the Pebble Project going forward.

ITEM 5. DESCRIPTION OF BUSINESS

The Pebble Project

The following is a description of the Pebble Project at December 31, 2007.

The Pebble Project is Subject to Alaska Laws

Northern Dynasty is required to strictly comply with all Alaska statutes in connection with the Pebble Project. These statutes govern titles, operations, environmental, development, operating and generally all aspects of exploration and development of a mine in Alaska.

Alaska Statutes 38.05.185 and the following statutes establish the rights to mining claim and mineral leases on lands owned by the State of Alaska and open to mineral entry. This group of statutes also covers annual labour, annual rental, and royalties.

Operations on claims or leases on state owned land must be permitted under a plan of operations as set out in 11 Alaska Administrative Code 86.800. This regulation generally provides that the State Division of Mining can be the lead agency in coordinating the comments of all agencies, which must consent to the issuance of a plan of operations, and sets the requirements for the approval of a plan of operations.

Environmental conditions are controlled by Alaska Statute 46.08 (which prohibits release of oil and hazardous substances), Alaska Statute 46.03.060 and following (which sets water quality standards), and Alaska Statute 46.14 (which sets air quality standards).

Historical Acquisition Agreements (2001-2006)

Pursuant to an Assignment Agreement dated October 29, 2001 between the Company and Hunter Dickinson Group Inc., ("HDGI"), a related party to the Company, the Company was assigned an 80% interest in two options, which had been granted by Teck Cominco American Incorporated ("Teck Cominco") under a single agreement to HDGI in respect of Teck Cominco's "Pebble" copper/gold/molybdenum mining claims in southwestern Alaska. One option granted the right to purchase 100% of the lands containing the then known mineralized resource at Pebble (the "Resource Lands Option") and the second option granted the right to purchase a 50% interest in the lands surrounding the Resource Lands (the "Exploration Lands Option") (together, the "Options"). HDGI was a related party by virtue of (i) having certain directors in common with the Company, and (ii) its shareholders or their associates being at the time significant shareholders of the Company. The Assignment Agreement was ratified by shareholders of the Company on June 28, 2002.

The Company was assigned the 80% interest together with the right to acquire HDGI's remaining 20% contractual interests in these option agreements in consideration of the Company reimbursing HDGI's costs of $584,655 in connection with the options, which included the staking of 134 claims to expand the property and 30 kilometers of induced polarization surveying over the new claims, and agreeing to pay for HDGI's 20% share of costs in respect to the Pebble property. The Resource Lands Option was extended by one year in an agreement dated December 19, 2002 under which the Company issued to Teck Cominco 200,000 shares for the extension. Pursuant to the Resource Lands Option the Company had the right to purchase the 36 claims of the Resource Lands, subject to HDGI's 20% carried interests, by paying Teck Cominco US$10 million in cash or shares prior to November 30, 2004, which it did on November

23, 2004 by the issuance of 1,772,775 shares to Teck Cominco (total value of $11,788,621). Teck Cominco had the right for 180 days to elect whether to require the Company to manage the resale of these shares ("NDM Resource Lands shares") in a manner where Teck Cominco would be guaranteed the US$10 million in resale proceeds net of any excess or deficiency adjustments. The actual adjusted amount was US$9,938,600.

Other interim option payments to Teck Cominco were made during 2001 to 2004, including US$250,000 in cash plus 500,000 two-year share purchase warrants (exercisable at $0.75) prior to December 31, 2001 and 500,000 shares and 500,000 two-year share purchase warrants (exercisable at $1.15) prior to March 31, 2002 and a further 500,000 shares and 250,000 warrants before December 31, 2002. Pursuant to an agreement to extend the deadline to purchase the Resource Lands from November 30, 2003 to November 30, 2004, an additional 200,000 shares were issued to Teck Cominco on December 19, 2002. On May 9, 2005, Teck Cominco elected for the Company to guarantee the adjusted amount of US$9,938,600 in resale proceeds of the 1,772,775 shares. Under the agreement, the Company was to ensure proceeds totalling US$9,938,600 by May 22, 2006. At December 31, 2005, 473,700 of the 1,772,775 NDM Resource Lands shares had been sold for proceeds of US$2,039,902. During the year ended December 31, 2006, the Company managed the sale of an additional 1,277,028 NDM Resource Lands shares for proceeds paid to Teck Cominco of US$7,898,698, thereby completing its commitment regarding the resale of the NDM Resource Lands shares. The remaining 22,047 unsold NDM Resource Lands shares relating to this acquisition were then returned to the Company's treasury.

At the time of the Company exercising the Resource Lands Option, the Company also exercised the Exploration Lands Option to earn a 50% interest in the adjacent Exploration Lands, subject to HDGI's carried interest, by having completed 60,000 feet of drilling on the Exploration Lands prior to November 30, 2004. As a consequence of the Company exercising the Exploration Lands Option, Teck Cominco could elect to either form a 50/50 joint venture with the Company with respect to the Exploration Lands, or to sell its 50% interest in the Exploration Lands to the Company for US$4 million and retain a net profits interest. On February 21, 2005, Teck Cominco elected to sell its remaining 50% interest in the Exploration Lands to the Company for the stipulated US$4 million payment, a 4% pre-payback net profits interest (after debt service), and a 5% after-payback net profits interest in any mine production from the Exploration Lands. The Company issued 977,795 shares of the Company at the then-prevailing market price as consideration for the required US$4 million payment but subject to Teck Cominco's right to elect to have the proceeds guaranteed.

Teck Cominco had the right, until August 24, 2005, to elect whether to require the Company to manage the resale of these shares ("NDM Exploration Lands shares") in a manner where Teck Cominco would be guaranteed US$4 million in resale proceeds by August 24, 2006. On July 18, 2005, Teck Cominco elected for the Company to guarantee the US$4 million in resale proceeds. During the year ended December 31, 2006, the Company managed the sale of 654,502 NDM Exploration Lands shares for proceeds paid to Teck Cominco of approximately US$4,000,000, thereby completing its commitment regarding the resale of the NDM Exploration Lands shares. During 2006, the remaining 323,293 unsold NDM Exploration Lands shares relating to this acquisition were then returned to the Company's treasury. In total, 345,340 common shares of the Company, at a value of $1,772,776, unsold after the Company's obligations to Teck Cominco had been met, were returned to the treasury of the Company. As a consequence of the Company electing to exercise the Options, the Company was entitled under the Assignment Agreement with HDGI to elect to acquire HDGI's 20% carried contractual interests in the Options for cash or share consideration equal to the independently appraised value of the carried interests.

On May 31, 2006, the Company acquired 100% of the outstanding common shares of HDGI for purchase price of 14,002,268 common shares of the Company. The agreed number of shares was based on negotiations between the Company, represented by a Special Committee of the Board of Directors, and HDGI with reference to an independent valuation of the carried interests performed by Ross Glanville & Associates Ltd in March 2005. Both parties agreed to a valuation of $6.37 per share, based upon the issuance of 14,002,268 common shares, as representing the fair value of the 20% carried contractual interest. The valuation report was publicly filed at www.sedar.com. The TSX Venture Exchange and the American Stock Exchange have accepted the acquisition transaction. Upon completion of the acquisition of HDGI, the Company, through two 100% owned Alaska subsidiaries, owned 100% of the Pebble Project (subject only to the Teck Cominco net profits interest in the Exploration Lands portion of the property). On September 30, 2006 the Pebble Project interests were held by a general partnership consisting of HDGI and the Company which partnership held the claims through two Alaska subsidiary nominee title companies.

Limited Partnership with Anglo American

On July 26, 2007, the Company converted a wholly-owned general partnership formed in 2006 to hold its Pebble Property interests into a limited partnership, the Pebble Limited Partnership ("the Partnership"), so that an indirect wholly-owned subsidiary of Anglo American plc ("Anglo") could subscribe for 50% of the Partnership's equity effective July 31, 2007. Each of the Company and Anglo effectively has equal rights in the Partnership through wholly-owned affiliates. The Partnership's assets include the shares of two Alaska subsidiaries which hold registered title to the claims. To maintain its 50% interest in the Partnership, Anglo will be required to make staged cash investments into the Partnership aggregating to US$1.425 billion.

The purpose of the Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project. The transaction agreements lay out a schedule to accomplish this goal, targeting completion of a prefeasibility study by December 2008, a feasibility study by 2011 and commencement of commercial production by 2015.

Anglo's staged investment includes a committed expenditure of US$125 million to complete a prefeasibility study targeted at the end of 2008. After the completion of the prefeasibility study, Anglo must, in order to retain its 50% interest, elect to commit to a further US$325 million for a feasibility study, the completion and approval of which is targeted for 2011, and this is expected to take the Partnership to a production decision. Upon the decision to develop a mine, Anglo must elect to commit to the next US$975 million of expenditures to retain its 50% interest, completion of which will meet the US$1.425 billion requirement. If the feasibility study is completed after 2011, Anglo's overall funding requirement increases to US$1.5 billion. The Partnership agreement provides for equal project control rights for both partners, with no operator's fees payable to either party. After Anglo's staged contribution is completed, both partners will be equally responsible to fund the Partnership operations in connection with the Pebble Project going forward.

Anglo's contributions to the Partnership from August 1, 2007 to December 31, 2007 amounted to $35.5 million (US$35.9 million) and have been recorded as a non-controlling interest in the Partnership. Under the Partnership agreement and applicable tax regulations, neither the Company nor its affiliated

general partnership will be entitled to the benefits for tax purposes of the expenditures incurred by the Partnership from Anglo's investment, as these benefits accrue exclusively to Anglo under the Partnership agreement and applicable tax regulations.

2006 Equity Purchase by Rio Tinto Affiliate

In 2006, the Company issued 8,745,845 common shares in connection with a share purchase agreement with Kennecott Canada Exploration Inc. ("Kennecott") for $10.00 per share for proceeds of approximately $87 million. Kennecott received a right of first refusal to participate in up to 50% of future share placements by the Company, subject to customary exceptions, until Kennecott reaches 19.9% of the Company's outstanding share capital. In January 2007, Northern Dynasty was advised by Galahad Gold plc ("Galahad"), a significant shareholder of the Company that QIT-Fer Et Titane Inc., an affiliate of Rio Tinto, agreed to purchase 9.4 million shares of Northern Dynasty from Galahad at a price of $10 per share. The share purchase, which closed February 1, 2007, increased Rio Tinto's indirect ownership in Northern Dynasty to approximately 19.79% at the time. Currently, the holding represents approximately 19.6%.

2008 Secondary Market Purchases by Mitsubishi

On February 14, 2008, the Company was advised that Mitsubishi Corporation had acquired an aggregate of 8,296,108 shares in the open market for a total shareholding in Northern Dynasty of 9.0% .

Recent Operations

As a consequence of work done by Northern Dynasty between 2002 and 2007, two primary areas of mineralization have been identified at the Pebble Project and are referred to as the Pebble West Deposit (the original "Resource Lands") and Pebble East Deposit (the original "Exploration Lands"). Northern Dynasty's (to July 31, 2007), and later the Pebble Partnership's (from August 1 to December 31, 2007) work program involved exploration drilling of the Pebble East Deposit on the eastern flank of the Pebble West, and the continued collection of environmental and socioeconomic data and ongoing engineering studies to advance the project. The drilling component of the program consisted of 157,000 ft (48,000m).

Location, Access and Property Description

The Pebble Project is located in the Iliamna region of southwestern Alaska. It is approximately 200 mi (320 km) southwest of Anchorage and 17 mi (27 km) northwest of the village of Iliamna (Figure 1).

Access to the Pebble Project is via fixed wing aircraft to Iliamna. Iliamna has a state-operated airport with two 5,500 ft (1,700 m) paved runways. It is serviced by several passenger and cargo flights daily from Anchorage, using Convair, Hercules and DC-6 aircraft, as well as smaller charter aircraft. Current access from Iliamna to the property is by helicopter.

The Pebble Project is located 60 mi (95 km) from tidewater. Access to the coast from Lake Iliamna is provided by a 19 mi (30 km), state-maintained road, which extends from Pile Bay at the eastern end of Lake Iliamna to Williamsport near Iniskin Bay on Cook Inlet. Bulk fuel and heavy freight can also be barged in during the summer months to Lake Iliamna via the Kvichak River. There is currently no road from Iliamna northwest to the Pebble Project.

The property forms a continuous block consisting of 1,335 located Alaska State mineral claims totaling 39,900 hectares (98,600 acres).

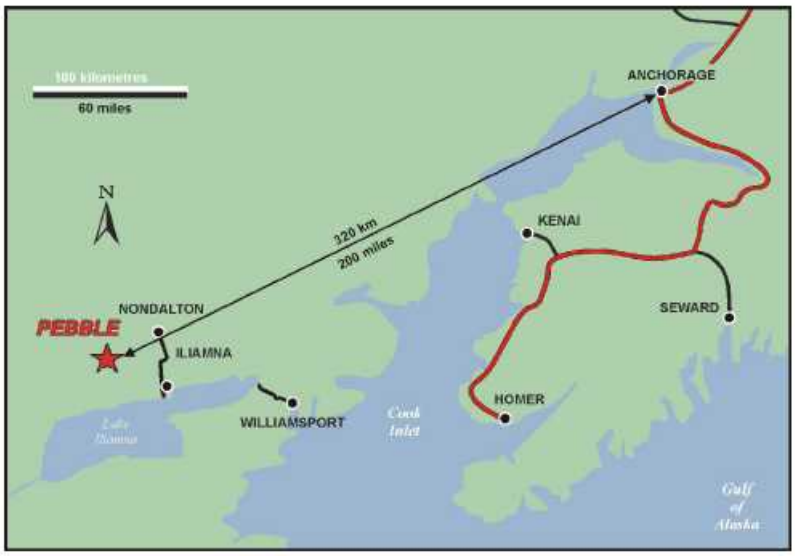


Figure 1 Location

Topography and Climate

The climate of the Iliamna area is similar to Anchorage with summer daytime high temperatures ranging from 10 to 17 degrees Celsius, and low temperatures varying from -10 to -13 degrees Celsius from December to March. Average annual precipitation is 69 cm. The climate, although periodically harsh, is sufficiently moderate to allow a well-planned mineral exploration program to be conducted year-round.

The Pebble Project lies within an area of rolling hills and low mountains. Valley bottoms are at elevations of 820 ft (250 m) above sea level. The highest point on the property is Kaskanak Peak, at an elevation of 2,760 ft (841 m). The Pebble West and Pebble East mineralized deposits are situated at the 1,065 ft (325 m) elevation. Vegetation consists of sparse patches of alder trees separated by expanses of tundra and grass. The area was recently glaciated and glacial soil deposits and hummocky terrain abound. There are streams and small, shallow ponds in the vicinity of the project, which provide water for exploration drilling.

Exploration History

From the mid 1980s to 1994, Teck Cominco conducted exploration in the Pebble region, including prospecting, geological mapping, geochemical sampling, geophysical surveys and drilling of what is now known as the Pebble West Deposit and adjacent areas. The Pebble West discovery outcrop was identified in 1987, but the potential of the system was not fully realized until after an Induced Polarization (IP) geophysical survey was completed in 1989. Although limited in scope, the IP survey at Pebble displayed a response characteristic of a large, porphyry-copper system. This interpretation was validated through subsequent drilling by Teck Cominco that intercepted significant intervals of porphyry-style copper, gold and molybdenum mineralization. Engineering and metallurgical studies were carried out concurrently with drilling from 1991-1994. HDGI entered into options agreements with Teck Cominco to acquire the Pebble Project in November 2001.

In 2001, HDGI staked the additional claims to cover ground where Teck Cominco had detected a multi-element, soil-geochemical and geophysical (high IP chargeability) anomalies on two, widely spaced, reconnaissance lines. HDGI collected and analyzed 601 soil samples and did 30-line km of IP/resistivity surveying.

During 2002, Northern Dynasty drilled 68 holes totaling 37,090 ft (11,306 m) exploring for additional porphyry deposits within which to define higher-grade resources. Four new mineral zones were discovered. One of these, the Thirty-Eight Zone, is a till-covered copper-gold porphyry deposit located 12 km south-southwest of the Pebble West Deposit. Some 86% of Teck Cominco's drill core from the Pebble West Deposit was relogged and a sectional geological model was completed. Based on this model, the Pebble West Deposit resource was estimated. Surface work included an 18.5 -line-km ground magnetometer survey; a 328-sample soil geochemical survey and a few man-days of geological traverses.

An independent mineral resource estimate of the Inferred resources in the Pebble West Deposit at that time were 1.0 billion tonnes grading 0.30% copper, 0.40 g/t gold, and 0.015% molybdenum (0.61% copper-equivalent) above a cut-off grade of 0.30% copper-equivalent, and 271 million tonnes of 0.43% copper, 0.59 g/t gold, and 0.018% molybdenum (0.86% copper-equivalent) above a cut-off grade of 0.70% copper equivalent.

In 2003, Northern Dynasty drilled 58 holes totaling 64,730 ft (19,730 m) to define higher-grade portions in the Pebble West Deposit and 9 holes totaling 6,520 ft (1,990 m) to test four other prospective zones on the Property, as well as limited surface exploration. The 2003 drilling continued to indicate the presence of substantial porphyry mineralization at the 38 Porphyry Deposit. Drilling at the 37 Skarn intersected moderate gold and copper values; further work is necessary to fully determine the potential of the skarn mineralization. A new independent estimate of the Pebble West Deposit was done in February 2004, increasing the inferred mineral resources to 2.74 billion tonnes grading 0.55% copper-equivalent[1] (0.27% copper 0.30 g/t gold, and 0.015% molybdenum above a cut-off grade of 0.30% copper-equivalent[1].

In November 2004, a preliminary economic assessment of the Pebble Project was done based on the early 2004 resource estimate for the Pebble deposit, now know as the Pebble West Deposit. The Preliminary Assessment was prepared in order to provide guidance for the ongoing engineering work.

The 2004 program involved collection of engineering, environmental and socioeconomic data required for the completion of feasibility studies. The program encompassed approximately 130,000 ft (40,000 m) of drilling, including holes to establish measured and indicated resources in the Pebble West Deposit and others to collect geotechnical, metallurgical and hydrological data to use for mine planning. Some exploratory drilling for new zones and unexplored targets was also done and enabled the Company to complete the 60,000 ft of drilling required to exercise its option on the Exploration Lands.

In 2005, Northern Dynasty completed surface mapping of the Exploration Lands at a scale of 1:10,000, and drilled 128,970 ft of core in the Pebble Resource Lands and 33,531 ft of core in the Exploration Lands (23,540 ft of in 15 holes adjacent to the Pebble Resource Lands, 9,112 ft in 53 engineering holes, and 879 feet in Hole 5308 in the southwestern part of the Exploration Lands). This drilling led to the discovery of a significant, new porphyry centre on the eastern side of the Pebble West Deposit beneath a cover of Tertiary rocks that apparently thickens to the east, and further drilling expanded and deepened the Pebble East Deposit. The furthest east hole (5333) intersected a long interval of Tertiary rocks and did not reach the Tertiary-Cretaceous contact, suggesting the presence of a northeast-trending graben along

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[1] Copper equivalent calculations use metal prices of US$0.80/lb for copper, US$350/oz for gold, and US$4.50/lb for molybdenum. The contained gold and copper represent estimated contained metal in the ground and have not been adjusted for metallurgical recoveries. Adjustment factors to account for differences in relative metallurgical recoveries for copper, gold and molybdenum will depend upon the completion of definitive metallurgical testing. CuEQ = Cu % + (Au g/t x 11.25/17.64) + (Mo % x 99.23/17.64)

the southeastern side of the Pebble East Deposit. An initial estimate of the inferred mineral resource in Pebble East in early 2006 was 1.82 billion tonnes grading 0.60% copper, 0.37 g/t gold and 0.038% molybdenum at a 0.60% copper-equivalent cut-off.

In 2006, Northern Dynasty drilled 73,700 ft of core in 19 exploration holes and 3,200 ft of core in 11 geotechnical holes in the Pebble East Deposit. Fourteen percussion holes were also drilled for groundwater studies. Exploration drilling expanding the deposit to a north-south strike length exceeding 7000 ft (2100 m), and over a width exceeding 4000 ft (1220 m); intersected grades consistently exceeded 1% copper equivalent. The inferred mineral resources in the Pebble East Deposit at year end were estimated to be 3.8 billion tonnes grading 0.57% copper, 0.36 g/t gold and 0.036% molybdenum at a 0.60% copper equivalent cut-off. The engineering effort was focused on collection of data to support the preparation of an integrated development plan with the Pebble West Deposit. The main areas in which analysis continued during the year were geotechnical evaluations of the surface soil deposits in the vicinity of potential tailings storage sites; analysis of power supply options; collection of geotechnical and hydrogeological data to support design of a potential underground mine at Pebble East; initial evaluation of bulk underground mining options for Pebble East, with a focus on determining potential mining rates and development scenarios; and initial scoping-level metallurgy on Pebble East and collection of samples for a metallurgy program in 2007.

Property Geology

The Pebble property encompasses the eastern and southern margins of the approximately 200 square km in size, Late Cretaceous (89.7 Ma) in age, tonalite-granodiorite Kaskanak Batholith (medium to coarse grained igneous rocks of intermediate composition, covering a large area), and the adjacent Jurassic-Cretaceous sedimentary and interbedded volcanic rocks that the batholith had intruded. On the east side of the batholith, a northeast-trending structural corridor is marked by a linear cluster of multi-phased, compositionally and texturally variable, irregular stocks, sills, dikes and breccia bodies (igneous bodies that are relatively small and circular, flat-lying, linear and structurally shattered, respectively) that are associated with and were formed slightly earlier than the batholith. Numerous copper-gold mineral occurrences, including the large Pebble West, Pebble East and Thirty-Eight porphyry copper-gold-molybdenum deposits, are related to this diverse group of intrusions (coarse grained igneous rocks).

The Pebble West Deposit is a calc-alkalic porphyry (hosted by igneous rocks with quartz and potassium feldspar), encompassing four small granodiorite-quartz monzodiorite (coarse grained igneous rocks of intermediate composition) stocks and related sill-like intrusions. These stocks intrude folded and previously hornfelsed (metamorphosed) volcaniclastic (eroded and re-deposited volcanic rocks) sedimentary rocks that host earlier diorite sill-like intrusions, and later intrusion breccias (composed of angular fragments of intrusive rocks in crystalline matrix).

The Pebble East Deposit, discovered in 2005, occurs in a large mineralized intrusion and adjacent volcaniclastic sedimentary rocks under a cover of younger and unmineralized rocks.

Mineralization

Mineralization, consisting principally of pyrite, chalcopyrite and molybdenite, occurs in zones of strong potassium-silicate alteration in and disseminated adjacent to quartz-vein stockworks in all rock types. It is strongest in and near the upper parts of the granodiorite stocks, especially in diorite sills, and in a major granodiorite sill. In the Pebble West Deposit, the gold/copper ratio is about 1.2 g/t gold to 1% copper. The copper/molybdenum ratio is about 20/1. In the Pebble East Deposit, the gold/copper ratio is more variable, generally being between 0.5 and 1.0 with some zones much lower than this and a few 10 ft (3m) intervals with gold values from 30-65 g/t and copper values less than 1%. The copper/molybdenum ratio ranges widely.

At Pebble, copper-gold-molybdenum mineralization extends over a known 3.9 km by 2.9 km area (2.4 mi by 1.4 mi) and to a depth of 610m (2,000 ft) in the Pebble West Deposit and to a depth of 1,525 m (5,000 ft) in the Pebble East Deposit.

Significant amounts of high-grade copper minerals (predominantly bornite) were intersected in the four northernmost holes drilled in 2006 and also in four holes near the southernmost area drilled. The presence of significant bornite mineralization in these holes indicates their proximity to mineralizing centers which are open to extension.

Estimates of Mineralization

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This section use the terms 'measured resources' and 'indicated resources'. The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Pebble West

Detailed drilling on the Pebble West Deposit in 2004 led to an updated resource estimate that was announced in March 2005. The Pebble West resource estimate was completed in March 2005 under the direction of David W. Rennie, P. Eng. of Scott Wilson Roscoe Postle Associates Inc., and R. Mohan Srivastava, M.Sc., P.Geo., of FSS Canada Consultants Inc., who are independent Qualified Persons.

PEBBLE WEST DEPOSIT - MEASURED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	**711**	**0.33**	**0.36**	**0.016**	**0.63**	**5.1**	**8.1**	**256**
0.40	655	0.34	0.37	0.017	0.66	4.9	7.8	244
0.50	525	0.37	0.40	0.018	0.70	4.3	6.7	207
0.60	355	0.41	0.43	0.019	0.78	3.2	4.9	150
0.70	214	0.47	0.47	0.021	0.87	2.2	3.3	97

PEBBLE WEST DEPOSIT - INDICATED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	**2,315**	**0.27**	**0.31**	**0.014**	**0.54**	**13.7**	**23.2**	**736**
0.40	1,757	0.30	0.34	0.016	0.59	11.6	19.2	611
0.50	1,103	0.35	0.39	0.017	0.68	8.4	13.9	423
0.60	615	0.40	0.45	0.020	0.79	5.5	8.9	270
0.70	356	0.46	0.51	0.021	0.89	3.6	5.9	167

PEBBLE WEST DEPOSIT - MEASURED & INDICATED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	**3,026**	**0.28**	**0.32**	**0.015**	**0.56**	**18.8**	**31.3**	**993**
0.40	2,413	0.31	0.35	0.016	0.61	16.5	27.0	855
0.50	1,628	0.35	0.39	0.018	0.69	12.7	20.5	629
0.60	970	0.41	0.45	0.020	0.78	8.7	13.8	420
0.70	569	0.46	0.50	0.021	0.88	5.8	9.1	265

Cautionary Note to Investors Concerning Estimates of Inferred Resources

The following section uses the term 'inferred resources'. The Company advises investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. 'Inferred resources' have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**

PEBBLE WEST DEPOSIT – INFERRED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	**1,133**	**0.24**	**0.30**	**0.014**	**0.50**	**5.9**	**10.8**	**361**
0.40	756	0.27	0.34	0.017	0.57	4.5	8.2	278
0.50	417	0.31	0.42	0.018	0.67	2.9	5.6	168
0.60	226	0.36	0.49	0.020	0.77	1.8	3.6	101
0.70	143	0.40	0.56	0.020	0.85	1.3	2.6	62

Pebble East

An updated resource estimate was done in early 2008, based on a database of assay results from 162 diamond drill holes completed in the Pebble East area completed to the end of 2007. The results are tabulated below. The new resource estimate was prepared by technical consultants to the partnership. David Gaunt, P.Geo., Hunter Dickinson Services Inc, who is not independent of the Company is the Qualified Person for the current resource estimate of Pebble East Deposit.

PEBBLE EAST DEPOSIT – INFERRED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ %	Copper B lb	Gold M oz	Molybdenum M lb
0.60	**3,860**	**0.58**	**0.36**	**0.033**	**0.99**	**49**	**45**	**2.8**
0.70	3,100	0.64	0.39	0.033	1.07	44	39	2.3
0.80	2,420	0.71	0.42	0.034	1.16	38	33	1.8
0.90	1,900	0.77	0.46	0.035	1.25	32	28	1.5
1.00	1,520	0.82	0.49	0.035	1.32	27	24	1.2
1.10	1200	0.87	0.53	0.035	1.40	23	21	0.9

Notes to Tables:

Note A

By prescribed definition, “Mineral Resources” do not have demonstrated economic viability.

Note B

An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. It can not be assumed that all or any part of an Inferred Mineral Resource will even be upgraded to a higher category.

Note C

A 0.30% CuEQ cut-off is considered to be comparable to that used for porphyry deposit operations in the Americas, but is subject to completion of a feasibility study. Cut-offs in the range of 0.60% CuEQ are typically used for bulk underground mining operations at copper porphyry deposits located around the world. Appropriate cut-offs for the Pebble Project’s open pit and underground resources will be defined during detailed engineering studies.

Note D

Copper equivalent calculations use metal prices of US$1.00/lb for copper, US$400/oz for gold, and US$6.00/lb for molybdenum. The contained gold and copper represent estimated contained metal in the ground and have not been adjusted for metallurgical recoveries. Adjustment factors to account for differences in relative metallurgical recoveries for copper, gold and molybdenum will depend upon the completion of definitive metallurgical testing. CuEQ = Cu % + (Au g/t x 11.25/17.64) + (Mo % x 99.23/17.64)

Cut-off information:

Pebble West Deposit (Open Pit scenario) as used in the November 2004 Preliminary Assessment

Breakeven operating costs:

Mining	$0.87/tonne mined
Processing	$2.51/tonne mineralization
G&A, Maintenence, Environmental etc	$0.79/tonne mineralization
OPERATING COST	$4.17/tonne mineralization
Realization Costs (~$165/t conc)	$1.65/tonne mineralization
TOTAL OPERATING COST	**$5.82/tonne mineralization**

The CuEQ grade for resource estimation represents the equivalent amount of copper in the ground, irrespective of the metallurgical recoveries of the component metals utilized in the calculation. The following is the suggested copper equivalent calculation for the open pit scenario for Pebble West:

CuEQ% = Cu% + (Au g/t * Au$/g / Cu$/%) + (Mo% * Mo$/% / Cu$/%)

where: Cu$/% = $1.00*22.046 = $22.06
Au$/g = $400/31.1035 = $12.86
Mo$/% = $6.00*22.046= $132.28

Note that the above simple CuEQ calculation is intended for resource estimations only. Mine planning and reserve estimates will be based on Net Smelter Return (NSR) values for the metals rather than metal price. The breakeven cut-off grade (BEGrade), be it copper or copper equivalent, must equate to an NSR that meets (or exceeds) the operating cost. As can be seen from the equation below, the cut-off grade for which the recovered value matches the operating + realization costs of $5.82/tonne is 0.30% Cu.

BEGrade * Recovery * lbs/tonne * copper price = operating cost
BEGrade = 5.82 / (0.88 * 22.046 * 1.00)
BEGrade = 0.29% Cu

The above operating costs and economic analysis were derived from the preliminary economic assessment on the Pebble West Deposit. The preliminary economic assessment is based partially on inferred resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, therefore there is no certainty that the results predicted by the preliminary economic assessment will be realized. Investors are cautioned that the United States Securities and Exchange Commission does not permit U.S. mining companies to disclose economic results from a preliminary economic assessment based on inferred resources.

Pebble East (Underground Bulk Mining Scenario)

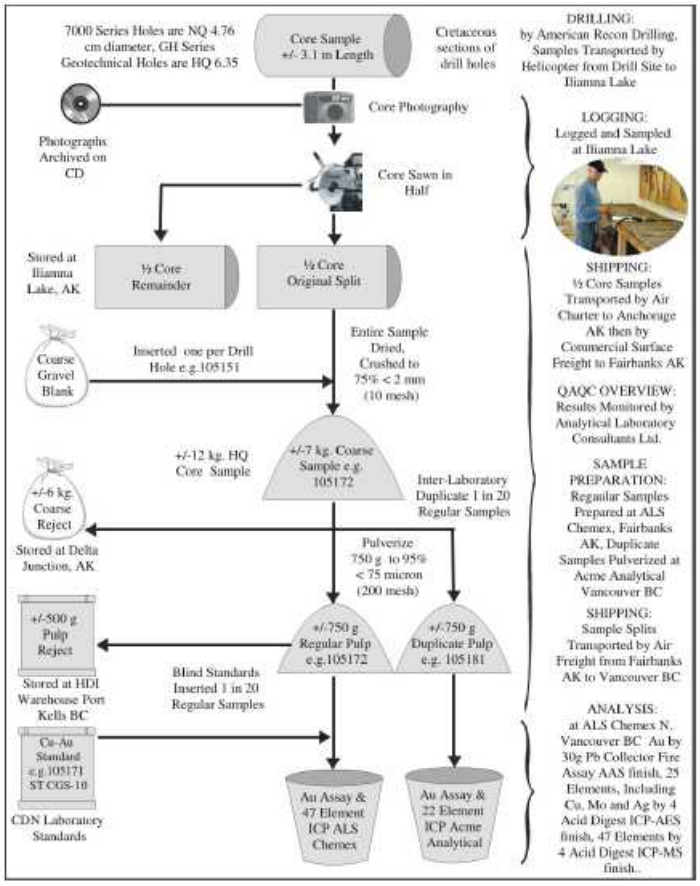
Replacing the mining cost above for open pit ($0.87/tonne mined) with costs that have been quoted by companies with block caving experience ($2.50/tonne mined), then the total costs (including realization costs) are $7.45/tonne, giving a value of 0.4% CuEq. A more conservative value of 0.6% CuEq has been used.

Sampling, Analysis, Security and Quality Assurance/Quality Control Procedures

For all Northern Dynasty drilling programs, core is boxed at the drill rig and transported daily by helicopter to the secure core logging facility in Iliamna, Alaska, where it is geologically logged and digital photographs of each box of core taken prior to sampling. These images are archived on electronic data storage disk, and provide an indication and record of the core recovery and rock quality. Sampling is performed by mechanically splitting the core in half lengthwise. The remaining half core is returned to the core boxes and is stored at a secure Iliamna warehouse. Samples are placed in bags and stored in a locked aircraft hangar prior to shipping via twice-weekly scheduled air service to Anchorage. From Anchorage, the samples are taken by commercial surface transport to sample preparation laboratories at Fairbanks, Alaska.

Drilling, sampling and QAQC are supervised by qualified persons employed by Northern Dynasty. Core samples are logged and identified in the field with consecutively numbered sample tags, on which the analytical QAQC designations for standards and duplicates are pre-marked.

For details on the sampling and analytical procedures at Pebble prior to 2007 are described in the 2007 technical report. Procedures in 2007 are shown in the flow chart below:



Recent Exploration – 2007 Program

Drilling

The 2007 program focused on Pebble East and consisted of two components: delineation drilling and infill drilling, totaling some 157,000 feet in 36 holes. Drill holes intersected long intervals of high-grade copper-gold-molybdenum mineralization, consistently exceeding 1% copper equivalent. The deposit remains open. An updated estimate has been completed, increasing the inferred mineral resources in the Pebble East Deposit by 14%. Results are tabulated below. The estimate was prepared by technical consultants to the Pebble Limited Partnership, based on geological and assay information from 162 diamond drill holes completed in the Pebble East area.

Engineering

Engineering work in 2007 was focused in the following areas:

- Collection of additional site and underground geotechnical data to support ongoing mine design work;
- Completion of metallurgical testwork on Pebble East to optimize conventional processing systems and designs;
- Continuation of assessments of the major infrastructure elements (access road, port and power) in order to establish the optimum alternatives and designs for these Project components; and
- Assessment of potential project mine plans that would extract portions of the extensive mineral resources available to determine likely scenarios for the prefeasibility study.

The Pebble East geotechnical data collection program is managed by an international independent consulting firm. The objective of this program is to collect geotechnical data to support design of an important underground mine at Pebble East. In the first quarter, data was collected from the acoustic logger and logged and collated by site staff. Personnel from the geotechnical consulting firm arrived on site in the second quarter of 2007 and, from then until the end of December, one rig was dedicated to a program that included drilling and logging oriented core. A number of holes were tested using the acoustic logger and geotechnical data was collected from all core by Pebble Limited Partnership personnel under the supervision of the independent consultant.

A surface geotechnical program, designed to supplement the extensive database collected in previous years, took place during the third and fourth quarters of 2007. The data will be used in the design of site infrastructure, tailings and water management systems. A total of 46 holes were laid out for the program, and 26 were completed by the end of the field season.

More detailed flotation and comminution testwork for the Pebble East Deposit commenced in January 2007, building on the scoping work done in 2006. Comminution techniques reduce the size of rock material to liberate minerals of interest. The initial phase of Pebble East comminution program was completed during the second quarter, and additional work identified for Pebble East and West. Samples were collected and shipped for tests to be completed in 2008.

In addition to testing for use of conventional grinding technology, a suite of samples was subjected to High Pressure Grinding Roll (HPGR) tests in 2007. The tests showed that there would be no advantage to utilizing HPGR at Pebble. Crushing tests were also carried out in fourth quarter.

A grind versus net present value analysis was completed on Pebble East samples. The analysis indicated that the optimum primary grind size would be approximately 200 microns, which is significantly coarser

than the values used for planning to date. Using a coarser grind could significantly increase throughput for the same power draw through the currently planned grinding circuit or, alternately, obtain the same throughput with less grinding power. This work continues, with expected completion in the first half of fiscal 2008.

Flotation development work, including testing flotation conditions and determining reagent types, consumption, and recovery parameters, was completed in the second quarter. As the flowsheet is different than that originally devised for Pebble West, it must be re-tested with additional Pebble West samples. A new batch of samples was acquired by drilling nine holes at the Pebble West Deposit in 2007, which were prepared and shipped from site by the end of the program. Work to confirm the flowsheet and reagent scheme for Pebble East as well as Pebble West and blended ore scenarios will take place in 2008. Additional grinding tests will be conducted on these samples.

Copper, gold and molybdenum recoveries achieved to flotation concentrate, projected to a 26% copper concentrate, were 91% for copper, 64% for gold and 94% for molybdenum. Silver recovery is estimated at 50%. Palladium has been detected in the Pebble East material. Payable levels of rhenium have also been found in the molybdenum concentrate. Testwork is underway to determine expected recoveries, as all of these metals have the potential to add significant value to the project.

Although a base case for the project infrastructure has been developed, previous studies had shown that there may be additional opportunities provided through alternatives for the port site and road. Alternate port site studies were completed by year-end. This study confirmed that the two port alternatives that were studied rank very closely and further additional analysis will be required to make a final selection.

Environmental, Cultural and Socioeconomic Studies

Comprehensive environmental and socioeconomic base-line study programs continued in 2007, with the objectives of collecting data in the area of the expanded Pebble East Deposit and comparing annual variability. This data provides a foundation for the sound environmental design of the project and preparation of state and federal permit applications in future years. The primary focus of 2007 programs was in the areas of water, aquatic/fish, terrestrial/wildlife, wetlands, and subsistence/traditional use.

Environmental and socio-economic baseline data studies have now been completed for four consecutive years. This work was undertaken by over 45 independent consulting firms, and expanded the geographic scope of its investigations to support Pebble East planning. In addition to the currently obtained data, environmental base line information that was collected during the exploration activities by the prior operator has been obtained.

The Pebble Partnership team continued its efforts to engage people in the local communities, as well as other project stakeholders, in an informed dialogue on the deposit geology, project design alternatives, and environmental studies. Over the past 12 months, 430 meetings have been facilitated with project stakeholders throughout the State of Alaska. Local hire/recruiting, workforce training, and local business development initiatives were ongoing. Four community associates were hired to assist with project education in villages located in the area.

In 2007, the Stakeholder Relations team included eight people directly and many others indirectly. The primary goal was to be visible and available in the communities. Ninety communities were visited and more than 45 mine tours were hosted. Those tours included representatives from 95 different stakeholder groups visiting the Pebble site and 47 representatives from stakeholder groups attending tours to operating mines in Alaska and British Columbia. In addition the team made presentations on the Pebble Project to 52 different groups around Alaska and 40 presentations made during site tours.

The Pebble Partnership continues to focus on developing positive working relationships with many local Native and community institutions, supporting skills training, workforce and business development, local scholarships, search and rescue efforts, and other community initiatives.

More than 140 local people from more than 16 communities in the Bristol Bay area were employed by the Project last year, and significant expenditures were made on local goods, services and salaries. On-site training programs have enabled more local people to be hired and workers to be advanced to positions requiring more skill and responsibility. The Pebble Partnership has also continued to provide financial support to enable mining and natural resources career education to be introduced at schools in the local region.

Plans for 2008

The comprehensive program will continue in 2008, with a focus on:

- Infill and step out drilling to upgrade a portion of the mineral resources in the Pebble East Deposit to an indicated category and to support a prefeasibility study. Drilling will also test for the full extent of the deposit.
- Geotechnical data collection, detailed metallurgical testwork and infrastructure studies.
- Ongoing community engagement programs with a focus on project presentations, mining education tours, employee training and economic development programs.

Resource drilling of 51,850 m (157,000 feet) is planned. In addition, 6,600 m (20,000 feet) of engineering drilling is recommended. Total cost of the drilling and other site activities is approximately $61.6 million.

Metallurgical and comminution work will continue, focusing on fresh material obtained from the Pebble West and East deposits during 2006 and 2007; this work will address further modifications to the flowsheets and comminution circuits. The cost of metallurgical studies, infrastructure studies and other engineering work, as well as report writing and associated activities is approximately $30.2 million.

The proposed cost of environmental and socioeconomic programs is $39.7 million.

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 the entire investment. The risks associated with Northern Dynasty's business include:

Northern Dynasty's mineral property interests do not contain any ore 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 a 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 and 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". Engineering, socioeconomic and environmental studies are ongoing. Additional drilling is planned to further define the Pebble East Deposit. Exploration for minerals is a speculative venture necessarily involving substantial risk. If the expenditures Northern Dynasty or The Pebble Partnership makes on the Pebble Project do not result in discovery and development of commercial quantities of ore, the value of exploration and acquisition expenditures will be totally lost and the value of Northern Dynasty stock negatively impacted.

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 National Instrument 43-101. These resources estimates are classified as "measured resources", "indicated resources" and "inferred resources". Northern Dynasty advises investors that while these terms are mandated by Canadian securities administrators, the U.S. Securities and Exchange Commission does not recognize these terms. **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 ore reserves.** Further, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or prefeasibility studies, except in rare cases. **Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

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.

Northern Dynasty has no history of earnings and no foreseeable earnings and may never achieve profitability or pay dividends.

Northern Dynasty has a long history of losses and there can be no assurance that Northern Dynasty will ever be profitable. Northern Dynasty has paid no dividends on its shares since incorporation. Northern Dynasty presently has no ability to generate earnings as its mineral properties are in the exploration stage. If Northern Dynasty is successful in developing the Pebble Project, Northern Dynasty anticipates that it will retain future earnings and other cash resources for the future operation and development of its

business. Northern Dynasty does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends is solely at the discretion of Northern Dynasty's board of directors, which will take into account many factors including Northern Dynasty's operating results, financial conditions and anticipated cash needs. For these reasons, Northern Dynasty may never achieve profitability or pay dividends.

Northern Dynasty's consolidated financial statements have been prepared assuming Northern Dynasty will continue on a going concern basis

Northern Dynasty's consolidated financial statements have been prepared on the basis that Northern Dynasty will continue as a going concern. At December 31, 2007, Northern Dynasty had working capital of approximately $33.8 million, which is sufficient to fund its operations in fiscal 2008. Northern Dynasty's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to finance the completion of the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production. 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.

As the Pebble Project is Northern Dynasty's principal mineral property, the failure of Northern Dynasty or The Pebble Partnership to establish that the Pebble Project possesses commercially viable and legally mineable deposits of ore will 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 principal mineral property. Northern Dynasty's principal business objective is to carry out further exploration activities to establish whether the Pebble Project possess commercially viable deposits of ore. If Northern Dynasty in 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 result in a significant decline in the trading price of Northern Dynasty's common shares. At this time, Anglo is only required to fund The Pebble Partnership for $125 million and there is no certainty that Anglo will elect to continue funding The Pebble Partnership if Anglo is not satisfied with the outlook for the Pebble Project, economically or politically. 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.

The Pebble Project, like many major mining projects, has opponents. The opponents of the Pebble Project are well organized are trying to bring public and political pressure against the Pebble Project. If successful, the opponents could delay or prevent the commercialization of the Pebble Project even if it is found to be economically viable and technically legally permittable.

If prices for copper, gold and molybdenum decline, Northern Dynasty may not be able to raise the additional financing required to fund its exploration activities for the Pebble Project.

The ability of Northern Dynasty to raise financing to fund its exploration activities and, if warranted, development of the Pebble Project, will be significantly affected by changes in the market price of the metals it mines or for which it explores. The prices of copper, gold and molybdenum 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 and molybdenum 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 and molybdenum have fluctuated in recent years, and future significant price declines could cause investors to be unprepared to finance exploration of copper, gold and molybdenum, with the result that Northern Dynasty may not have sufficient financing with which to funds its exploration activities

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 does. 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 large resources and changes to these requirements could significantly increase the costs developing the Pebble Project and could delay these activities.

The Pebble Partnership and Northern Dynasty 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 Northern Dynasty 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 Northern Dynasty's exploration and, if warranted, development activities.

Changes in government regulations 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 may not be able to obtain all necessary licenses and permits that may be required to carry out exploration at our projects. Obtaining the necessary governmental permits is a complex, time-consuming and costly process. The duration and success of Northern Dynasty's efforts to obtain permits are contingent upon many variables not within our 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 we previously estimated. It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that we would not proceed with the development or operation

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 risks 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 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 maintains liability insurance in an amount which it considers 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 might not elect to insure itself 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.

The market price of Northern Dynasty's common shares is subject to high volatility and could cause investor loss.

The market price of a publicly traded stock, especially a resource issuer like Northern Dynasty, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of market for resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Company's common shares suggests Northern Dynasty's shares will continue to be volatile. Therefore, investors could suffer significant losses if Northern Dynasty's shares are depressed or illiquid when an investor seeks liquidity and needs to sell Northern Dynasty shares.

If Northern Dynasty loses the services of the key personnel that it engages to undertake its exploration, 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 independent contractors, including Hunter Dickinson Services Inc ("HDSI"). 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 various opportunities; however the Company does not have the right to require HDSI to bring to the Company all corporate opportunities that come to HDSI's attention.
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ITEM 6. DIVIDENDS

The Company has not paid any dividends on any of its shares since incorporation and does not presently have any intention of paying dividends.

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

Northern Dynasty's share capital consists of one class only, namely common shares without par value, of which an unlimited number of shares are authorized and 92,543,639 common shares without par value were issued and outstanding as fully paid and non-assessable as of December 31, 2007. As of March 28, 2008, there were 92,543,639 common shares issued and outstanding as fully paid and non-assessable. The accompanying audited consolidated financial statements provide details of all share issuances effected by Northern Dynasty and the issue price per share since January 1, 2006.

There have been no changes in the classification of common shares (reclassifications, consolidations, reverse splits or the like) within the previous five years. All common shares of Northern Dynasty rank pari passu (i.e. equally) for voting and the payment of any dividends and distributions in the event of a windup.

There are no constraints imposed on the ownership of securities of Northern Dynasty.

Northern Dynasty's securities have not received any ratings from any rating organization.

ITEM 8. MARKET FOR SECURITIES

The following table shows the progression in high and low trading prices of the common shares of Northern Dynasty on the TSX Venture Exchange and AMEX for the periods listed. On October 30, 2007 the common shares of the Company commenced trading on the Toronto Stock Exchange and were de-listed from the TSX Venture Exchange.

	TSX Venture			AMEX		
	High (Cdn$)	Low (Cdn$)	Average Daily Trading Volume	High (US$)	Low (US$)	Average Daily Trading Volume
Monthly						
December 2007	13.40	10.95	173,300	13.60	10.92	349,700
November 2007	11.65	10.23	209,950	12.19	10.23	347,000
October 2007	13.08	10.40	220,700	13.44	10.41	409,900
September 2007	12.06	9.82	161,400	12.06	9.31	378,000
August 2007	16.75	9.28	326,300	15.57	8.63	564,700
July 2007	16.50	12.86	173,300	15.61	11.98	334,900
June 2007	14.40	11.46	158,500	13.60	10.70	322,600
May 2007	14.00	12.62	184,100	13.06	11.25	434,300
April 2007	14.00	11.85	279,400	12.55	10.25	505,700
March 2007	13.50	11.00	428,600	11.68	9.40	403,800
February 2007	13.00	9.70	809,600	11.25	8.19	373,500
January 2007	10.54	7.86	222,600	8.93	6.70	214,500

Northern Dynasty share trading information is also available through free internet search services (for example, see Yahoo.com, enter NDM.TO or NAK)

ITEM 9. ESCROWED SECURITIES

There are no shares of Northern Dynasty held in escrow.

ITEM 10. DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and officers of the Company, their principal occupations during the past five years, and the period of time they have served as directors or officers of Northern Dynasty are as follows. Except where indicated, each director and senior officer of Northern Dynasty has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years. The number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at March 26, 2007.

Name, Position and Country of Residence	Period a Director of Northern Dynasty	Securities Beneficially Owned or Controlled
David J. Copeland Director Vancouver, British Columbia	Since June 1996	2,171,783 Common Shares 165,000 Options (1)
Scott D. Cousens Director Vancouver, British Columbia	Since June 1996	1,684,133 Common Shares 165,000 Options (1)
Robert A. Dickinson Chairman of the Board and Director Lions Bay, British Columbia	Since June 1995	3,263,583 Common Shares(5) 204,000 Options (2)
David Elliott Director Vancouver, British Columbia	Since July 2004	13,000 Common Shares 165,000 Options (1)
Gordon J. Fretwell Director West Vancouver, British Columbia	Since July 2004	Nil Common Shares 165,000 Options (1)
Wayne Kirk Director San Rafael, California	Since July 2004	20,000 Common Shares 165,000 Options (1)
Jeffrey R. Mason Chief Financial Officer and Director Vancouver, British Columbia	Since June 1996	1,829,889 Common Shares 165,000 Options (1)
Stephen Scott Director West Vancouver, British Columbia	Since November 2007	Nil Common Shares
Walter T. Segsworth Director West Vancouver, British Columbia	Since September 2004	Nil Common Shares 165,000 Options (1)
Ronald W. Thiessen President, CEO and Director West Vancouver, British Columbia	Since November 1995	2,095,838 Common Shares 249,000 Options (3)
Trevor Thomas Secretary Vancouver, British Columbia	Since February 2008	Nil Common Shares 15,000 Options (4)

Notes:

1. Mr. Copeland, Mr. Cousens, Mr. Elliott, Mr. Fretwell, and Mr. Kirk, Mr. Mason, and Mr. Segsworth each hold options to purchase 90,000 common shares at $7.25 per share expiring on April 30, 2011 and 75,000 common shares at $10.95 per share expiring on February 20, 2012.

2. Mr. Dickinson holds options to purchase 90,000 Common Shares at an exercise price of $7.25 per share expiring on April 30, 2011 and 114,000 Common Shares at $10.95 expiring on February 20, 2012.

3. Mr. Thiessen holds options to purchase 135,000 Common Shares at an exercise price of $7.25 per share expiring on April 30, 2011 and 114,000 Common Shares at $10.95 expiring on February 20, 2012.

4. Mr. Thomas holds options to purchase 15,000 Common Shares at an exercise price of $9.81 per share expiring on April 30, 2009.

5. Certain of these shares are held by United Mineral Services, a private company that is wholly owned by Mr. Dickinson.

At the annual general meeting of the Company held in June 7, 2007, directors listed except for Mr. Stephen Scott, were re-elected to a one-year term of office expiring at the next annual general meeting of Northern Dynasty, which is expected to be held in June 2008. Several of the directors serve together on a number of boards of directors of other publicly listed companies. A cost sharing arrangement exists between a number of these companies pursuant to administrative and geological service agreements with Hunter Dickinson Services Inc. ("HDSI"), a private company owned equally by eight public companies, one of which is Northern Dynasty. HDSI provides extensive engineering, geological and administrative services to, and incurs costs on behalf of, these companies and allocates the full costs to them. All officers have a term of office lasting until their removal or replacement by the Board of Directors.

Based on insider reports filed on www.sedi.ca, as at March 26, 2008, the above directors and officers beneficially owned, directly or indirectly, or exercised control or direction over 11,078,226 common shares of the Company (12.1%), or 12,701,226 common shares on a fully diluted basis (13.7%).

The following committees have been established by the members of Northern Dynasty's board of directors:

Committee	**Membership**
Audit Committee	David Elliott Gordon Fretwell Wayne Kirk
Compensation Committee	David Elliott Gordon Fretwell Wayne Kirk Jeffrey Mason
Nominating and Governance Committee	David Elliott Gordon Fretwell Wayne Kirk

The mandate of each of these committees is more particularly described in Northern Dynasty's corporate governance manual available on the Company's website at www.northerndynastyminerals.com.

Principal Occupation and Other Companies Served by Current Directors of Northern Dynasty

DAVID J. COPELAND, P.Eng. – Director

David Copeland is a geological engineer who graduated in economic geology from the University of British Columbia. With over 30 years of experience, Mr. Copeland has undertaken assignments in a variety of capacities in mine exploration, discovery and development throughout the South Pacific, Africa, South America and North America. His principal occupation is President and Director of CEC Engineering Ltd., a consulting engineering firm that directs and co-ordinates advanced technical programs for exploration on behalf of companies for which Hunter Dickinson Services Inc. provides services. He is also a director of Hunter Dickinson Services Inc.

Mr. Copeland is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
Amarc Resources Ltd.	Director	September 1995	Present
Anooraq Resources Corporation	Director	September 1996	September 2004
Continental Minerals Corporation	Director	November 1995	Present
	President and Chief Executive Officer	January 2008	Present
Farallon Resources Ltd.	Director	December 1995	Present
Great Basin Gold Ltd.	Director	February 1994	Present
Rockwell Diamonds Inc.	Director	September 2006	Present
	Chief Executive Officer	September 2006	September 2007
	Chairman	September 2007	Present
Taseko Mines Limited	Director	March 1994	Present

SCOTT D. COUSENS - Director

Scott Cousens provides management, technical and financial services to a number of publicly traded companies. Mr. Cousens' focus since 1991 has been the development of relationships within the international investment community. Substantial financings and subsequent corporate success has established strong ties with North American, European and Asian investors.

Mr. Cousens is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
Amarc Resources Ltd.	Director	September 1995	Present
Anooraq Resources Corporation	Director	September 1996	Present
Continental Minerals Corporation	Director	June 1994	Present
Farallon Resources Ltd.	Director	December 1995	April 2007

Company	Positions Held	From	To
Great Basin Gold Ltd.	Director	March 1993	November 2006
Rockwell Diamonds Inc.	Director	November 2000	Present
Taseko Mines Limited	Director	October 1992	Present

ROBERT A. DICKINSON, B.Sc., M.Sc. – Chairman of the Board and Director

Robert Dickinson is an economic geologist who serves as a member of management of several mineral exploration companies, primarily those for whom Hunter Dickinson Services Inc. provides services. He holds a Bachelor of Science degree (Hons. Geology) and a Master of Science degree (Business Administration - Finance) from the University of British Columbia. Mr. Dickinson has also been active in mineral exploration over 40 years. He is a director of Hunter Dickinson Services Inc. He is also President and Director of United Mineral Services Ltd., a private investment company.

Mr. Dickinson is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1994	Present
	Co-Chairman	November 2001	April 2004
	Chairman	April 2004	Present
Amarc Resources Ltd.	Director	April 1993	Present
	Co-Chairman	September 2000	April 2004
	Chairman	April 2004	Present
Anooraq Resources Corporation	Director	November 1990	September 2004
	Director	October 2004	Present
	Chairman	April 2004	September 2004
	Co-Chairman	October 2004	Present
Continental Minerals Corporation	Director	June 2004	Present
	Chairman	June 2004	January 2006
	Co-Chairman	January 2006	December 2006
Detour Gold Corporation	Director	August 2006	Present
Farallon Resources Ltd.	Director	July 1991	April 2007
	Chairman	April 2004	September 2004
	Co-Chairman	September 2004	April 2006
Great Basin Gold Ltd.	Director	May 1986	November 2006
	Co-Chairman	September 2000	April 2004
	Chairman	April 2004	December 2005
	Co-Chairman	December 2005	November 2006
Rockwell Diamonds Inc.	Director	November 2000	September 2006
	Chairman	November 2000	September 2006

Company	Positions Held	From	To
Taseko Mines Limited	Director	January 1991	Present
	Chairman	April 2004	July 2005
	Co-Chairman	July 2005	May 2006

DAVID ELLIOTT, B. Comm, ICD.D. FCA – Director

David Elliott graduated from the University of British Columbia with a Bachelor of Commerce degree and then acquired a Chartered Accountant designation. In 2006, he became a certified director with the Institute of Corporate Directors. Mr. Elliott joined BC Sugar Company in 1976, working in a number of senior positions before becoming President and Chief Operating Officer of the operating subsidiary, Rogers Sugar. In 1997, he joined Lantic Sugar in Toronto as Executive Vice President. He also served as Chairman of the Canadian Sugar Institute. He became President and Chief Operating Officer of the International Group based in St Louis, Missouri in 1999, a company involved with food distribution as well as manufacturing and distribution of pet and animal feed. For several years, he worked with companies developing e-mail and data management services. Currently, Mr. Elliott is a director and Audit Committee chairman of Anooraq Resources Corporation, Great Basin Gold Ltd., Northern Dynasty Minerals Ltd. and Taseko Mines Limited.

Mr. Elliott is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	July 2004	Present
Anooraq Resources Corporation	Director	April 2005	Present
Great Basin Gold Ltd.	Director	July 2004	Present
StorageFlow Systems Corp.	Director	May 2002	June 2004
	President and Chief Operating Officer	May 2002	June 2003
Taseko Mines Limited	Director	July 2004	Present

GORDON J. FRETWELL, B.Comm. LLB. – Director

Gordon Fretwell holds a B.Comm, degree and graduated from the University of British Columbia in 1979 with his Bachelor of Law degree. Formerly a partner in a large Vancouver law firm, Mr. Fretwell has, since 1991, been a self-employed solicitor (Gordon J. Fretwell Law Corporation) in Vancouver practicing primarily in the areas of corporate and securities law.

Mr. Fretwell is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 2004	Present

Company	Positions Held	From	To
Antarex Metals Ltd.	Director	December 2000	September 2002
Bell Resources Corporation	Director	June 2001	Present
Benton Resources Corp.	Director	March 2005	Present
Continental Minerals Corporation	Director	February 2001	Present
Copper Ridge Explorations Inc.	Director and Secretary	September 1999	Present
Grandcru Resources Corp.	Director	December 2002	Present
Icon Industries Limited	VP of Legal Services	December 2000	Present
	Director	July 2004	Present
International Royalty Corporation	Director	February 2005	Present
Keegan Resources Inc.	Director	February 2004	Present
Lignol Energy Corporation	Director	January 2007	Present
Meritus Minerals Ltd.	Director	June 2007	Present
Pine Valley Mining Corp.	Director	August 2003	Present
Quartz Mountain Resources Ltd.	Director and Secretary	January 2003	Present
Rockwell Diamonds Inc.	Secretary	March 1998	November 2007
	Director	March 1998	September 2006
Tri-Gold Resources Corp.	Director	July 2001	October 2003
	Secretary	July 2001	September 2003
	CFO	November 2005	January 2006

WAYNE KIRK, LLB - Director

Wayne Kirk is a retired California State Attorney and Professional Consultant. With over 35 years professional experience Mr. Kirk also has over 10 years senior executive experience in the mining industry.

Mr. Kirk is a citizen of the United States and is a resident of California. A Harvard University graduate, Mr. Kirk received his law degree in 1968. From 1992 to 2001 Mr. Kirk was the Vice President, General Counsel and Corporate Secretary of Homestake Mining Company. Prior to his retirement in June 2004 he spent two years as Special Counsel for the law firm, Thelen Reid & Priest, in San Francisco.

Mr. Kirk is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	July 2004	Present
Anooraq Resources Corporation	Director	July 2005	Present
Great Basin Gold Ltd.	Director	July 2004	Present
Taseko Mines Limited	Director	July 2004	Present

JEFFREY R. MASON, B.Comm., CA – Director, Chief Financial Officer

Jeffrey Mason holds a Bachelor of Commerce degree from the University of British Columbia and obtained his Chartered Accountant designation while specializing in the mining, forestry and transportation sectors at the international accounting firm of Deloitte & Touche. Following comptrollership positions at an international commodity mercantilist and Homestake Mining Group of companies including responsibility for North American Metals Corp. and the Eskay Creek Project, Mr. Mason has spent the last several years as a corporate officer and director to a number of publicly-traded mineral exploration companies. Mr. Mason is also employed as Chief Financial Officer of Hunter Dickinson Services Inc. and his principal occupation is the financial administration of the public companies to which Hunter Dickinson Services Inc. provides services.

Mr. Mason is, or was within the past five years, an officer and or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
	Secretary	June 1996	February 2008
	Chief Financial Officer	June 1998	Present
Amarc Resources Ltd.	Director	September 1995	Present
	Secretary	September 1995	Present
	Chief Financial Officer	September 1998	Present
Anooraq Resources Corporation	Director	April 1996	September 2004
	Secretary	September 1996	September 2007
	Chief Financial Officer	February 1999	June 2007
Coastal Contacts Inc.	Director	October 2006	Present
Continental Minerals Corporation	Director	June 1995	February 2008
	Secretary	November 1995	February 2008
	Chief Financial Officer	June 1998	February 2008
Detour Gold Corporation	Chief Financial Officer/Secretary	July 2006	December 2007
Farallon Resources Ltd.	Director	August 1994	February 2008
	Secretary	December 1995	December 2007

Company	Positions Held	From	To
	Chief Financial Officer	December 1997	December 2007
Great Basin Gold Ltd.	Director	February 1994	November 2006
	Secretary	February 1994	November 2006
	Chief Financial Officer	June 1998	November 2006
Quartz Mountain Resources Ltd.	Principal Accounting Officer	January 2005	February 2008
Rockwell Diamonds Inc.	Director	November 2000	September 2007
	Chief Financial Officer	November 2000	April 2007
Taseko Mines Limited	Director	February 1994	Present
	Secretary	February 1994	Present
	Chief Financial Officer	November 1998	Present

STEPHEN V. SCOTT, CPA – Director

Mr. Scott has over 20 years of experience in the mining industry, encompassing both international and domestic assignments. He is currently General Manager Commercial, Rio Tinto Exploration, Project Generation Group, a position that he has held since 2005. Between 2000 and 2005, he held other senior managerial positions within the Rio Tinto plc group. Rio Tinto plc owns, or controls indirectly through affiliates, approximately 19.6% of Northern Dynasty's outstanding shares. Mr. Scott is not an officer and/or director of any other public companies.

WALTER T. SEGSWORTH, P.Eng. – Director

Walter Segsworth has been an active and respected member of the international mining industry for over 30 years. He has an excellent track record in employee safety, environmental excellence and turn around production situations. During Mr. Segsworth's tenure as President, Chief Operating Officer and Director at Homestake Mining Company, the Company set a 125 year gold production record and its operating costs reached 25 year lows. Mr. Segsworth is a past Director and Chairman of the Mining Associations of Canada and British Columbia, and was voted British Columbia Mining Industry Person of the Year in 1996. He is a member of the Canadian Institute of Mining, Metallurgy and Petroleum and until recently, was part of the Mining Curriculum Advisory Board of the Michigan Technological University, from which he earned his degree in Mining Engineering.

Mr. Segsworth is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Anooraq Resources Corporation	Director	March 2004	December 2004
Yukon Zinc Corporation	Director	February 2001	Present
Great Basin Gold Ltd.	Director	January 2003	Present
Northern Dynasty Minerals Ltd.	Director	September 2004	Present

Plutonic Power Corporation Inc.	Chairman and Director	September 2002	Present
UEX Corporation	Director	March 2002	Present

RONALD W. THIESSEN, CA – Director, President and Chief Executive Officer

Ronald Thiessen is a Chartered Accountant with professional experience in finance, taxation, mergers, acquisitions and re-organizations. Since 1986, Mr. Thiessen has been involved in the acquisition and financing of mining and mineral exploration companies. Mr. Thiessen is employed by Hunter Dickinson Services Inc., a company providing management and administrative services to several publicly-traded companies and focuses on directing corporate development and financing activities. He is also a director of Hunter Dickinson Services Inc.

Mr. Thiessen is, or was within the past five years, an officer and/or director of the following public companies:

Company	**Positions Held**	**From**	**To**
Amarc Resources Ltd.	Director	September 1995	Present
	President and Chief Executive Officer	September 2000	Present
Anooraq Resources Corporation	Director	April 1996	Present
	President and Chief Executive Officer	September 2000	August 2007
Continental Minerals Corporation	Director	November 1995	Present
	President and Chief Executive Officer	September 2000	January 2006
	Co-Chairman	January 2006	Present
Detour Gold Corporation	Director and Chairman	July 2006	Present
Farallon Resources Ltd.	Director	August 1994	Present
	President and Chief Executive Officer	December 1999	September 2004
	Co-Chairman	September 2004	December 2005
	Chairman	December 2005	Present
Great Basin Gold Ltd.	Director	October 1993	Present
	President and Chief Executive Officer	September 2000	December 2005
	Co-Chairman	December 2005	November 2006
	Chairman	November 2006	Present
Northern Dynasty Minerals Ltd.	Director	November 1995	Present
	President and Chief Executive Officer	November 2001	Present

Company	Positions Held	From	To
Rockwell Diamonds Inc.	Director	November 2000	September 2007
	President and Chief Executive Officer	November 2000	September 2006
	Chairman	September 2006	September 2007
Taseko Mines Limited	Director	October 1993	Present
	President and Chief Executive Officer	September 2000	July 2005
	Co-Chairman	July 2005	May 2006
	Chairman	May 2006	Present
The Vancouver Board of Trade	Director	June 2007	Present
Tri-Gold Resources Corp.	Director	July 1992	December 2006

Other Officers

BRUCE JENKINS - Chief Operating Officer

Bruce Jenkins is a corporate and government relations executive with over 30 years of experience in project and corporate management. He is COO of the Partnership's US subsidiary, Pebble East Claims Corporation (formerly Northern Dynasty Mines Inc.) and directs Northern Dynasty's environment, government, community relations and permitting activities.

STEPHEN HODGSON - Vice President, Engineering

Stephen Hodgson is a professional engineer with 30 years of experience in mine operations, mine development and project engineering. He is Vice President of the Partnership's US subsidiary, Pebble East Claims Corporation (formerly Northern Dynasty Mines Inc.), Vice President of Engineering for Hunter Dickinson Services Inc. and Feasibility Study Director for the Pebble Project.

TREVOR THOMAS, LLB – Secretary

Trevor Thomas has practiced in the areas of corporate commercial, corporate finance, securities and mining law for over 12 years, both in private practice environment as well as in house positions and is currently in-house counsel for Hunter Dickinson Services Inc. Prior to joining Hunter Dickinson Services Inc., he served as in house legal counsel with Placer Dome Inc.

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Secretary	February 2008	Present
Anooraq Resources Corporation	Assistant Secretary	November 2007	Present
Continental Minerals Corporation	Secretary	February	Present
Farallon Resources Ltd.	Secretary	December 2007	Present

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of Northern Dynasty is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or officer of any company that while that person was acting in that capacity, was the subject of a cease trade order, penalties, sanctions or bankruptcy, during the time the individual was a director or within a one year period thereafter, or was a director or officer of a company during the time in which an event occurred which led to a cease trade order, penalties, sanctions or bankruptcy subsequent to the individual ceasing to act as a director or officer. This information has been provided by each director or officer, as the Company is unable to verify these statements independently.

Potential Conflicts of Interest

Directors of Northern Dynasty also serve as directors of other similar companies involved in natural resource development. Accordingly, it may occur that properties will be offered to such other companies. Furthermore, those other companies may participate in the same properties as those in which Northern Dynasty has an interest. As a result there may be situations which involve a potential conflict of interest or issues in connection with the doctrine of "corporate opportunity". In that event, a financially interested director would not be entitled to vote at meetings of directors in respect of a transaction involving the Company if it evokes any such conflict. The directors will attempt to avoid dealing with such other companies in situations where conflicts or corporate opportunity issues might arise and will at all times use their best efforts to act in the best interests of Northern Dynasty.

ITEM 11. PROMOTERS

Not applicable.

ITEM 12. LEGAL PROCEEDINGS

None.

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors or senior officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction of the Company other than as set out herein.

Hunter Dickinson Services Inc. ("HDSI") is a private company owned equally by eight public companies, one of which is Northern Dynasty. HDSI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis pursuant to an agreement dated December 31, 1996. Certain members of the company's senior management are employed by HDSI rather than by Northern Dynasty directly.

ITEM 14. TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is Computershare Trust Company of Canada, located in Vancouver, BC.

ITEM 15. MATERIAL CONTRACTS

The Company's material contracts during the fiscal year ended December 31, 2007 are the contracts dated July 31, 2007 establishing The Pebble Partnership with an affiliate of Anglo-American plc agreement in connection with the further exploration and where warranted development of the Pebble Property. A redacted version of the limited partnership agreement was filed on www.sedar.com on March 26, 2008 as a material agreement and can be down-loaded.

ITEM 16. INTERESTS OF EXPERTS

Mark Rebagliati, P.Eng., James Lang, P.Geo., Eric Titley, P.Geo., David Rennie, P.Eng., David Gaunt, P.Geo., Lawrence Melis, P.Eng., Derek Barratt, P.Eng., and Stephen Hodgson, P.Eng., are each persons

(a) who are named as having prepared, or co-prepared, a report described in a filing, or referred to in a filing, made under National Instrument 51-102 by the Company during, or relating to, the Company's most recently completed financial year; and

(b) whose profession or business gives authority to the report made by him.

Each of Messrs. Rebagliati, Lang, Titley, Rennie, Gaunt, Melis, Barratt and Hodgson interests in the common shares of the Company, directly or indirectly, or through stock options, represent less than 1% of the Company's outstanding share capital.

ITEM 17. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, indebtedness of officers, executive stock options and interests of management and others in material transactions, where applicable, is contained in annual financial statements, proxy circulars and interim financial statements of available at the SEDAR internet web site (www.sedar.com).

The following documents can be obtained upon request from Northern Dynasty's Shareholder Communication Department by calling (604) 684-6365:

(i) this Annual Information Form, together with any document incorporated herein by reference;

(ii) the Annual Report of the Company and any interim financial statements filed with Securities Commissions subsequent to the audited financial statements for the Company's most recently completed financial year; and

(iii) the Proxy Circular for the annual general meeting of the Company.

The Company may require the payment of a reasonable charge from persons, other than security holders of the Company, requesting copies of these documents.

ITEM 18. DISCLOSURE FOR COMPANIES NOT SENDING INFORMATION CIRCULARS

Not applicable.

ITEM 19. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the *Securities Exchange Act of 1934* (the "Exchange Act")). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in reports that we file or submit under the Exchange Act.

It should be noted that while our Chief Executive Officer and our Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met.

There were no changes in our disclosure controls and procedures during the fiscal year ended December 31, 2007 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and the board of directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP, with a reconciliation to United States GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (3) 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 financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that internal control over financial reporting was effective as of December 31, 2007 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and the reconciliation to United States GAAP.

ITEM 20. AUDIT COMMITTEE, CODE OF ETHICS, ACCOUNTANT FEES AND EXEMPTIONS

A. AUDIT COMMITTEE FINANCIAL EXPERT

The board of directors has determined that Mr. David Elliott is a member of the audit committee of the Company who qualifies as an audit committee "financial expert" based on his education and experience. Mr. Elliott is "independent", as that term is defined by the rules of Canadian National Instrument 58-101 the rules of the American Stock Exchange. Mr. Elliott is an accredited Chartered Accountant in Canada.

B. CODE OF ETHICS

The Company has adopted a code of ethics that applies to all personnel of the Company. A copy of the Code of Ethics was attached as an exhibit to the Company's Annual Report on Form 20-F filed in June 2005.

C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's audit firm for various services.

Services:	Year ended December 31, 2007	Year ended December 31, 2006
Audit Fees	$ 70,000	$ 40,000
Audit-Related Fees (1)	–	–
Tax Fees	–	–
All Other Fees	–	–
	$ 70,000	$ 40,000

Note:

(1) "Audit–Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

From time to time, management of the Company recommends to and requests approval from the audit committee for audit and non-audit services to be provided by the Company's auditors. The audit committee routinely considers such requests at committee meetings, and if acceptable to a majority of the audit committee members, pre-approves such non-audit services by a resolution authorizing management

to engage the Company's auditors for such non-audit services, with set maximum dollar amounts for each itemized service. During such deliberations, the audit committee assesses, among other factors, whether the services requested would be considered "prohibited services" as contemplated by the US Securities and Exchange Commission, and whether the services requested and the fees related to such services could impair the independence of the auditors.

ITEM 21. OFF BALANCE SHEET ARRANGEMENTS

None.

ITEM 22. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Contractual obligation	Nil	Nil	Nil	Nil	Nil
Long term debt obligations	Nil	Nil	Nil	Nil	Nil
Operating lease obligations	Nil	Nil	Nil	Nil	Nil
Purchase obligations	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

The term purchase obligation means an agreement to purchase goods or services that is enforceable and legally binding on the registrant 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.

DE VISSER GRAY LLP
CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447
Fax: (604) 687-6737

Consent of Independent Registered Public Accounting Firm

To the Board of Directors
Northern Dynasty Minerals Ltd. ("the Company")

Dear Sirs

We consent to the use of our report on the financial statements of the Company, as at and for the fiscal year ended December 31, 2007, dated March 19, 2008 and included in this annual report on Form 40-F.

Yours very truly,

De Visser Gray LLP

Chartered Accountants

Vancouver, Canada
March 28, 2008

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, **C.M. Rebagliati, P.Eng.**, do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled "Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA", March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty's 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008.

Signed,

/s/ C.M. Rebagliati
C.M. Rebagliati, P.Eng.
Rebagliati Geological Consulting Ltd
317-2200 Highbury Street
Vancouver, BC
V6R 4N8

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, **David W. Rennie**, do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled “Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA”, March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty’s 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008.

Signed,

/s/ David W. Rennie
David W. Rennie, P.Eng.
Consulting Geological Engineer
Scott Wilson Roscoe Postle Associates Inc.

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, James R. Lang, PhD, P.Geo., do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled “Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA”, March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty’s 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008.

Signed,

/s/ James R. Lang
James R. Lang, PhD, P.Geo.
President Lang Geoscience Inc.
10556 Suncrest Drive
Delta, British Columbia, Canada V4C 2N5

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, J. **David Gaunt**, P.Geo., do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled "Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA", March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty's 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008.

Signed,

/s/ David Gaunt
J. David Gaunt, P.Geo.
Hunter Dickinson Inc.
Vancouver, BC CANADA

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, Lawrence A. Melis, P.Eng., do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled “Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA”, March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty’s 2007 40F, dated March 31, 2008 and confirm that documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008.

Signed,

/s/ Lawrence A. Melis, P.Eng.
Lawrence S. Melis, P.Eng.
Melis Engineering Ltd.
Suite 100, 2366 Avenue C North
SASKATOON SK S7L5X5

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, **Derek J. Barratt**, do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled “Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA”, March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty’s 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 28th day of March, 2008.

Signed,

/s/ D. J. Barratt
Derek J. Barratt, P.Eng., C.Eng., FIMM
President
DJB Consultants, Inc.
427 Silverdale Place
North Vancouver, B.C.
CANADA V7N 2Z6

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, Eric Titley, P.Geo., do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled “Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA”, March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty’s 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008. Signed,

/s/ E. Titley
Eric Titley, P.Geo.
Hunter Dickinson Inc.
1020-800 West Pender Street
Vancouver, V6C 2V6

CONSENT OF QUALIFIED PERSON

TO: United States Securities and Exchange Commission

I, **Stephen J. Hodgson, P.Eng.**, do hereby consent to the filing of the Technical Report with the regulatory authorities referred to above and to the written or electronic disclosure of the Technical Report entitled "Technical Report on the 2007 Program and Update on Metallurgy and Resources for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA", March 31, 2008 and to extracts from, or a summary of, the Technical Report as may be required by the regulatory authorities.

I have read Northern Dynasty's 2007 40F, dated March 31, 2008 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

Submitted this 31st day of March, 2008.

Signed,

/s/ Stephen Hodgson
Stephen J. Hodgson, P.Eng.
Hunter Dickinson Inc.
1020-800 West Pender Street
Vancouver, V6C 2V6