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, 2008 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	**NYSE Amex Equities**

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: **92,628,877 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, 2008;
- our Audited Consolidated Financial Statements as at and for the three years ended December 31, 2008, 2007 and 2006; and
- our Management Discussion and Analysis for the year ended December 31, 2008.

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 disclosure in this annual report, including the documents incorporated by reference herein, uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). 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. companies.

In addition, this annual report uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" to comply with the reporting standards in Canada. We advise United States investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. United States investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility.

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, United States 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.

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.

In addition, disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

For the above reasons, information contained in this annual report and the documents incorporated by reference herein containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder..

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. Therefore, the Company's financial statements incorporated by reference in this annual report may not be comparable to financial statements prepared in

accordance with U.S. GAAP. You should refer to the discussion of the principal differences between our financial results determined under Canadian GAAP and under U.S. GAAP that is contained in note 13 to our audited consolidated financial statements included herein which provides a reconciliation of the significant differences between Canadian and United States generally accepted accounting principles.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (" **Exchange Act**") to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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. 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, as defined in Rule 13a-15(e), were effective.

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.

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 is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and 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, the Company's management has concluded that the Company's internal control over financial reporting, as defined in Rule 13a-15(f), was effective as of December 31, 2008.

During the period covered by this Annual Report, a new Accounting & Financial Reporting system was implemented at Pebble Limited Partnership ("PLP"), in which the Company has a 50% interest (described above). In connection with this system implementation, the Company updated its internal controls over financial reporting, as necessary, to accommodate modifications to its business processes and accounting procedures. PLP's financial statements constitute approximately 80% of the Company's total assets and approximately 95% of expenditures for the year ended December 31, 2008. Other than the system implementation at PLP, no other changes in internal controls over financial reporting occurred during the most recent fiscal period that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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 NYSE Amex Equities 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,	
	2008	**2007**
Audit Fees	$ 85,000	$ 70,000
Audit Related Fees	–	–
Tax Fees	–	–
All Other Fees	–	–
Total	$ 85,000	$ 70,000

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, 2008.

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.

NYSE AMEX EQUITIES CORPORATE GOVERNANCE

The Company’s common shares are listed for trading on the NYSE Amex Equities Exchange (“NYSE Amex”). Section 110 of the NYSE Amex company guide permits NYSE Amex to consider the laws,

customs and practices of their home country in relaxing certain NYSE Amex listing criteria otherwise applicable to foreign issuers, and grants exemptions from NYSE 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 NYSE 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 NYSE 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.

Further, the Company's board of directors is presently not comprised of a majority of independent directors, as required by Section 802(a) of the NYSE Amex Company Guide. The Company has been granted relief from these requirements by NYSE Amex.

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 previously 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 30, 2009.

NORTHERN DYNASTY MINERALS LTD.

By: */s/ Marchand Snyman*

Marchand Snyman
Chief Financial 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, 2008, 2007 and 2006, together with the report of the auditors thereon
99.6	Management's Discussion and Analysis for the year ended December 31, 2008
99.7	Annual Information Form of the Company for the year ended December 31, 2008
99.8	Consent of DeVisser Gray LLP, Chartered Accountants
99.9	Consent of David W. Rennie, P.Eng.
99.10	Hunter Dickinson Services Inc. Corporate Services Agreement dated June 1, 2008

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, 2008;

(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, 2009

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, Marchand Snyman, 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, 2008;

(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, 2009

By: /s/ M. Snyman
Name: Marchand Snyman
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, 2008 (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, 2009

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, Marchand Snyman, 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, 2008 (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/ M. Snyman

Name: Marchand Snyman
Title: Chief Financial Officer

Date: March 31, 2009

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, 2008, 2007, AND 2006

(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, 2008 and 2007, and the consolidated statements of operations, comprehensive loss and cash flows for each of the years in the three-year period ended December 31, 2008, 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, 2008 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 the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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, 2008 and 2007 and the results of its operations and cash flows for each of the years in the three year period ended December 31, 2008 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, 2008, 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 20, 2009

NORTHERN DYNASTY MINERALS LTD.

Consolidated Balance Sheets
(Expressed in thousands of Canadian Dollars)

	December 31 2008	December 31 2007
ASSETS		
Current assets		
Cash and equivalents	$ 59,201	$ 40,341
Marketable securities (note 5)	2	13
Amounts receivable and prepaids	1,109	1,000
Balance receivable from related parties (note 9)	–	27
	60,312	41,381
Equipment (note 6)	619	674
Mineral property interests (note 7)	168,222	168,222

Total Assets		**$ 229,153**		**$ 210,277**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	12,015	$	7,607
Balance payable to related parties (note 9)		1,328		21
		13,343		7,628
Future income tax liability (note 10)		57,753		57,786
Non-controlling interest (note 7(a)(iii))		194,182		35,552
		251,935		93,338
Shareholders' (deficiency) equity				
Share capital		365,202		365,202
Contributed surplus		23,435		18,018
Accumulated other comprehensive loss		(950)		(3)
Deficit		(423,812)		(273,906)
		(36,125)		109,311
Subsequent events (note 11)				
Commitment (note 12)				
Total Liabilities and Shareholders' Equity		**$ 229,153**		**$ 210,277**

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		
	2008	2007	2006
Expenses			
Amortization	$ 182	$ 146	$ 124
Conference and travel	1,756	1,161	936
Exploration (see schedule of exploration expenses)	140,603	86,424	50,613
Foreign exchange loss (gain)	(9,168)	3,878	(773)
Interest income	(1,268)	(2,749)	(2,238)
Legal, accounting and audit	1,141	1,649	931
Office and administration	10,657	5,062	3,041
Shareholder communication	384	623	386
Stock-based compensation - exploration (note 8(c))	1,641	4,644	1,882
Stock-based compensation - administration (note 8(c))	3,776	6,489	4,163
Trust and filing	235	485	149
Net loss before the following	149,939	107,812	59,214
Gain on disposal of marketable securities	–	(1)	(194)
Loss on disposal of fixed assets	–	11	–
Net loss before taxes	149,939	107,822	59,020
Future income tax recovery	(33)	(3,815)	(637)
Loss for the year	**$ 149,906**	**$ 104,007**	**$ 58,383**
Other comprehensive loss			
Unrealized loss on available-for-sale marketable securities (note 5)	11	2	–
Reclassification of realized gain on disposal of marketable securities included in loss	–	1	–
Recognition of exchange difference on translation	936	–	–
Other comprehensive loss	$ 947	$ 3	$ –
Total comprehensive loss	$ 150,853	$ 104,010	$ 58,383
Basic and diluted loss per common share	$ 1.62	$ 1.13	$ 0.75
Weighted average number of common shares outstanding	92,543,639	91,978,571	77,708,870

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		
	2008	2007	2006
Operating activities			
Loss for the year	$ (149,906)	$ (104,007)	$ (58,383)
Items not involving cash			
Amortization	182	146	124
Contributions from non-controlling interest (note 7(a)(iii))	158,630	35,552	–
Currency translation adjustment	(936)	–	–
Finder's fees (note 5)	–	5	–
Future income tax recovery	(33)	(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(c))	5,417	11,133	6,045
Changes in non-cash working capital items			
Amounts receivable and prepaids	(109)	(510)	(73)
Accounts payable and accrued liabilities	4,408	(232)	4,678
Balances receivable from and payable to related parties	1,334	186	256
Cash and equivalents provided by (used in) operating activities	18,987	(61,552)	(48,184)
Investing activities			
Proceeds on disposal of equipment	–	28	–
Purchase of equipment	(127)	(226)	(346)
Acquisition costs of mineral property interest	–	–	(82)
Proceeds on sale of marketable securities	–	–	558
Cash and equivalents provided by (used in) investing activities	(127)	(198)	130
Financing activities			
Common shares issued for cash, net of issue costs	–	4,661	132,535
Options exercised proceeds received (receivable)	–	3,740	(3,740)
Cash provided from financing activities	–	8,401	128,795
Increase (decrease) in cash and equivalents	**18,860**	**(53,349)**	**80,741**
Cash and equivalents, beginning of year	40,341	93,690	12,949
Cash and equivalents, end of year	**$ 59,201**	**$ 40,341**	**$ 93,690**
Components of cash and equivalents are as follows:			
Cash	14,141	3,882	260
Government of Canada treasury bills	44,077	–	–
Bankers' acceptances	983	1,004	71,162
Guaranteed investment certificates	–	–	1,662
Commercial paper	–	35,455	20,606
	$ 59,201	**$ 40,341**	**$ 93,690**
Supplementary information			
Taxes paid	$ 67	$ –	$ –
Interest paid	$ –	$ –	$ –
Interest received	$ 1,268	$ 2,751	$ 2,238
Non-cash investing and financing activities			
Issuance of shares for mineral property interest	$ –	$ –	$ 89,194
Fair value of stock options allocated to shares issued upon exercise	$ –	$ 3,177	$ 5,045

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, 2008		Year ended December 31, 2007
Share capital	**Number of shares**		**Number of shares**	
Balance at beginning of the year	92,543,639	$ 365,202	91,685,519	$ 357,364
Share purchase options exercised at $4.50 per share	–	–	150,068	675
Share purchase options exercised at $5.31 per share	–	–	515,066	2,735
Share purchase options exercised at $5.37 per share	–	–	15,000	81
Share purchase options exercised at $5.40 per share	–	–	68,400	369
Share purchase options exercised at $7.25 per share	–	–	105,436	764
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
Common shares issued pursuant to share purchase agreement, net of issue costs (note 8(b))	–	–	–	(5)
Balance at end of the year	92,543,639	$ 365,202	92,543,639	$ 365,202
Contributed surplus				
Balance at beginning of the year		18,018		10,062
Stock-based compensation (note 8(c))		5,417		11,133
Fair value of stock options allocated to shares issued on exercise		–		(3,177)
Balance at end of the year		$ 23,435		$ 18,018
Accumulated other comprehensive loss				
Balance at beginning of the year		(3)		–
Unrealized loss on available-for-sale marketable securities (note 5)		(11)		(2)
Gain recognized on disposal of available-for-sale marketable securties		–		(1)
Translation adjustment		(936)		–
Balance at end of the year		$ (950)		$ (3)
Deficit				
Balance at beginning of the year		(273,906)		(169,899)
Loss for the year		(149,906)		(104,007)
Balance at end of the year		$ (423,812)		$ (273,906)
TOTAL SHAREHOLDERS' EQUITY		**$ (36,125)**		**$ 109,311**

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		
	2008	2007	2006
Assays and analysis	$ 1,387	$ 1,114	$ 586
Drilling	25,997	17,700	7,563
Engineering	28,602	4,464	4,744
Environmental	26,320	19,624	13,664
Equipment rental	103	97	67
Freight	2,197	2,150	1,082
Geological	3,253	1,780	1,250
Graphics	34	110	36
Land access	450	–	–
Option payment (note 5)	–	(20)	–
Property fees and assessments	370	202	172
Public affairs	9,511	–	–
Site activities	22,971	18,592	10,295
Socioeconomic	3,134	7,778	4,626
Transportation	14,564	11,567	5,627
Travel and accommodation	1,710	1,266	901
Incurred during the year	**140,603**	**86,424**	**50,613**
Cumulative expenditures, beginning of year	223,698	137,274	86,661
Cumulative expenditures, end of year	**$ 364,301**	**$ 223,698**	**$ 137,274**

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 ("Canadian GAAP"). A reconciliation of material differences between these principles and accounting principles generally accepted in the United States is shown in note 13.

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(o) and 7(a)(iii)). Expenditures incurred on the Pebble Project through the partnership, while funded 100% by Anglo, have been included in the consolidated statement of operations. Anglo's contributions for the year ended December 30, 2008 of $158.6 million (US$148 million) have been recorded as a non-controlling interest in the partnership.

All material intercompany balances and transactions have been eliminated at December 31, 2008, 2007 and 2006.

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, 2008, of the $59,201 (2007 – $40,341) cash and equivalents held by the Company, $12,671 (US$10,403) were held in United States dollars (2007 – $37,417 (US$37,745)). The Company's cash and equivalents are invested with major financial institutions in business accounts, bankers' acceptances and in government treasury bills which are available on demand by the Company for its programs, and 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) Financial Instruments

All financial instruments, including derivatives, are included on the Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are recognized in the statements of operations or accumulated other comprehensive loss, depending on the classification of the related instruments.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability.

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, or other financial liabilities. 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 loss.
- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive loss until the gain or loss is recognized in net loss.
- Held for trading financial instruments are measured at fair value. All changes in fair value are included in net 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 loss in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and closes are recognized in other comprehensive loss.

The Company had classified its financial instruments as follows:

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

(e) Comprehensive Loss

Comprehensive loss is the change in the Company's shareholder equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net loss, such as unrealized gains or losses on available-for- sale investments. Certain gains and losses that would otherwise be recorded as part of net loss is presented in "other comprehensive loss" until it is considered appropriate to recognize into net

(e) Comprehensive Loss (continued)

loss. Accumulated other comprehensive loss is presented as a separate category in shareholders' equity.

Accordingly, the Company reports a consolidated statement of operations and comprehensive loss and includes the account "accumulated other comprehensive loss" in the shareholders' equity section of the consolidated balance sheet.

(f) 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.

(g) 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.

As at December 31, 2008, the Company completed an impairment analysis which considered the indicators of impairment in accordance with Section 3063, "*Impairment of Long-lived Assets"* as well as EIC-126, "*Accounting by Exploration Companies for Exploration Costs"* and AcG-11, "*Enterprises in the Development Stage"*. Management concluded that no impairment charge was required because there have been no significant changes in the legal factors or climate that affects the value of the properties, all property rights remain in good standing, there have been no significant changes in the projections for the properties and exploration results continue to be

(g) Impairment of long-lived asset (continued)

positive, the Company intends to continue its exploration and development plans on its property, and project funding continue to be provided by its partner.

(h) 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.

(i) Stock-based compensation

The Company has a share option plan which is described in note 8(c). 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.

(j) 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.

Where the company classifies a foreign operation as self-sustaining, assets and liabilities are translated at exchange rates in effect at balance sheet date and revenue and expense items, including amortization at average exchange rates for the year. Exchange gains or losses on translation are accumulated in accumulated other comprehensive loss in shareholders equity.

During the year, the Company classified the Pebble Limited Partnership (the “Partnership”) as a foreign self-sustaining operation due to the following factors:

(j) Foreign currency translation (continued)

- cash flows of the Company are segregated from those of the day-to-day operations of the Partnership;
- costs incurred by the Partnership are primarily locally based;
- the day-to-day operations of the Partnership are being fully financed by the Company's partner, Anglo, and are being received in the currency in which the Partnership operates, being the US dollar; and
- there are no intercompany transactions between the Company and the Partnership.

(k) 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.

(l) 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.

(m) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP 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 amounts of revenues and expenses reported during the 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

(m) Use of estimates (continued)

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.

(n) 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.

(o) Variable interest entities

The Company accounts for variable interest entities ("VIE") in accordance with CICA Accounting Guideline 15, *Consolidation of Variable Interest Entities* ("AcG-15"). 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, 2008 of $194.2 million (US$183.9 million) have been recorded as a non-controlling interest in the Partnership.

(p) Comparative figures

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

4. CHANGES IN ACCOUNTING POLICIES

(a) Newly Adopted Accounting Policies

(i) Capital Disclosures (Section 1535)

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 externally imposed capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company considers the components of shareholders' equity as well as its cash and equivalents, as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares through private placements and public offerings in order to maintain or adjust its capital structure. The Company is not subject to externally imposed capital requirements.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period. There were no changes to the Company's approach to capital management during the year ended December 31, 2008.

(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.

(iii) Financial Instruments – Disclosure (continued)

The carrying amounts of the Company's cash and equivalents, marketable securities, amounts receivable, balances due to/receivable from related parties, refundable deposits, accounts payable and accrued liabilities approximate their fair values. The fair value of marketable securities is based on the market value of the quoted investments.

Financial Instrument Risk Exposure and Risk Management

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

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and equivalents, amounts receivable and balances receivable from related parties. The Company limits the exposure to credit risk by only investing its cash and equivalents with high-credit quality financial institutions and in government treasury bills. The carrying value of the Company's cash and equivalents and amounts receivable represent the maximum exposure to credit risk. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash and equivalents are invested in business accounts, bankers' acceptances, government treasury bills which are available on demand by the Company for its programs, and which are not invested in any asset backed deposits/investments.

Foreign exchange risk

The Company is exposed to foreign exchange risk as its operating expenses, through the Partnership, are primarily incurred in US dollars and its liabilities are primarily denominated in US dollars. The results of the Company's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Company are reported in Canadian dollars in the Company's consolidated financial statements. The fluctuation of the US dollar in relation to the Canadian dollar will consequently have an impact upon the losses incurred by the

Foreign exchange risk (continued)

Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

The exposure of the Company's cash and equivalents, amounts receivable and amounts receivable from related parties to foreign exchange risk is as follows:

Currency	**December 31, 2008**		**December 31, 2007**	
	Foreign currency amount	Amount in Canadian dollars	Foreign currency amount	Amount in Canadian dollars
United States Dollar				
Cash and equivalents	$ 10,403	$ 12,671	$ 37,745	$ 37,417
Amounts receivable	663	812	26	26
Total financial assets	**$ 11,066**	**$ 13,483**	**$ 37,771**	**$ 37,443**

The exposure of the Company's accounts payable and accrued liabilities and amounts due to related parties to foreign exchange risk is as follows:

Currency	**December 31, 2008**		**December 31, 2007**	
	Foreign currency amount	Amount in Canadian dollars	Foreign currency amount	Amount in Canadian dollars
United States Dollar				
Accounts payable and accrued liabilities	$ 6,561	$ 8,057	$ 5,603	$ 5,554
Total financial liabilities	**$ 6,561**	**$ 8,057**	**$ 5,603**	**$ 5,554**

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the Canadian dollar against the United States dollar would result in a decrease in the net comprehensive loss of approximately $0.7 million as reflected in the Company's statement of operations.

Interest rate risk

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

Commodity price risk

While the value of the Company's core mineral resource property, the Pebble Property, is related to the price of gold, copper and molybdenum and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

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

(iv) Going Concern – Amendments to Section 1400

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 Company's has assessed its ability to continue as a going concern and has concluded that this assumption is appropriate in the preparation of these consolidated financial statements as ongoing exploration activities through the Partnership are being financed by the Company's partner and the Company has sufficient cash and equivalents to fund its expected expenditures.

(b) Accounting Policies Not Yet Adopted

(i) International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has announced its decision to replace Canadian generally accepted accounting principles ("Canadian GAAP") with International Financial Reporting Standards ("IFRS") for all Canadian publicly-listed companies. The AcSB announced that the changeover date will commence for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies also have the option to early adopt IFRS for fiscal years beginning on January 1, 2009.

On March 2, 2009, the Company was granted approval by the applicable Canadian Security Regulators to early adopt IFRS starting January 1, 2009. The Company has substantially completed the process of transitioning from current Canadian GAAP to IFRS. It has established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a Steering Committee to manage the transition from GAAP to IFRS reporting. The Audit Committee and the Board of Directors have been regularly updated with the progress of the convergence project through communication and meetings.

(ii) Goodwill and Intangibles

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements issued on or after January 1, 2009. Section 3064 is not expected to have a significant impact on the financial statements.

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 2007	–	(2)
Balance, December 31, 2007	60,000	13
Unrealized loss recognized 2008	–	(11)
Balance, December 31, 2008	60,000	$ 2

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 had an option to earn a minimum 50% interest in a non core property (note 7(b)). To secure this option agreement the Company transferred 15,000 of these shares to an individual in payment for this service. During the year, the Company received notice from Solomon that it will be withdrawing from the option agreement.

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 loss.

6. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
December 31, 2008			
Buildings	$ 312	$ 99	$ 213
Furniture and fixtures	295	171	124
Site equipment	242	140	102
Vehicles	94	69	25
Computer equipment	271	116	155
	$ 1,214	$ 595	$ 619
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

7. MINERAL PROPERTY INTERESTS

(a) Pebble Property

	Years ended December 31	
	2008	2007
Balance, beginning and 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.

(i) Exploration and Resource Lands (continued)

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 by May 22, 2006. The Company completed its commitment by selling 473,700 shares for US$2 million, in 2005 and managing the sale of 1,277,028 shares for the balance in 2006. 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 until August 24, 2005.

Teck Cominco elected on July 18, 2005, to require the Company to manage the resale of these shares ("NDM Exploration Lands shares") for the guaranteed US$4 million in resale proceeds by August 24, 2006. 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 were returned to the Company's treasury.

In total, 345,340 unsold common shares of the Company at a value of $1.8 million, 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 an 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 on SEDAR at www.sedar.com. Both the TSX Venture Exchange and the American Stock Exchange 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

With the 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 7(a)(iii)).

The HDGI 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

	2008	2007
Balance, beginning of year	$ 35,552	$ –
Contributions by Anglo American to Partnership	158,630	35,552
Balance, end of year	$ 194,182	$ 35,552

On July 26, 2007, the Company converted a wholly-owned general partnership formed in 2006 to hold its Pebble Property interest into a limited partnership, the Pebble Limited Partnership ("the

(iii) Non-controlling interest (continued)

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 purpose of the strategic Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project. The Partnership's assets include the shares of two Alaskan subsidiaries which hold registered title to the claims. To maintain its 50% interest in the Partnership, Anglo is required to make staged cash investments into the Partnership aggregating to US$1.425 billion as discussed below.

Anglo's staged investment requirements include an initial minimum expenditure of US$125 million to be expended towards a prefeasibility study (funding completed as of 2008), plus a requirement to fund additional expenditures approved by the board of the general partner (Pebble Mines Corp.) unless Anglo elects to terminate its rights and relinquish all its interests in the Partnership. After the completion and approval by the general partner of the prefeasibility study, Anglo is required, in order to retain its 50% interest in the Partnership, to commit to further expenditures which bring its total investment to at least US$450 million which amount is to be expended in producing a final feasibility study and in related activities, the completion of which is expected to take the Partnership to a production decision. Upon an affirmative decision by the Partnership to develop a mine, Anglo is required to commit to the remainder of the total investment of US$1.425 billion in order to retain its interest in the Partnership. Following completion of the US$1.425 billion expenditure, any further expenditure will be funded by Anglo and Northern Dynasty on a 50:50 basis (subject to dilution for non-contribution). If the feasibility study is completed after 2011, Anglo's overall funding requirement increases from US$1.425 billion 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.

The Company has accounted for the Partnership as a VIE (note 3(o)). Expenditures incurred since August 1, 2007 on the Pebble Project have been incurred through the Partnership. Anglo's contributions to the Partnership for the year ended December 31, 2008 amounted to $188.5 million (US$148.0 million) (Five months to December 31, 2007 – $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.

(b) Pickle Lake Joint Venture (continued)

In October 2006, the Partners entered into an option agreement with Solomon Resources Limited ("Solomon") whereby Solomon had 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 was granted an exclusive option to earn a minimum 50% interest in the property by funding an initial exploration program of $25 which it completed. In 2007, Solomon exercised this option 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 was also required to 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. However, before January 31, 2008, Solomon indicated it had not incurred the required exploration expenditures due to their exploration program being delayed as a result of a breakdown in talks with relevant parties. Further attempts by Solomon to revive talks proved unsuccessful and Solomon consequently decided to terminate the option agreement.

(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 reaches 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 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 "2008 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 2008 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, 2008 is:

Expiry date		Exercise price	Dec 31 2007	Granted	Exercised	Expired / cancelled	Dec 31 2008
April 30, 2009	$	7.25	359,400	–	–	–	359,400
April 30, 2009	$	9.81	50,000	–	–	–	50,000
April 30, 2009	$	10.32	596,350	–	–	(3,350)	593,000
April 14, 2011	$	9.74	–	1,510,500	–	(48,832)	1,461,668
April 30, 2011	$	7.25	945,000	–	–	–	945,000
October 27, 2011	$	3.00	–	224,660	–	(2,783)	221,877
February 20, 2012	$	10.95	828,000	–	–	–	828,000
April 11, 2013	$	3.00	–	753,000	–	–	753,000
August 22, 2013	$	5.35	–	40,000	–	–	40,000
October 27, 2013	$	3.00	–	140,000	–	–	140,000
			2,778,750	**2,668,160**	–	**(54,965)**	**5,391,945**
Weighted average exercise price			$ 9.06	$ 8.75	$ –	$ 9.43	$ 8.90

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 20, 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

(c) Share purchase option compensation plan (continued)

Options outstanding and exercisable at December 31, 2008 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	0.33
April 30, 2009	$ 9.81	50,000	50,000	0.33
April 30, 2009	$ 10.32	593,000	593,000	0.33
April 14, 2011	$ 9.74	1,461,668	492,335	2.28
April 30, 2011	$ 7.25	945,000	945,000	2.33
October 27, 2011	$ 3.00	221,877	74,886	2.82
February 20, 2012	$ 10.95	828,000	828,000	3.14
April 11, 2013	$ 3.00	753,000	251,000	4.28
August 22, 2013	$ 5.35	40,000	13,333	4.64
October 27, 2013	$ 3.00	140,000	46,667	4.82
Total		5,391,945	3,653,621	
Weighted average exercise price			$ 8.98	

The exercise prices of 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		
	2008	2007	2006
Exploration			
Engineering	$ 364	$ 1,389	$ 637
Environmental, socioeconomic and land	66	916	224
Geological	1,211	2,339	1,021
	1,641	4,644	1,882
Operations and administration	3,776	6,489	4,163
Total compensation cost recognized in operations, credited to contributed surplus	**$ 5,417**	**$ 11,133**	**$ 6,045**

The grant date fair value of options granted during the year ended December 31, 2008 was $3.92 (2007 – $5.51) .

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

	2008	**2007**	**2006**
Risk-free interest rate	2%	4%	4%
Expected life	3.7 years	3.8 years	4.4 years
Vesting period	0 – 24 months	0 – 24 months	0 – 24 months
Expected volatility	60%	64%	52%
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	2008	2007	2006
Services rendered and expenses reimbursed			
Hunter Dickinson Services Inc. (a)	$ 10,675	$ 5,386	$ 3,728
Sidev Holdings Ltd. (b)	175	208	176
CEC Engineering Ltd. (c)	150	19	–
Galahad Gold plc (d)	–	–	31
Beattie Consulting Ltd. (e)	–	–	2

Balances receivable	At December 31, 2008	At December 31, 2007
Hunter Dickinson Services Inc. (a)	$ –	$ 27

Balances payable	At December 31, 2008	At December 31, 2007
Hunter Dickinson Services Inc. (a)	$ 1,328	$ –
Sidev Holdings Ltd. (b)	–	21
	$ 1,328	$ 21

(a) 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 June 1, 2008. Balances receivable from HDSI result from advances to HDSI by the Company for services to be rendered subsequent to the period reported. Included in the total of services provided by HDSI for the year ended December 31, 2008 is $8,509 invoiced to the Pebble Limited Partnership for services.

(b) Sidev Holdings Ltd., is a private company controlled by a former director of Pebble East Claims Corp. (formerly Northern Dynasty Mines Inc., a wholly-owned subsidiary of Pebble Limited Partnership), which provides project management services at market rates.

(c) CEC Engineering Ltd. is a private company owned by a director that provides engineering and project management services to the Company at market rates.

(d) 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.

(e) 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.

10. INCOME TAXES

As at December 31, 2008 the tax effect of the significant components within the Company's future tax asset (liability) were as follows:

	December 31 2008	December 31 2007
Future income tax assets (liabilities)		
Resource pools	$ 76,508	$ 75,878
Loss carry forwards	3,916	5,969
Equipment	162	105
Other	1	1
Subtotal	80,587	81,953
Valuation allowance	(75,373)	(76,772)
Net future income tax asset	5,214	5,181
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	$ (57,753)	$ (57,786)

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 2008	December 31 2007	December 31 2006
Combined Canadian federal and provincial statutory rate	31.00%	34.12%	34.12%
Income tax at statutory rates	$ (46,464)	$ (36,789)	$ (20,138)
Non-deductible items	1,683	3,809	2,098
Partnership losses not deductible	46,950	14,081	–
Reduction in statutory tax rates	(130)	1,092	360
Difference in foreign tax rates	(119)	(3,270)	(3,620)
Change in valuation allowance	(1,399)	17,340	20,131
Other	(554)	(78)	532
Income tax recovery	$ (33)	$ (3,815)	$ (637)

At December 31, 2008, the Company had available losses for income tax purposes in Canada totaling approximately $10,318 (2007 – $18,200), expiring in various years from 2008 to 2027.

The Company has capital losses available of $156 (2007 – $160), which can be used to offset future capital gains. The Company has approximately $186,600 (2007 – $187,700) 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 $186,300 (2007 – $185,600) of resource tax pools available, which may be used to shelter certain resource income in the United States.

11. SUBSEQUENT EVENTS

The Company

- issued 4,980,200 options with an exercise price of $5.00 per common share, with expiry dates of February 2 and February 4, 2012 and 2014 respectively;
- cancelled 4,450,734 options with exercise prices between $7.25 to $10.95 and with various expiry dates between April 04, 2009 to April 11, 2013; and
- was granted approval to early adopt IFRS (note 4(b)(i))

12. COMMITMENT

The Company, through the Pebble Limited Partnership has a commitment to contribute an initial US$5 million over a five-year period, of which US$1 million was contributed in 2008, to the Pebble Fund for Sustainable Bristol Bay Fisheries and Communities, a grant-making body dedicated to enhancing fisheries and sustaining local communities in southwest Alaska.

13. 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		**2008**		2007
Total assets under US and Canadian GAAP	$	229,153	$	210,277

Total liabilities		**2008**		2007
Total liabilities under US and Canadian GAAP	$	265,278	$	100,966

Total share capital and contributed surplus		**2008**		2007
Total share capital and contributed surplus under US and Canadian GAAP	$	388,637	$	383,220

Total accumulated other comprehensive loss		**2008**		2007
Total accumulated other comprehensive loss under US and Canadian GAAP	$	950	$	3

Total deficit		**2008**		2007
Total deficit under US and Canadian GAAP	$	423,812	$	273,906

Consolidated Statements of Operations		**2008**		**2007**		**2006**
Loss for the year under Canadian GAAP, being comprehensive loss in 2008	$	(150,853)	$	(104,010)	$	(58,383)
Other comprehensive income						
Realization on prior year mark-to-market adjustment (a)		–		–		–
Comprehensive loss for the year under US GAAP	$	(150,853)	$	(104,010)	$	(58,383)
Loss per share under US GAAP	$	(1.62)	$	(1.13)	$	(0.75)
Comprehensive loss per share under US GAAP	$	(1.62)	$	(1.13)	$	(0.75)

There are no material differences between Canadian GAAP and US GAAP in the consolidated statements of cash flows for the years ended December 31, 2008, 2007, and 2006.

(a) ***Impact of recently adopted United States accounting pronouncements***

(i) SFAS No. 157: *Fair Value Measurements,* defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements. The Company adopted this standard during the period and has determined that the disclosure in note 3 with regards to the fair value of the Company's financial instruments is consistent with SFAS No. 157.

(ii) SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* –

Included an amendment of SFAS No. 115 . This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement applies to all entities, including not-for-profit organizations. Most of the provisions of this Statement apply only to entities that elect the fair value option. The Company adopted this standard during the period and has indicated those financial instruments that are measured at fair value in note 3.

(iii) Under Canadian GAAP, future tax assets and liabilities may be recorded at substantively enacted tax rates. Under US GAAP, deferred tax assets and liabilities are recorded at enacted tax rates. There were no significant differences between enacted and substantively enacted tax rates for the periods presented.

FASB Interpretation ("FIN") No. 48: *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement No.109, was adopted by the Company during the period. FIN 48 prescribes 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.

(b) United States accounting pronouncements to be adopted

(i) In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations*, ("SFAS 141(R)"). SFAS 141(R) amends the principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non controlling interest in the acquiree and the goodwill acquired. It expands the definition of a business and a business combination; requires recognition of assets acquired, liabilities assumed, and contingent consideration at their fair value on the acquisition date; requires acquisition-related expenses and restructuring costs to be recognized separately from the business combination and expensed as incurred; requires in-process research and development to be capitalized at

fair value as an intangible asset; and requires that changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period be recognized as a component of provision for taxes. SFAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) is effective for the Company's 2009 fiscal year. Therefore, the Company will apply SFAS 141(R) prospectively to all business combinations subsequent to January 1, 2009.

(ii) In December 2007, the FASB issued SFAS No. 160, *Non controlling Interests in Consolidated Financial Statements — an amendment of Accounting Research Bulletin No. 51* ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the non controlling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the controlling and non-controlling interests and requires the separate disclosure of income attributable to controlling and non controlling interests. SFAS 160 is effective for fiscal years beginning January 1, 2009. The Company is currently evaluating the impact that the adoption of SFAS 160 will have on its consolidated financial statement but does not expect the adoption of SFAS 160 to have a material impact on results of operations, cash flows or financial position.

(iii) In February 2008, the FASB issued FASB Staff Position ("FSP") SFAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP SFAS 157-2"). FSP SFAS 157-2 delays the effective date of SFAS No. 157, "Fair Value Measurements" ("SFAS 157") to fiscal years beginning after November 15, 2008 for all non financial assets and non financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. As a result of adoption of FSP SFAS 157-2, the Company will adopt SFAS 157 for non financial assets and non financial liabilities in fiscal 2009. Although the Company will continue to evaluate the application of SFAS 157 to non financial assets and nonfinancial liabilities, the Company does not expect the adoption of SFAS 157 with respect to non financial assets and non financial liabilities will have a material impact on its consolidated results of operations, cash flows or financial position

(iv) In March 2008, the FASB issued S *FAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities" ("FAS 161").* FAS 161 changes the disclosure requirements for derivative instruments and hedging activities by requiring enhanced disclosures about how and why an entity uses derivatives instruments, how derivative instruments and related hedged items affect an entity's operating results, financial position, and cash flows. FAS 161 is effective for the Company's 2009 fiscal year. The Company is currently reviewing the provisions of FAS 161 and has not yet adopted the statement. However, the Company does not believe the adoption of FAS 161 will have a material impact on its consolidated results of operations, cash flows or financial position.

(v) In May 2008, the FASB issued FSP Accounting Principles Board ("APB") 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or

other assets) on conversion to separately account for the liability and equity components of those instruments by allocating the proceeds from the issuance between the liability component and the embedded conversion option. This standard is effective for the Company's 2009 fiscal year. The Company is currently reviewing the provisions of this standard.

(vi) In May 2008, the FASB issued *SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles ("SFAS No. 162")* . The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for non governmental entities. SFAS No. 162 is effective 60 days following the Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The Company is currently evaluating the impact of adoption of SFAS No. 162 but does not expect adoption to have a material impact on results of operations, cash flows or financial position.



YEAR ENDED DECEMBER 31, 2008
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, 2008, as publicly filed on SEDAR at www.sedar.com.

This MD&A is prepared as of March 30, 2009. 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, other than statements of historical facts, especially those that address estimated resource quantities, grades and contained metals, are forward-looking statements because they are generally made on the basis of estimation and extrapolation from a limited number of drill holes and metallurgical studies. Although diamond drill hole core provides valuable information about the size, shape and geology of an exploration project, there will always remain a significant degree of uncertainty in connection with these valuation factors until a deposit has been extensively drilled on closely spaced centers, which has occurred only in specific areas on the Pebble Project. Although the Company believes the expectations expressed in its forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of the ultimate size, quality or commercial feasibility of the Pebble Project or of the Company's future performance. The likelihood of future mining at the Pebble Project is subject to a large number of risks and will require achievement of a number of technical, economic and legal objectives, including obtaining necessary mining and construction permits, completion of pre-feasibility and final feasibility studies, preparation of all necessary engineering for underground workings and processing facilities as well as receipt of significant additional financing to fund these objectives as well as funding mine construction. Such funding may not be available to the Company on acceptable terms or on any terms at all. There is no known ore at the Pebble Project and there is no assurance that the mineralization at the Pebble Project will ever be classified as ore. The need for compliance with extensive environmental and socio- economic rules and practices and the requirement for the Company to obtain government permitting can cause a delay or even abandonment of a mineral project. The Company is also subject to the specific risks inherent in the mining business as well as general economic and business conditions.

Unless otherwise noted, Northern Dynasty is solely responsible for the content of the disclosure set out herein.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

The following section uses the terms 'measured resources' and 'indicated resources'. The Company advises investors that although 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

The following section uses the term 'inferred resources'. The Company advises investors that although 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.**

1.2 Overview

1.2.1 Summary

Northern Dynasty is a mineral exploration company whose major assets are 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, 19 miles (30 kilometers) from the villages of Iliamna and Newhalen, and approximately 200 miles (320 kilometers) southwest of the city of Anchorage.

An extensive, northeast-trending mineralized system underlies the Pebble property. Mineralization was discovered and an initial mineral resource outlined in the Pebble West area through drilling by a previous operator during the period 1987-1997. Northern Dynasty acquired the right to earn an interest in the Pebble property in late 2001, and carried out an initial exploration program that discovered two other porphyry copper-gold-molybdenum deposits, a porphyry copper zone and a gold-copper skarn occurrence along the mineralized trend. Several high-grade gold veins are also known to occur.

Since 2002, most work has been focused on the Pebble deposit[1], resulting in discovery of the higher grade mineralization that occurs in the Pebble East area and an overall expansion of the deposit. Comprehensive technical programs, including engineering, environmental and socioeconomic studies, have been underway since 2004.

In mid 2007, Northern Dynasty and Anglo American plc ("Anglo") established a strategic 50:50 partnership (Pebble Limited Partnership, see section 1.2.2) to engineer, permit, construct and operate a modern, long-life mine at Pebble, based on a staged investment by Anglo tied to key project milestones.

[1] Previously thought to be two deposits called Pebble West and Pebble East, the Pebble deposit is now considered to be a single deposit comprising near-surface mineralization in the west and extending to a higher grade and deeper zone to the east.

The Pebble Partnership Board of Directors approved a US$140.1 million budget for the Pebble Project in 2008, including US$61.6 million for site operations and drilling; US$30.2 million for engineering to advance a prefeasibility study; US$24.9 million on an environmental program; and US$14.8 million for community engagement, workforce and business development and public affairs.

Drilling in 2008 substantiated the volume, grade and continuity of mineralization in the Pebble East area. An estimate of the mineral resources in the overall Pebble deposit was announced in December 2008. The overall estimate for the deposit facilitates integrated mine planning for the Project and allows for benchmarking with other large porphyry deposits world-wide. The results at a 0.30% copper equivalent (CuEQ)[2] cut-off are:

- 5.1 billion tonnes of Measured and Indicated Mineral Resources grading 0.77% CuEQ, containing 48 billion pounds of copper, 57 million ounces of gold, and 2.9 billion pounds of molybdenum; and
- 4.0 billion tonnes of Inferred Mineral Resources grading 0.55% CuEQ, containing 24 billion pounds of copper, 37 million ounces of gold and 1.9 billion pounds of molybdenum.

Engineering, environmental and socioeconomic studies were also successfully advanced in 2008. Currently, it is expected that a prefeasibility study will be completed for the project and permitting initiated in 2010.

Deterioration of global economic conditions in late 2008 resulted in high volatility and significant weakening of exchange traded commodity prices. Deterioration in credit market conditions also increased the cost of obtaining capital and limited the availability of funds. Funding for the Pebble Project is currently being provided by Anglo (as described below). Northern Dynasty has cash and equivalents on hand in excess of $40 million for its operating requirements. The Company believes that with the project being fully funded and given its holdings of cash and equivalents it has sufficient sources to cover the likely short and long term cash requirements.

1.2.2 Limited Partnership Established to Advance the Pebble Project

On July 26, 2007, the Company converted a wholly-owned general partnership that held its Pebble Property interests into a limited partnership, the Pebble Limited Partnership (“the Partnership”). An indirect wholly-owned subsidiary of Anglo subscribed 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. To maintain its 50% interest in the Partnership, Anglo is required to make staged cash investments into the Partnership aggregating to US$1.425 billion as described below.

Anglo’s staged investment requirements include an initial minimum expenditure of US$125 million to be expended towards a prefeasibility study (funding completed as of 2008), plus a requirement to fund additional expenditures approved by the board of the general partner (Pebble Mines Corp.) unless Anglo elects to terminate its rights and relinquish all its interests in the Partnership. After the completion and approval by the general partner of the prefeasibility study, Anglo is required, in order to retain its 50% interest in the Partnership, to commit to further expenditures which bring its total investment to at least US$450 million which amount is to be expended in producing a final feasibility study and in related activities, the completion

[2] Information on copper equivalent calculation is given in Note 1 to the Mineral Resoures table in section 1.2.3.

of which is expected to take the Partnership to a production decision. Upon an affirmative decision by the Partnership to develop a mine, Anglo is required to commit to the remainder of the total investment of US$1.425 billion in order to retain its interest in the Partnership. Following completion of the US$1.425 billion expenditure, any further expenditure will be funded by Anglo and the Company on a 50:50 basis (subject to dilution for non-contribution). If the feasibility study is completed after 2011, Anglo's overall funding requirement increases from US$1.425 billion 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. The Company 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 are included in the consolidated statement of operations. Anglo's cash contribution since the formation of the Partnership on July 31, 2007 to December 31, 2008 has been $224.0 million (US$183.9 million) (year ended December 31, 2008 – $188.5 million (US$148.0 million)). Anglo's contributions have been recorded as a non-controlling interest in the Company's financial statements.

Senior management of the Pebble Limited Partnership is largely in place in Anchorage, Alaska, and includes several of the state's most respected resource development professionals. This includes CEO John Shively, former Commissioner of the *Alaska Department of Natural Resources*, and Vice President, Environment, Ken Taylor, former Deputy Commissioner of the *Alaska Department of Fish & Game* . The Alaska-based operations are guided by the board of the general partner with equal representation from Anglo and Northern Dynasty.

1.2.3 Technical Programs

Exploration and Resource Drilling

The 2008 drilling program at Pebble was 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, and to test for the outside limits of the deposit. The program also included metallurgical, geotechnical and environmental drilling. A total of approximately 179,300 feet in 234 holes were drilled as tabulated below:

Type	No. of Holes	Length (ft)
Delineation & Infill	26	119,293
Metallurgical	15	14,511
Geotechnical (cored)	111	41,665
Rotary (chips)	82	6,748

The indicated lengths for oriented and acoustic holes are already included in the total for exploration and delineation holes and geotechnical holes. Six oriented holes, totalling 25,236 ft,and 32 acoustic holes, totaling 96,921 ft, were drilled Oriented and acoustically logged holes are used for several purposes, including exploration and geotechnical studies.

The Pebble Mineral Resource estimate announced in early December 2008 was prepared by the technical staff of the Pebble Partnership and audited by industry leading geological and mining consultants at Scott Wilson Roscoe Postle Associates Inc., under the direction of David W. Rennie, P. Eng., an independent qualified person. The estimate utilized results from 476 holes completed across the deposit to July 2008.

The mineral resources are reported within a defined volume and at various cut-off grades as presented below.

PEBBLE DEPOSIT MINERAL RESOURCES[2]

MEASURED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ[1,3] %	Million Tonnes	Copper %	Gold g/t	Molybdenum ppm	CuEQ[1] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	526	0.33	0.35	178	0.62	3.8	5.9	210
0.40	499	0.34	0.36	181	0.63	3.7	5.7	200
0.60	239	0.42	0.43	207	0.76	2.2	3.3	110
1.00	21	0.64	0.63	305	1.14	0.3	0.4	10

INDICATED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ[1,3] %	Million Tonnes	Copper %	Gold g/t	Molybdenum ppm	CuEQ[1] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	4,570	0.44	0.35	265	0.78	44.6	51.3	2,670
0.40	4,120	0.48	0.37	273	0.83	43.2	48.7	2,480
0.60	2,851	0.57	0.42	307	0.98	36.1	38.2	1,930
1.00	1,135	0.79	0.53	340	1.28	19.8	19.3	850

MEASURED + INDICATED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ[1,3] %	Million Tonnes	Copper %	Gold g/t	Molybdenum ppm	CuEQ[1] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	5,096	0.43	0.35	256	0.77	48.5	57.2	2,870
0.40	4,619	0.46	0.37	263	0.81	46.9	54.4	2,680
0.60	3,090	0.56	0.42	300	0.96	38.3	41.5	2,040
1.00	1,156	0.79	0.53	340	1.27	20.1	19.7	850

INFERRED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ[1,3] %	Million Tonnes	Copper %	Gold g/t	Molybdenum ppm	CuEQ[1] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	3,968	0.27	0.29	220	0.55	23.7	36.9	1,920
0.40	2,267	0.37	0.35	260	0.71	18.6	25.5	1,300
0.60	1,160	0.53	0.43	303	0.93	13.4	16.0	770
1.00	413	0.74	0.50	400	1.24	6.7	6.6	360

Note 1 Copper equivalent calculations used metal prices of US$1.80/lb for copper, US$800/oz for gold and US$10/lb for molybdenum and metallurgical recoveries of 91% for copper, 75% for gold and 90% for molybdenum in the Pebble West area and 93% for copper, 80% for gold and 94% for molybdenum in the Pebble East area. Revenue is calculated for each metal based on grades, recoveries and selected metal prices; accumulated revenues are then divided by the revenue at 1% copper. Recoveries for gold and molybdenum are normalized to the copper recovery, as shown below:

CuEQ (Pebble West) = Cu % + (Au g/t x 75%/91% x 25.72/39.68) + (Mo % x 90%/91% x 220.46/39.68)
CuEQ (Pebble East) = Cu % + (Au g/t x 80%/93% x 25.72/39.68) + (Mo % x 94%/93% x 220.46/39.68).

Note 2 The mineral resources fall within a volume or shell defined by long-term metal price estimates of US$2.50/lb for copper, US$900/oz for gold and US$25/lb for molybdenum.

Note 3 Pebble West has been considered for an open pit mining scenario and Pebble East for underground bulk mining. For bulk underground mining, cut-offs such as 0.60% CuEQ, are typically used for bulk underground mining operations at copper porphyry deposits located around the world. A 0.30% CuEQ cut-off is considered to be comparable to that used for porphyry deposit open pit mining operations in the Americas. All mineral resource estimates, cut-offs and potential mining scenarios are subject to a feasibility study.

Engineering

Engineering work in 2008 focused on the following areas:

- Collection of additional site and underground geotechnical data to support ongoing design work;
- Continuation of metallurgical testwork on both Pebble West and 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.

Metallurgy

Testwork continued through much of 2008, utilizing drill core samples collected in 2007 or earlier. The focus of the program was on assessing the response of Pebble West material, in particular, the potential for plant feed from the supergene (enriched copper) horizon in the Pebble West area, to the flowsheet that had been defined for Pebble East. Blends of Pebble East and Pebble West materials were also tested. Additional drilling was completed to obtain material for further metallurgical testing.

Pebble East Geotechnical Data

The Pebble East geotechnical data collection program is directed by an internationally recognized independent consultant. The objective of this program is to collect geotechnical data to support design of an underground mine at Pebble East.

The program consists of data collection and analysis of standard geotechnical parameters from all core holes, detailed logging of oriented core from one of the exploration rigs, and down-hole logging using an acoustic probe. A program to collect surface geotechnical data commenced early in the second quarter. This program is intended to collect supplemental data for the design of site infrastructure, tailings and water management systems. The program was completed in mid October.

Infrastructure

A base case for the project infrastructure has been developed in conjunction with the ongoing prefeasibility study program. Infrastructure for the project includes port, road, and power options that will be necessary to support any future mine operations. Assessments of alternatives to the base case were also completed during the year.

Environmental and Socioeconomic Studies

Environmental and socioeconomic baseline data studies have now been completed for five consecutive years. In addition, environmental baseline information that was collected by the prior operator has been included to expand the database.

Comprehensive environmental and socioeconomic base-line study programs continued in 2008, with the objectives of collecting data in the Pebble East area 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 areas of focus of the 2008 field programs were water, aquatic habitat/fish resources, terrestrial habitat/wildlife resources, wetlands, and subsistence/traditional use.

Seventy-eight holes were drilled for environmental data collection purposes during the year. These holes are testing the resource and planned infrastructure areas to map out groundwater flow regimes and to understand groundwater chemistry.

The environmental baseline document remains on schedule to be finalized in 2010. This document will be submitted with permit applications, targeted for 2010, once mine engineering and a proposed development plan is completed. The permitting process for the Pebble Project under the National Environmental Policy Act is expected to take three or more years.

Cultural Studies

Archaeological studies have been carried out on all areas that might be disturbed by the project, with the exception of possible road and port locations. Examination of the road and port sites are not expected until 2009 or later, once a decision is made regarding the exact location of these project features.

Community Engagement

Hundreds of public meetings and project presentations were conducted throughout the region and around the state in 2008, as well as some 50 stakeholder tours of the Pebble Project site and operating mines in Alaska and other jurisdictions. In addition, the Keystone Center – a non-profit organization that specializes in developing stakeholder dialogue processes – has agreed to work with the Partnership to design and facilitate an independent, stakeholder-driven dialogue process around the Pebble Project to begin in 2009. It is envisaged that the program will include recruitment of independent technical and scientific experts to review the Pebble Partnership's work and serve as a credible and objective arbiter for project stakeholders.

The Pebble Partnership has a number of other initiatives underway to enhance stakeholder relationships. This includes investment in community socio-economic development programs like the Pebble Fund for Sustainable Bristol Bay Fisheries & Communities – a five-year, US$5 million endowment to enhance the health and sustainability of regional fisheries and the communities they support. It also includes the Pebble Project Pre-Permitting Environmental & Socio-Economic Data Release Series – a voluntary initiative to share the preliminary findings of the Partnership's comprehensive environmental study program with project stakeholders prior to the beginning of project permitting.

Workforce development and education efforts planned for 2009 include additional training in the areas of equipment operations, health, safety and environment, and other areas. College scholarship programs for high school students are also being continued. Contract and full-time personnel working at the Pebble Project site near Iliamna, Alaska peaked at 232 in the summer of 2008. Some 130 individuals from local communities worked on the project in 2008.

Plans for 2009

A US$59 million program has been approved for 2009. The purpose of the program is to advance a Prefeasibility Study and prepare the Pebble Project for permitting in 2010, and includes the following:

- a site investigation program to undertake resource drilling and support environmental studies;
- an engineering program to finalize trade-off studies in preparation for the completion of a Prefeasibility Study;
- an environmental study program to continue baseline data collection in key areas (e.g. hydrology, water quality, fish resources), and to compile and analyze collected data from previous years toward the completion of the Environmental Baseline Document in 2010;
- a public affairs program to engage communities and project stakeholders, and to advance initiatives in the areas of workforce development, business development and public education; and
- corporate and administrative costs.

These approved expenditures are expected to be supplemented by additional engineering and site investigation activities in the latter half of 2009, including geotechnical and metallurgical drilling.

1.2.4 Corporate Matters

On August 1, 2008, Marchand Snyman became Chief Financial Officer and Director of the Company.

1.2.5 Market Trends

Copper prices had been on an overall upward trend between late 2003 and October 2008, but have decreased significantly since then as a result of uncertainty in global financial markets. The average price in 2008 was US$3.15/lb, compared to an average price of US$3.22/lb in 2007. Prices stabilized in January 2009, ranging from US$1.40/lb to US$1.50/lb and averaging US$1.48/lb.

Precious metals prices had been on an overall uptrend for more than three years. Gold prices were volatile in late 2008, dropping below $800/oz for a two-week period in September, and again from mid October through November. The average gold price for the year was US$871/oz. Prices in January 2009 have averaged US$858/oz. As global economic and other market conditions are uncertain, market experts have forecast strong gold prices through 2009.

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. Molybdenum prices dropped significantly in late 2008, but averaged US$28.98/lb based on strength earlier in the year. Prices continued to drop in 2009, averaging US$9.30/lb in January but have stabilized around that price since that time.

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 2008	As at December 31 2007	As at December 31 2006
Current assets	$ 60,312	$ 41,381	$ 98,112
Mineral property interests	168,222	168,222	168,222
Other assets	619	674	633
Total assets	**229,153**	**210,277**	**266,967**
Current liabilities	13,343	7,628	7,839
Other liabilities	251,935	93,338	61,601
Shareholders' (deficiency) equity	(36,125)	109,311	197,527
Total liabilities and shareholders' equity	**229,153**	**210,277**	**266,967**
Working capital	46,969	33,753	90,273
Expenses (income)			
Amortization	182	146	124
Conference and travel	1,756	1,161	936
Exploration	140,603	86,424	50,613
Legal, accounting and audit	1,141	1,649	931
Office and administration	10,657	5,062	3,041
Shareholder communication	384	623	386
Trust and filing	235	485	149
Foreign exchange loss (gain)	(9,168)	3,878	(773)
Future income tax recovery	(33)	(3,815)	(637)
Loss on disposal of fixed assets	–	11	–
Gain on disposal of marketable securities	–	(1)	(194)
Interest income	(1,268)	(2,749)	(2,238)
Stock-based compensation – exploration	1,641	4,644	1,882
Stock-based compensation – administration	3,776	6,489	4,163
Loss for the year	**$ 149,906**	**$ 104,007**	**$ 58,383**
Basic and diluted loss per common share	$ 1.62	$ 1.13	$ 0.75
Weighted average number of common shares outstanding	92,543,639	91,978,571	77,708,870

1.4 Summary of Quarterly Results

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

	Dec 31 2008	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007
Current assets	$ 60,312	$ 51,115	$ 51,551	$ 49,780	$ 41,381	$ 46,068	$ 59,913	$ 82,611
Mineral property interests	168,222	168,222	168,222	168,222	168,222	168,222	168,222	168,222
Other assets	619	776	773	785	674	594	669	715
Total assets	**229,153**	**220,113**	**220,546**	**218,787**	**210,277**	**214,884**	**228,804**	**251,548**
Current liabilities	13,343	14,363	11,403	9,227	7,628	7,199	7,311	5,821
Other liabilities	251,935	205,499	156,445	119,175	93,338	74,441	58,663	60,619
Shareholders' equity	(36,125)	251	52,698	90,385	109,311	133,244	162,830	185,108
Total liabilities and shareholders' equity	**229,153**	**220,113**	**220,546**	**218,787**	**210,2778**	**214,884**	**228,804**	**251,548**
Working capital	46,969	36,752	40,148	40,553	33,753	38,869	52,602	76,790
Expenses								
Amortization	92	20	30	40	34	36	47	30
Conference and travel	431	589	432	304	434	278	281	168
Exploration	39,516	48,205	34,606	18,275	23,529	27,396	21,761	13,738
Legal, accounting and audit	426	351	246	118	692	495	175	287
Office and administration	2,829	4,128	2,175	1,525	1,241	1,710	826	1,285
Shareholder communication	167	79	86	52	125	115	263	119
Trust and filing	9	39	16	171	216	39	138	92
Total before undernoted	43,470	53,411	37,591	20,485	26,271	30,069	23,490	15,719
Foreign exchange loss (gain)	(7,630)	(766)	362	(1,133)	767	1,266	1,947	(102)
Interest income	(368)	(207)	(265)	(428)	(401)	(560)	(821)	(968)
Loss on disposal of fixed assets	–	–	–	–	–	11	–	–
Gain on disposal of marketable securities	–	–	–	–	(1)	–	–	–
Total before undernoted	35,472	52,438	37,688	18,924	26,636	30,786	24,616	14,649
Stock-based compensation	983	429	4,056	(51)	1,644	2,384	3,168	3,937
Future income tax recovery	(33)	–	–	–	(43)	(832)	(1,956)	(982)
Loss for the period	**$ 36,422**	**$ 52,867**	**$ 41,744**	**$ 18,873**	**$ 28,237**	**$ 32,338**	**$ 25,828**	**$ 17,604**
Basic and diluted loss per common share	$ 0.39	$ 0.58	$ 0.45	$ 0.20	$ 0.31	$ 0.35	$ 0.28	$ 0.19
Weighted average number of common shares outstanding YTD (thousands)	92,544	92,544	92,544	92,544	92,264	91,968	91,922	91,756

1.5 Results of Operations

Please refer to note 3(o) of the notes to the audited consolidated financial statements for an explanation of the method of accounting for the 50:50 partnership interest in the Pebble Limited Partnership.

These results of operations include the accounts of the Company and its wholly-owned subsidiaries. The Company has determined that its 50:50 partnership with 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. Expenditures incurred on the Pebble Project through the Partnership, while funded 100% by Anglo, have been included in the consolidated statement of operations. Anglo's contributions for the year ended December 31, 2008 of $158.6 million (US$148.0 million) (August 1 to December 31, 2007 – $35.6 million (US$35.9 million)) have been recorded as a non-controlling interest in the Partnership.

Loss for the year ended December 31, 2008 was $149.9 million, compared to a loss of $104.0 million in the previous fiscal year due to higher exploration activity.

Expenses, excluding stock-based compensation, foreign exchange and future income taxes, increased to $154.9 million from $95.5 million in the same period in the previous year.

Exploration costs increased to $140.6 million from $86.4 million in the previous year. The main exploration expenditures during the year were:

- engineering (2008 – $28.6 million; 2007 – $4.5 million);
- environmental planning and testing (2008 – $26.3 million; 2007 – $19.6 million);
- drilling (2008 – $26.0 million; 2007 – $17.7 million);
- site activities (2008 – $23.0 million; 2007 – $18.6 million);
- logistics and transportation (2008 – $14.6 million; 2007 – $11.6 million);
- public affairs (2008 – $9.5 million; 2007 – $nil); and
- socioeconomic initiatives (2008 – $3.1 million; 2007 – $7.8 million)

The increase in exploration costs is due to increased environmental planning and testing work with the ongoing environmental data collection in the Pebble East area as well as increased community engagement and public affairs programs to enhance stakeholder relationships, public education and project support. Furthermore, there was an increase in engineering activities compared to the prior year to advance the prefeasibility study, described more fully in section 1.2.3, Technical programs.

Office and administration costs increased to $10.7 million from $5.1 million in the previous year mainly due to increased administrative activities required at the Anchorage office to support work at the Pebble site and advisory fees. Legal, accounting and audit decreased slightly to $1.1 million from $1.6 million due to legal advisory services incurred for regulatory and environmental matters, and accounting and tax services related to the transaction with Anglo in the previous year.

Stock-based compensation decreased to $5.4 million for the year ended December 31, 2008, compared to $11.1 million in the previous year due mainly to the volatility of prices in the current year and the vesting of options in the prior year.

The Company recorded a foreign exchange gain of $9.2 million for the year compared to a loss of $3.9 million in the previous year, due to the Company's holdings of US dollar cash and equivalents, most of which were converted into Canadian dollars during the fourth quarter .

A future income tax recovery of $33,000 was recognized as compared to $3.8 million in the prior year. This is because the Company was financing exploration activities prior to Anglo subscribing for 50% of the Partnership equity in July 2007 and as a result, recognized future income tax expense on the mineral property.

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. Except for 2008, 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.

The funding of expenditures on the Pebble Project is through the Partnership which is currently being provided by Anglo (described below). Excluding cash and equivalents in the Partnership, Northern Dynasty has excess of $40 million in cash and equivalents for its own operating requirements.

As discussed in section 1.2.2. , the Company is in a 50:50 partnership with Anglo. Each of the Company and Anglo effectively has equal rights in the Partnership through wholly-owned affiliates. To maintain its 50% interest in the Partnership, Anglo is required to make staged cash investments into the Partnership aggregating to US$1.425 billion over a period of several years. This includes an initial minimum expenditure of US$125 million to be expended towards a prefeasibility study (funding completed as of 2008), plus a requirement to fund any additional expenditures approved. Thereafter in order to retain its 50% interest, Anglo is required to commit to further expenditures which bring its total investment to at least US$450 million which amount is to be expended producing a final feasibility study and in related activities, the completion of which is expected to take the Partnership to a production decision. Upon an affirmative decision to develop a mine Anglo is required to commit to the remainder of the total investment of US$1.425 billion in order to retain its 50% interest in the Partnership.

At December 31, 2008, the Company had working capital of approximately $47.0 million as compared to $33.8 million at December 31, 2007.

Other than disclosed in the financial statements, the Company has no long term debt, capital lease obligations, operating leases or any other long term obligations, other than maintenance payments on the Pebble property and routine office leases.

The Company through the Partnership, also has purchase orders for goods and services relating to engineering, environmental, stakeholder affairs and site operations activities on the Pebble Project. These purchase orders are funded through existing cash resources in the Partnership which are being funded by Anglo and are in the normal course of operations.

1.7 Capital Resources

The Company has no long-term debt and had 92,543,639 common shares issued and outstanding at December 31, 2008.

The Company had no commitments for material capital expenditures as of December 31, 2008 except for the US$4 million commitment by the Partnership to the Pebble Fund for Sustainable Bristol Bay Fisheries & Communities over the next four years.

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") (formerly Hunter Dickinson Inc.) 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 services 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 $10.7 million for the year ended December 31, 2008 as compared to $5.4 million for the year ended December 31, 2007. The increase over 2007 is due to the increased level of activity of the Company that saw additional resources being provided by HDSI to assist with the Company's exploration and development activities mainly through the Partnership. Included in the total of services provided by HDSI for the year ended December 31, 2008 is $8.5 million invoiced to the Partnership for services.

During the year ended December 31, 2008, the Company paid $0.17 million (2007 – $0.20 million) to a private company controlled by a former director of Pebble East Claims Corp. (formerly Northern Dynasty Mines Inc., a wholly owned subsidiary of the Partnership), for project management services.

1.10 Fourth Quarter

The Company recorded a loss for the fourth quarter of 2008 of $36.5 million as compared to $28.2 million in the fourth quarter of 2007.

The increase in loss was due largely to exploration expenses and office and administration expenses which increased from $23.5 million to $39.5 million and from $1.2 million to $2.8 million respectively. This was offset by a forex gain of $7.6 million recorded in the fourth quarter, the result of the Company converting most of its US dollar holdings of cash and equivalents into Canadian dollars.

The increase in exploration expenditures over last year was due to the various technical programs required with the advancement of the prefeasibility study as discussed more fully in section 1.2.3. The main exploration expenditures during the quarter were:

- engineering (2008 – $9.9 million; 2007 – $1.8 million);
- site activities (2008 – $7.2 million; 2007 – $5.0 million);
- drilling (2008 – $7.1 million; 2007 – $4.5 million);
- environmental planning and testing (2008 – $6.6 million; 2007 – $5.0 million); and
- logistics and transportation (2008 – $3.6 million; 2007 – $2.7 million).

The increase in office and administration costs is due to administrative activities required at the Anchorage office to support work at the Pebble site and advisory fees.

Stock-based compensation decreased to $1.0 million for the quarter compared to $1.6 million in the previous year due mainly to the volatility of prices in the current quarter.

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, 2008. 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,
- the valuation of stock-based compensation expense, and
- asset retirement obligations.

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.

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.

Due to the recent drop in commodity prices, the Company completed an impairment analysis as at December 31, 2008 which considered the indicators of impairment in accordance with Section 3063, "*Impairment of Long-lived Assets"* as well as EIC-126, "*Accounting by Exploration Companies for Exploration Costs"* and AcG-11, "*Enterprises in the Development Stage"*. Management concluded that no impairment charge was required because there have been no significant changes in the legal factors or climate that affects the value of the property, all property rights remain in good standing, there have been no significant changes in the projections for the property and exploration results continue to be positive, the Company intends to continue its exploration and development plans on its property, and project funding continue to be provided by its partner.

Stock-based compensation expense

From time to time, the Company grants 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, 2008, 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) Capital Disclosures (Section 1535)

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 externally imposed capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company considers the components of shareholders' equity, as well as its cash and equivalents, as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares through private placements and public offerings in order to maintain or adjust the capital structure. The Company is not subject to externally imposed capital requirements.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period. There were no changes to the Company's approach to capital management during the year ended December 31, 2008.

(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.

Financial Instrument Risk Exposure and Risk Management

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

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and equivalents, amounts receivable and balances receivable from related parties. The Company limits the exposure to credit risk by only investing its cash and equivalents with high-credit quality financial institutions and government treasury bills. The carrying value of the Company's cash and cash equivalents and amounts receivable represent the maximum exposure to credit risk. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash and equivalents are invested in business accounts, bankers acceptances, government treasury bills, which are available on demand by the Company for its programs and which are not invested in any asset backed deposits/investments.

Foreign exchange risk

The Company is exposed to foreign exchange risk as its operating expenses are primarily incurred in US dollars and its liabilities are primarily denominated in US dollars. The results of the Company's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Company are reported in Canadian

dollars in the Company's consolidated financial statements. The fluctuation of the US dollar in relation to the Canadian dollar will consequently have an impact upon the losses incurred by the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest rate risk

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

Commodity price risk

While the value of the Company's core mineral resource property, the Pebble Property, is related to the price of gold, copper and molybdenum and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

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

(iii) Going Concern – Amendments to Section 1400

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 Company's management has assessed the Company's ability to continue as a going concern and has concluded that this assumption is appropriate in the preparation of these consolidated financial statements as ongoing exploration activities are being financed by the Company's partner in the Partnership and the Company has sufficient cash and equivalents to fund its anticipated expenditures.

(b) Accounting Policies Not Yet Adopted

(i) Goodwill and Intangibles

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years issued on or after January 1, 2009. Section 3064 is not expected to have significant impact on the financial statements.

(ii) Transition to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

On March 2, 2009, the Company received an exemption from the applicable Canadian Securities Administrators under National Instrument 52-107, Acceptable Accounting Principles, Auditing Standards and Reporting Currency ("NI 52-107") to early adopt IFRS starting January 1, 2009.

The Company's transition date for converting to IFRS is January 1, 2008 (the "transition date") and comparative periods for Fiscal 2008 will be restated under IFRS. The following discussion provides further information about the Company's IFRS convergence activities..

Management of IFRS Convergence Project

The Company has substantially completed the process of transitioning from current GAAP to IFRS. It has established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a Steering Committee to manage the transition from GAAP to IFRS reporting. The Steering Committee regularly updates the Audit Committee and the Board of Directors with the progress of the convergence project through communication and meetings.

The Company has evaluated its overall readiness to transition from GAAP to IFRS including the readiness of its staff, Board of Directors, Audit Committee and auditors.

The IFRS convergence project instituted consists of three primary phases, which in certain cases will occur concurrently as IFRS is applied to specific areas:

- Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS.
- Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements.
- Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements.

A detailed timetable has been prepared to manage the transition and the Company is currently on schedule. At the date of preparing this MD&A, the Company has met the objectives of the project plan. The Company's analysis of IFRS and comparison with GAAP has identified a number of differences which are discussed under the heading "Impact of adoption of IFRS on Financial Reporting" below.

First-time Adoption of International Financial Reporting Standards

IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ended March 31, 2009 the Company will restate its comparative fiscal 2008 financial statements for annual and interim periods to be consistent with IFRS. In addition, the Company will reconcile equity and net earnings from the previously reported fiscal 2008 GAAP amounts to the restated 2008 IFRS amounts.

IFRS 1 generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions to this general principle. The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3 *Business Combinations* prospectively from the transition date.
- to only apply the requirements of IFRS 2, *Share-based payments* ("IFRS 2") to equity instruments granted after November 7, 2002 which had not vested as of the transition date.
- to transfer all foreign currency translation differences, recognized as a separate component of equity to retained earnings as at the transition date including those foreign currency differences which arise on application of IFRS.

Changes to estimates previously made are not permitted. The estimates previously made by the Company under GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

Impact of Adoption of IFRS on Financial Reporting (expressed in thousands of Canadian dollars)

While GAAP is in many respects similar to IFRS, conversion will result in differences in recognition, measurement, and disclosure in the financial statements. For the Company, the accounting policies and financial statement accounts identified as being significantly affected by the adoption of IFRS are discussed below:

1. Basis of Consolidation

Under GAAP, the Company accounts for its interest in the Pebble Limited Partnership ("PLP") as a variable interest entity with the Company as the primary beneficiary. Accordingly, the Company has consolidated 100% of PLP.

IFRS does not include the concept of a variable interest entity. IFRS requires the Company to consolidate entities including Special Purpose Entities ("SPE") only where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On application of IFRS, the Company has determined that it has joint control of PLP. Accordingly, under IFRS, the Company can elect to use either the equity method or proportionate consolidation method to account for its interest in PLP.

The Company has elected to apply the equity method to account for its interest in PLP. The balance sheet and income statement presentation will be significantly different as the entity will now be only recognizing its interest in the net assets and losses of the PLP using the equity method. Please refer to the unaudited proforma IFRS financial statements below.

2. Functional Currency

Under GAAP the functional currency of the Company and its subsidiaries is the Canadian dollar. IFRS requires that the functional currency of each entity of the Group be determined separately.

The Company has determined that as at the transition date the Canadian dollar was the functional currency of all entities in the Group except PLP which has a US dollar functional currency. In accordance with IFRS 1 optional exemptions, the Company elected to transfer the foreign currency translation differences, recognized as a separate component of equity, to deficit at the transition date. As a result, the deficit will be increased by $7,554 at the transition date with a corresponding decrease to the equity investment in PLP. For the year ended December 31, 2008, shareholder's equity will increase due to an increase in the cumulative translation reserve of $22,635 with a corresponding increase in the equity investment in PLP.

3. Share-based Payment

Currently, the Company measures stock-based compensation related to stock-options at the fair value of the options granted using the Black-scholes option pricing formula and recognizes this expense over the vesting period of the options. For the purpose of accounting for share based payment transactions an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the options granted to employees is measured on the date of grant. The fair value of options granted to contractors and consultants are measured on the date the services are completed. Forfeitures are recognized as they occur.

IFRS 2, similar to GAAP, requires the Company to measure stock-based compensation related to stock-options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, for options granted to non-employees, IFRS requires that stock-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share based payment transactions an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that currently applied by the Company and will result in certain contractors and consultants being classified as employees under IFRS. Based on the IFRS definition of an employee, the Company will reclassify a number of individuals previously classified as non-employees to employees. For the stock options granted to the individuals reclassified, changes in fair value after the grant date previously recognized for GAAP purposes will be adjusted for. The adjustments will be calculated only for unvested options issued and outstanding as of and after January 1, 2008 (refer First Time Adoption of IFRS). As a result, contributed surplus will decrease by $504 at the transition date with a corresponding decrease in deficit. For the period ended December 31, 2008, contributed surplus will increase by $1,239 with a corresponding increase in deficit. Please refer to the unaudited proforma IFRS financial statements below.

4. Deferred Tax on Mineral Properties

Currently the Company, in determination of the net earnings (loss) from its interest in PLP, recognizes a future income tax liability on temporary differences arising on the initial recognition of the PLP mineral property interest (where the fair value of the asset acquired exceeds its tax basis) in a transaction which was not a business combination and affected neither accounting profit / (loss) nor taxable profit / (loss). IAS 12, *Income Taxes* (“IAS 12”) does not permit the recognition of deferred taxes on such transactions.

As of the transition date and December 31, 2008, the Company will derecognize the impacts of all future income tax liabilities which had previously been recognized on the initial acquisition of the PLP mineral property through transactions deemed not to be business combinations and affecting neither accounting profit / (loss) nor taxable profit / (loss). As a result mineral property interests as of the transition date and December 31, 2008 will be reduced by $62,239 with a decrease in the future income tax liability of $57,753 and an increase in deficit of $4,452. For the year ended December 31, 2008, $33 in future tax

recoveries was reversed for IFRS purposes. Please refer to the unaudited proforma IFRS consolidated financial statements below.

5. Impairment of Non-financial Assets

Under Canadian GAAP, for assets other than financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value.

IAS 36, *Impairment of Assets* ("IAS 36"), requires a write-down to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use (discounted cash-flow basis) is less than carrying value.

The Company performed impairment assessments as of the transition date to determine whether an impairment charge would be recognized under IFRS on the transition date and has concluded that there is no impairment charge under IFRS as of the transition date and December 31, 2008.

The known or reliably estimable impacts on the consolidated balance sheet as at the transition date and December 31, 2008; and the consolidated statement of operations for the year ended December 31, 2008 have been prepared using IFRS and are set out below. While these reconciliations do not represent an official adoption of IFRS, it provides an indication of the major differences identified to date based on management's best knowledge of expected standards and interpretations, and current facts, relative to our historical financial statements.

December 31, 2008 Proforma IFRS Consolidated Balance Sheet and Comprehensive Statement of Income/(Loss) and January 1, 2008 Opening IFRS Balance Sheet: (Unaudited - Expressed in thousands of Canadian Dollars):

		December 31 2008 *Revised Comparatives*	January 1 2008 *Opening Balance Sheet at Transition Date*
Total Assets per Canadian GAAP		$ 229,153	$ 210,277
Deferred tax adjustment	- Mineral property interest	(62,239)	(62,239)
Deconsolidation of PLP	- Mineral property interest	(105,983)	(105,983)
Deconsolidation of PLP	- other assets of PLP	(14,634)	(804)
Equity Investment in PLP		121,611	98,976
Total Assets per IFRS		$ 167,908	$ 140,227
Total Liabilities per Canadian GAAP		$ 265,278	$ 100,966
Deferred tax adjustment	- Mineral property interest	(57,753)	(57,786)
Deconsolidation of PLP	- NCI and PLP liabilities	(207,377)	(41,527)
Total Liabilities per IFRS		$ 148	$ 1,653
Total Shareholders' Equity (Deficit) per Canadian GAAP		$ (36,125)	$ 109,311
Deferred tax adjustment	- Retained deficit	(4,485)	(4,452)
Deconsolidation of PLP		193,289	41,269
Functional currency adjustment	- Retained deficit	(7,554)	(7,554)
	- Cumulative translation adjustment	22,635	-
Total Shareholders' Equity per IFRS		$ 167,760	$ 138,574
Total Liabilities and Shareholders' Equity		167,908	140,227
Total Comprehensive Loss per Canadian GAAP		$ (150,853)	
Deconsolidation of PLP	- Expenses	151,084	
	- Reversal of exchange difference on PLP	936	
Equity investment in PLP	- Exchange difference on translation of PLP	22,635	
Stock based compensation adjustments		(1,239)	
Deferred tax adjustment	- Future income tax recovery	(33)	
Total Comprehensive Income per IFRS		$ 22,530	

IFRS Impact on Our Organization

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS (i.e. interim financial statements for the three months ended March 31, 2009) will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

The Company has obtained an understanding of IFRS from intensive training and preparation of reconciliations of historical GAAP financial statements to IFRS. Further, our finance personnel include employees who have prepared financial statements under IFRS previously.

The Company believes that the impact of the conversion on its accounting systems is minimal since the Company is still in the exploration phase. Based on the analysis and differences identified to date, the Company believes its systems can accommodate the required changes.

In addition, the Company's internal and disclosure control processes, as currently designed, will not need significant modifications as a result of its conversion to IFRS.

We have assessed the impacts of adopting IFRS on our contractual arrangements, and have not identified any material compliance issues.

We have considered the impacts that the transition will have on our internal planning process and compensation arrangements and have not identified any significant impacts to date.

1.14 Financial Instruments and Other Instruments

Refer to the notes to the financial statements.

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					92,628,877
Share purchase options	April 30, 2009	$	7.25	15,000	
	April 30, 2009	$	10.32	50,000	
	April 14, 2011	$	9.74	64,334	
	April 30, 2011	$	7.25	180,000	
	October 27,2011	$	3.00	210,332	
	February 2, 2012	$	5.00	529,000	
	February 4, 2012	$	5.00	2,158,200	
	February 20, 2012	$	10.95	150,000	
	April 11, 2013	$	9.74	75,000	
	August 22, 2013	$	5.35	40,000	
	October 27, 2013	$	3.00	140,000	
	February 2, 2014	$	5.00	2,063,000	
	February 4, 2014	$	5.00	220,000	5,894,866

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, 2008 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

During the year ended December 31, 2008, a new Accounting & Financial Reporting system was implemented at Pebble Limited Partnership ("PLP"), in which the Company has a 50% interest (described above). In connection with this system implementation, the Company updated its internal controls over financial reporting, as necessary, to accommodate modifications to its business processes and accounting procedures. PLP's financial statements constitute approximately 80% of the Company's total assets and approximately 95% of expenditures for the year ended December 31, 2008. Other than the system implementation at PLP, no other changes in internal controls over financial reporting occurred during the most recent fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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.

Cautionary (forward looking)

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. Changes in, or the introduction of new, government regulations relating to mining, including laws and regulations relating to the protection of the environment could impact the projects ability to secure appropriate permits to operate. 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, 2008

This annual information form ("AIF") is as of March 30, 2009

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ITEM 2. PRELIMINARY NOTES

Unless otherwise noted, Northern Dynasty is solely responsible for the content of the disclosure set out herein.

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, 2008 and 2007 together with the auditor's report thereon. These documents are available for review on SEDAR 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 audited and interim financial statements, proxy circulars, news releases and other continuous disclosure documents filed by Northern Dynasty, and include a technical report prepared pursuant to NI 43-101 dated February 13, 2009, copies of which are available on request from the offices of Northern Dynasty or by downloading from the SEDAR website (indicated above).

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, were carried out through a wholly-owned Alaskan 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 Alaskan 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, 2008, as reported by the Bank of Canada for the conversion of one Canadian dollar into one United States dollar ("U.S.dollar"), was 0.8210.

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 dollar into U.S. dollars.

	Year Ended December 31		
	2008	**2007**	**2006**
Rate at end of period	0.8210	1.0088	0.8581
Average rate for period	0.9371	0.9311	0.8816
High for period	1.0009	1.0585	0.9099
Low for period	0.8100	0.8504	0.8528

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 ("CIM") 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"). AMEX was purchased by the New York Stock Exchange ("NYSE") and the Company now trades on the NYSE 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 Alaskan registered limited partnership, the Pebble Limited Partnership (the "Pebble Partnership"), in which the Company owns a 50% interest through an Alaskan general partnership, 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, 19 miles (30 kilometers) from the village of Iliamna, and approximately 200 miles (320 kilometers) southwest of the city of Anchorage.

To December 31, 2008, Northern Dynasty's aggregate exploration expenditures on the Pebble Project total approximately $364 million with acquisition costs of approximately $168 million, bringing the total invested in the property to approximately $532 million. Of this amount, approximately $180 million (US$171 million) has been funded to the Pebble Partnership by an affiliate of Anglo American plc ("Anglo") and expended in 2007 and 2008. Northern Dynasty does not have any operating revenue, although currently and 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

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

The purpose of the Pebble Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project.

The Pebble Partnership agreement provides for equal project control rights for both partners, with no operator's fees payable to either party (redacted versions of the Pebble 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 Pebble 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, 2008.

The Pebble Project is Subject to Alaska Laws

The Pebble Partnership 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 claims 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. The Company completed its commitment by managing the sale of 473,700 NDM Resource Lands shares for proceeds of US$2,039,902 in 2005 and managing the sale of 1,277,028 NDM Resource Lands shares for the balance in 2006. 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, 2004As 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 until August 24, 2005, to elect to have the proceeds guaranteed.

Teck Cominco elected on July 18, 2005 to require the Company to manage the resale of these shares ("NDM Exploration Lands shares") for the guaranteed US$4 million in resale proceeds by August 24, 2006. The Company completed its commitment to Teck Cominco in 2006 through the sale of 654,502 shares for proceeds of approximately US$4 million. The remaining 323,293 unsold NDM Exploration Lands shares were returned to the Company's treasury.

In total, 345,340 unsold common shares of the Company at a value of $1,772,776 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 on SEDAR at www.sedar.com. The TSX Venture Exchange and the NYSE Amex 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). From 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 Alaskan subsidiary nominee title companies.

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% .

Limited Partnership with Anglo American

On July 26, 2007, the Company converted the wholly-owned general partnership formed in 2006 to hold its Pebble Property interests into the Pebble Partnership, so that an indirect wholly-owned subsidiary of Anglo could subscribe for 50% of the Pebble Partnership's equity effective July 31, 2007. Each of the Company and Anglo effectively has equal rights in the Pebble Partnership through wholly-owned affiliates. The Pebble Partnership's assets include the shares of two Alaska subsidiaries which hold registered title to the claims. To maintain its 50% interest in the Pebble Partnership, Anglo will be required to make staged cash investments into the Pebble Partnership, aggregating to US$1.425 billion as described below. The purpose of the Pebble Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project.

Anglo's staged investment requirements include an initial minimum expenditure of US$125 million to be expended towards a prefeasibility study (funding completed as of 2008), plus a requirement to fund additional expenditures approved by the board of the general partner (Pebble Mines Corp.) unless Anglo elects to terminate its rights and relinquish all its interests in the Pebble Partnership. After the completion and approval by the general partner of the prefeasibility study, Anglo is required, in order to retain its 50% interest in the Pebble Partnership, to commit to further expenditures which will bring its total investment to at least US$450 million which amount is to be expended in producing a final feasibility study and in related activities, the completion of which is expected to take the Pebble Partnership to a production decision. Upon an affirmative decision by the Pebble Partnership to develop a mine, Anglo is required to commit to the remainder of the total investment of US$1.425 billion in order to retain its interest in the Pebble Partnership. Following completion of the US$1.425 billion expenditure, any further expenditure will be funded by Anglo and Northern Dynasty on a 50:50 basis (subject to dilution for non-contribution). If the feasibility study is completed after 2011, Anglo's overall funding requirement increases from US$1.425 billion to US$1.5 billion. The Pebble Partnership agreement provides for equal project control rights with no operator's fees payable to either party. Anglo's cash contributions to the Pebble Partnership from August 1, 2007 to December 31, 2008 amounted to $194 million (US$184 million) (for exploration related activities $180 million and project support activities $14 million respectively) and have been recorded as a non-controlling interest in the Pebble Partnership.

Under the Pebble 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 Pebble Partnership from Anglo's investment, as these benefits accrue exclusively to Anglo under the Pebble Partnership Agreement and applicable tax regulations.

2008-2009 Secondary Market Purchases by Mitsubishi Corporation

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% . Further purchases of common shares in the Company were made by Mitsubishi Corporation increasing its shareholding to 10,179,800 common shares or 11% as of March 11, 2009 based on filings made with the United States Securities and Exchange Commission.

Recent Operations

As a consequence of work done by Northern Dynasty between 2002 and 2007, and the Pebble Partnership in 2007 and 2008, the primary area of mineralization identified at the Pebble Project is the Pebble Deposit. Previously considered to be two deposits, Pebble West and Pebble East are now respective zones within the Pebble Deposit. This integrated model for the entire Pebble deposit allows for comprehensive mine planning and other deposit benchmarking.

The Pebble Partnership's 2008 work program involved exploration drilling in the Pebble East area, and the continued collection of environmental and socioeconomic data and ongoing engineering studies to advance the project. The drilling component of the 2008 program consisted of approximately 179,300 ft (54,560 m), of which approximately 119,300 ft (36,360 m) were directed toward infill and delineation.

Location, Access and Property Description

The Pebble Project is located in southwest Alaska. It is approximately 200 mi (320 km) southwest of Anchorage and 19 mi (30 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 65 mi (105 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). Permits required for work in 2009 have been received. The miscellaneous land use permit for hardrock exploration and reclamation activities has been appealed by a non profit public interest law firm.

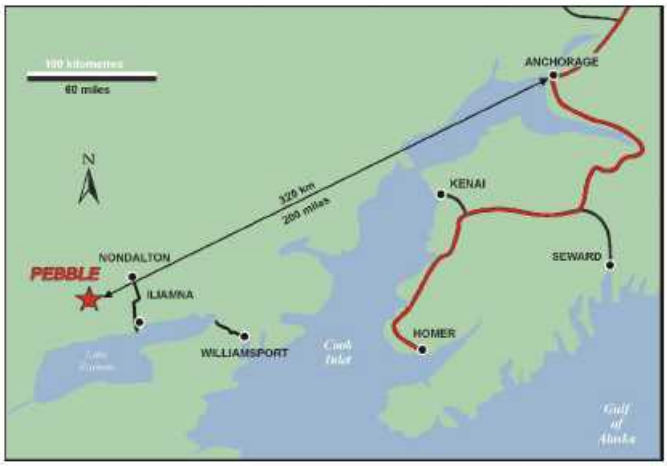


Figure 1 Location

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 (hereafter the “Pebble West Zone” and the “Pebble East Zone”, respectively) 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 Zone 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 37,327 ft (11,350 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 Zone. Some 86% of Teck Cominco's drill core from the Pebble West Zone 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 Zone 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, including 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 Zone 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 Deposit 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 Zone 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 West Zone. 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 Zone 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. The estimated mineral resources in Pebble West included 3.026 billion tonnes in the measured and indicated category grading 0.56% copper equivalent (0.28% copper, 0.32 g/t gold and 0.015% molybdenum) and 1.13 billion tonnes in the inferred category grading 0.50% copper equivalent (0.24% copper, 0.30 g/t gold and 0.014% molybdenum) at a 0.3% copper equivalent cut-off.

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,

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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)

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 Zone beneath a cover of Tertiary rocks that apparently thickens to the east, and further drilling expanded and deepened the Pebble East Zone. 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 the southeast side of the Pebble East Zone. 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 (22,460 m) of core in 19 exploration holes and 3,200 ft (975 m) of core in 11 geotechnical holes in the Pebble East Zone. Fourteen percussion holes were also drilled for groundwater studies. Exploration drilling expanding the deposit to a north-south strike length exceeding 7,000 ft (2,100 m), and over a width exceeding 4,000 ft (1,220 m); intersected grades consistently exceeded 1% copper equivalent. The inferred mineral resources in the Pebble East Zone at year end were estimated to be 3.4 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 Zone. 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.

In 2007, drilling continued to focus on the Pebble East Zone. A total of 151,500 ft (46,115 m) of delineation drilling in 34 holes extended Pebble East to the northeast, northwest, south and southeast, but it remained open in these directions and also to the east in the East Graben. An updated estimate of the mineral resources was prepared by technical consultants to the Pebble Limited Partnership, increasing the inferred mineral resources at Pebble East by 14%. Engineering work was focused on 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. Engineering and environmental drilling included 10,170 ft (3,100 m) in 9 metallurgical holes in Pebble West, and 4,270 ft (1,300 m) in 26 engineering holes and 1,800 ft (560 m) in 47 percussion holes for monitoring wells across the district. An updated resource estimate on Pebble East based on the 2007 work was announced in March 2008. Estimated inferred mineral resources at a 0.6% copper equivalent cut-off was 3.9 billion tonnes grading 0.99% copper equivalent[2] (0.58% copper, 0.36 g/t gold and 0.033% molybdenum).

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

[2] Copper equivalent calculations use metal prices of US$1.80/lb for copper, US$400/oz for gold, and US$6.00/lb for molybdenum.

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 copper-gold-molybdenum deposit and the Thirty-Eight porphyry copper-gold-molybdenum deposit, are related to this diverse group of intrusions (coarse grained igneous rocks).

The Pebble West Zone 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 Zone, 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 area, the gold/copper ratio is about 1.2 g/t gold to 1% copper. The copper/molybdenum ratio is about 20/1. At Pebble East, 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 (3 m) intervals with gold values from 30-65 g/t and copper values less than 1%. The copper/molybdenum ratio ranges widely.

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 2,000 ft (610 m) in the Pebble West area and to a depth of 5,000 ft (1,525 m) in the Pebble East area.

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

An overall estimate of the mineral resources within the Pebble Deposit has been completed, based on a database of results from 476 holes completed to July 2008. The mineral resources are reported within a defined volume and at various copper equivalent (CuEQ) cut-off grades as presented below. The estimate was prepared by technical consultants to the Pebble Partnership and audited for Northern Dynasty by industry leading geological and mining consultants at Scott Wilson Roscoe Postle Associates Inc., under the direction of David W. Rennie, P. Eng., who is the Qualified Person for the estimate.

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.**

Table 1a Pebble Measured and Indicated Mineral Resources								
Cut-off (% CuEQ)	**CuEQ (%)**	**Tonnage (Mt)**	**Cu (%)**	**Au (g/t)**	**Mo (ppm)**	**Cu (Blb)**	**Au (Moz)**	**Mo (Blbs)**
Measured								
0.3	0.62	526	0.33	0.35	178	3.8	5.9	0.21
0.4	0.63	499	0.34	0.36	181	3.7	5.7	0.20
0.5	0.68	393	0.37	0.39	190	3.2	4.9	0.16
0.6	0.76	239	0.42	0.43	207	2.2	3.3	0.11
1.0	1.14	21	0.64	0.63	305	0.3	0.4	0.01
Indicated								
0.3	0.78	4,570	0.44	0.35	265	44.6	51.3	2.67
0.4	0.83	4,120	0.48	0.37	273	43.2	48.7	2.48
0.5	0.9	3,487	0.52	0.39	287	40.1	44.2	2.20
0.6	0.98	2,851	0.57	0.42	307	36.1	38.2	1.93
1.0	1.28	1,135	0.79	0.53	340	19.8	19.3	0.85

Measured + Indicated								
Cut-off (% CuEQ)	**CuEQ (%)**	**Tonnage (Mt)**	**Cu (%)**	**Au (g/t)**	**Mo (ppm)**	**Cu (Blb)**	**Au (Moz)**	**Mo (Blbs)**
0.3	0.77	5,096	0.43	0.35	256	48.5	57.2	2.87
0.4	0.81	4,619	0.46	0.37	263	46.9	54.4	2.68
0.5	0.88	3,880	0.51	0.39	277	43.3	49.0	2.37
0.6	0.96	3,090	0.56	0.42	300	38.3	41.5	2.04
1.0	1.27	1,156	0.79	0.53	340	20.1	19.7	0.87

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.**

Table 1b Pebble Inferred Mineral Resources								
Inferred								
Cut-off (% CuEQ)	**CuEQ (%)**	**Tonnage (Mt)**	**Cu (%)**	**Au (g/t)**	**Mo (ppm)**	**Cu (Blb)**	**Au (Moz)**	**Mo (Blb)**
0.3	0.55	3,968	0.27	0.29	220	23.7	36.9	1.92
0.4	0.71	2,267	0.37	0.35	260	18.6	25.5	1.30
0.5	0.84	1,518	0.47	0.40	282	15.6	19.3	0.94
0.6	0.93	1,160	0.53	0.43	303	13.4	16.0	0.77
1.0	1.24	413	0.74	0.50	400	6.7	6.6	0.36

Notes to Tables:

1. CIM definitions were followed for classification of Mineral Resources.

2. The mineral resources fall within a volume or shell defined by metal price estimates of US$2.50/lb for copper, US$900/oz for gold and US$25/lb for molybdenum

3. Mineral Resources are estimated at cut-off grades based on copper equivalence. The copper equivalence was calculated using metal prices of US$1.80/Cu, US$800/oz Au, and US$10/lb Mo. Metallurgical

recoveries were applied in the CuEQ calculation. The recovery factors for the Pebble West area were 91% Cu, 75% Au, and 91% Mo, and for the Pebble East area were 93% Cu, 80% Au, and 94% Mo. Revenue was calculated for each metal based on grades, recoveries and selected metal prices; accumulated revenues were then divided by the revenue at 1% copper. Recoveries for gold and molybdenum were normalized to the copper recovery, as shown below: CuEQ (Pebble West) = Cu % + (Au g/t x 75%/91% x 25.72/39.68) + (Mo % x 90%/91% x 220.46/39.68) CuEQ (Pebble East) = Cu % + (Au g/t x 80%/93% x 25.72/39.68) + (Mo % x 94%/93% x 220.46/39.68).

4. For bulk underground mining, cut-offs such as 0.60% CuEQ, are typically used for porphyry deposit bulk underground mining operations at copper porphyry deposits located around the world. A 0.30% CuEQ cut- off is considered to be comparable to that used for porphyry deposit open pit mining operations in the Americas. All mineral resource estimates and cut-offs are subject to feasibility studies that have not yet been completed for the Project.

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 Zone. The preliminary economic assessment was based, in part, 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 is 0.6% CuEQ.

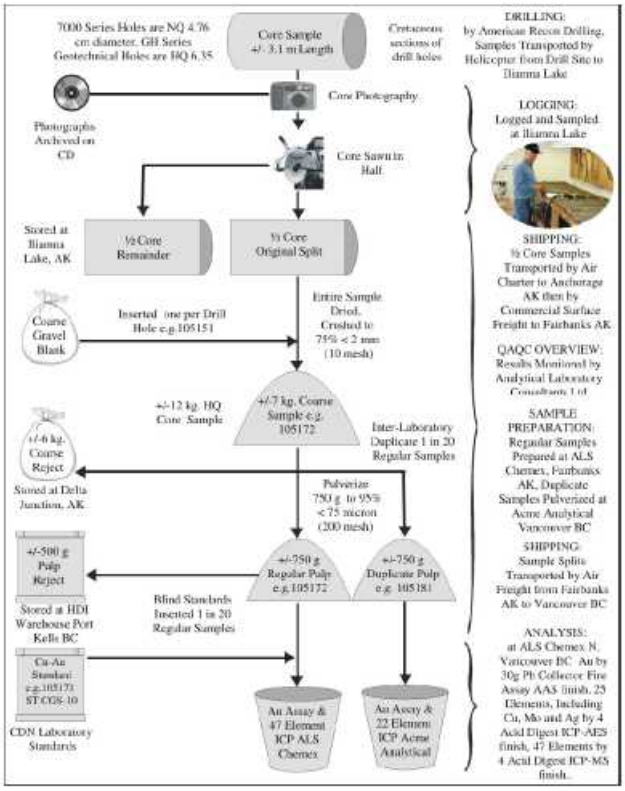
Sampling, Analysis, Security and Quality Assurance/Quality Control Procedures

For all the Pebble Partnership 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 facility. 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 in Fairbanks, Alaska.

Drilling, sampling and QAQC are supervised by qualified persons employed by the Pebble Partnership. 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.

Sampling and analytical procedures at Pebble prior to 2007 are described in the 2007 technical report. Procedures in 2008 are shown in the flow chart below:



Recent Exploration – 2008 Program

Drilling

A major drilling program was completed at Pebble during 2008. The emphases of the program were to continue delineation of the Pebble East Zone, upgrade the classification of a portion of the Pebble East Zone Mineral Resource, obtain metallurgical samples in the Pebble West Zone, and obtain engineering data in areas of potential infrastructure across the district to provide information for prefeasibility studies.

Approximately 179,000 ft (54,650 m) of core drilling was completed for the following purposes:

- Delineation and Infill (119,300 ft): The primary objective of this drilling was to expand and delineate the boundaries of mineralization in the Pebble East Zone, and to increase the density of drilling within the area of known mineralization by infill between previously drilled holes.
- Metallurgical (14,500 ft): The primary objective of this drilling was to obtain material for metallurgical and comminution testwork.
- Engineering and Hydrology Drilling (41,670 ft cored and 6,750 ft rotary). The primary objective of this drilling was to obtain geotechnical information on overburden in areas of possible infrastructure development. Additional purposes for some of these holes included sampling of ground water, installation of piezometers for monitoring of groundwater, and determination of rock type in underlying bedrock.
- Geotechnical Data Acquisition. Two additional types of geotechnical studies and surveys were applied to selected delineation and infill drill holes. This information was acquired from oriented core and acoustic logging of these holes.

Engineering Studies

Engineering work in 2008 focused on the following areas:

- Collection of additional site and underground geotechnical data to support ongoing design work;
- Continuation of metallurgical testwork on both Pebble West and 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.

Pebble East Geotechnical Data

The Pebble East geotechnical data collection program is directed by an internationally recognized independent consultant. The objective of this program is to collect geotechnical data to support design of an underground mine in the Pebble East Zone.

The program consists of data collection and analysis of standard geotechnical parameters from all core holes, detailed logging of oriented core from one of the exploration rigs, and down-hole logging using an acoustic probe. A program to collect surface geotechnical data commenced early in the second quarter.

This program is intended to collect supplemental data for the design of site infrastructure, tailings and water management systems. The program was completed in mid October.

Metallurgy and Comminution Testwork

The metallurgical test program for the Pebble Project, initiated in 2004, continued through 2008 with testing of drill core samples from both the Pebble East and West Zones.

The extensive batch and lock cycle flotation testwork on Pebble East samples in 2008 confirmed the suitability of a conventional flowsheet consisting of rougher and scavenger flotation, regrinding of concentrate, and cleaner flotation using pH control for copper/pyrite separation. As a follow-up to previous Pebble West test programs, tests were conducted on fresh Pebble West drill core samples for evaluation of the optimum flowsheet for the Pebble West mineralization, particularly with regards to its response to the flowsheet established for the Pebble East mineralization. As well, Pebble West and Pebble East composite blends were tested to quantify the response of blends of both deposits to the selected flowsheet, and to identify any changes to process variables that may be required. Concepts for the design and operation of the grinding circuits for the Pebble Project are determined from comminution test work. Estimates of Bond work indices have been determined on drill core material from both the Pebble West and Pebble East Zones. Additional testwork is planned as input to ongoing comminution circuit design and estimation of power draw.

Additional sampling was completed in 2008 and testwork on these and previously collected samples is planned and with the likely result that as the metallurgical understanding evolves, so will the anticipated metallurgical recoveries. Other objectives for future testwork are to quantify metallurgical efficiencies across the deposit for geo-metallurgical mapping, to define downstream recovery streams, in particular copper-molybdenum separation, and to finalize process design criteria.

Integrated Engineering Studies

A significant round of engineering studies commenced in 2008, with the intent of updating work conducted on Pebble West in 2005 and to assess the effect of including Pebble East in the mine plan. These studies both build on the 2005 work, and involve re-evaluation of aspects such as primary infrastructure, process flowsheet, site layout, mining plans and throughput rates.

Environmental and Socioeconomic Programs

Environmental and socioeconomic baseline data studies have now been completed for five consecutive years. In addition, environmental baseline information that was collected by the prior operator has been obtained to expand the database.

Comprehensive environmental and socioeconomic base-line study programs continued in 2008, with the objectives of collecting data in the Pebble East area 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 areas of focus of the 2008 field programs were water, aquatic habitat/fish resources, terrestrial habitat/wildlife resources, wetlands, and subsistence/traditional use.

Seventy-eight holes were drilled for environmental data collection purposes during the year. These holes are testing the resource and planned infrastructure areas to map out groundwater flow regimes and to understand groundwater chemistry.

The environmental baseline document remains on schedule to be finalized in 2010. This document will be submitted with permit applications, targeted for 2010, once mine engineering and a proposed development plan is completed. The permitting process for the Pebble Project under the National Environmental Policy Act is expected to take three or more years.

Cultural Studies

Archaeological studies have been carried out on all areas that might be disturbed by the project, with the exception of possible road and port locations. Examination of the road and port sites are not expected until 2009 or later, once a decision is made regarding the exact location of these project features.

Community Engagement

Hundreds of public meetings and project presentations were conducted throughout the region and around the state in 2008, as well as some 50 stakeholder tours of the Pebble Project site and operating mines in Alaska and other jurisdictions. In addition, the Keystone Center – a non-profit organization that specializes in developing stakeholder dialogue processes – has agreed to work with the Pebble Partnership to design and facilitate an independent, stakeholder-driven dialogue process around the Pebble Project to begin in 2009. It is envisaged that the program will include recruitment of independent technical and scientific experts to review the Pebble Partnership's work and serve as a credible and objective arbiter for project stakeholders.

The Pebble Partnership has a number of other initiatives underway to enhance stakeholder relationships. This includes investment in community socio-economic development programs like the *Pebble Fund for Sustainable Bristol Bay Fisheries & Communities* – a five-year, $5 million endowment to enhance the health and sustainability of regional fisheries and the communities they support. It also includes the

Pebble Project Pre-Permitting Environmental & Socio-Economic Data Release Series – a voluntary initiative to share the preliminary findings of the Pebble Partnership's comprehensive environmental study program with project stakeholders prior to the beginning of project permitting.

Workforce development and education efforts planned for 2009 include additional training in the areas of equipment operations, health, safety and environment, and other areas. College scholarship programs for high school students are also being continued. Contract and full-time personnel working at the Pebble Project site near Iliamna, Alaska peaked at 232 in 2008. Some 130 individuals from local communities worked on the project in 2008.

2009 Program

A US$59 million program has been approved for 2009. The purpose of the program is to advance a Prefeasibility Study and prepare the Pebble Project for permitting in 2010, and includes:

- a site investigation program to undertake resource drilling and support environmental studies;
- an engineering program to finalize trade-off studies in preparation for the completion of a Prefeasibility Study in 2010;
- an environmental study program to continue baseline data collection in key areas (e.g. hydrology, water quality, fish resources), and to compile and analyze collected data from previous years toward the completion of the Environmental Baseline Document in 2010;
- a public affairs program to engage communities and project stakeholders, and to advance initiatives in the areas of workforce development, business development and public education; and
- corporate and administrative costs.

These approved expenditures are expected to be supplemented by additional engineering and site investigation activities in the latter half of 2009, including geotechnical and metallurgical drilling.

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:

The Pebble Partnership'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 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 Zone. Exploration for minerals is a speculative venture necessarily involving substantial risk. If the expenditures Northern Dynasty or the Pebble Partnership incurred 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 the Pebble Project is successfully developed, 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, 2008, Northern Dynasty had working capital of approximately $47 million, which is sufficient to fund its operations in fiscal 2009. 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 interest, the failure 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 interest. 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 is not successful in its plan of operations, Northern Dynasty may have to seek a new mineral property to explore or acquire an interest in a new mineral property or project. Northern Dynasty anticipates that such an outcome would result in a significant decline in the trading price of Northern Dynasty's common shares. Although Anglo was only committed to fund the Pebble Partnership US$125 million (completed as of 2008) to be expended towards a prefeasibility study, however, they are required to continue funding additional expenditures approved by the board of the general partner to maintain their interest in the Pebble Partnership, 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 and 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 portion of expenditures for the Pebble Project.

The ability of Northern Dynasty to raise financing to fund its part of the 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 the Pebble Partnership of carrying out its exploration and, if warranted, development of the Pebble Project. Further, compliance with new or additional environmental legislation may result in delays to the exploration and, if warranted, development activities.

Changes in government regulations and the presence of unknown environmental hazards on Northern Dynasty's mineral properties may result in significant unanticipated compliance and reclamation costs

Government regulations relating to mineral rights tenure, permission to disturb areas and the right to operate can adversely affect Northern Dynasty. Northern Dynasty and the Pebble Partnership may not be able to obtain all necessary licenses and permits that may be required to carry out exploration at our projects. Obtaining the necessary governmental permits is a complex, time-consuming and costly process. The duration and success of efforts to obtain permits are contingent upon many variables not within 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 and the Pebble Partnership maintain liability insurance in an amount which we consider adequate, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or Northern Dynasty and the Pebble Partnership might elect not to insure 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 activities, then Northern Dynasty's plan of operations may be delayed or be more expensive to undertake than anticipated.

Northern Dynasty's success depends to a significant extent on the performance and continued service of certain 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.

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, 2008. As of March 27, 2009, there were 92,628,877 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, 2007.

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 Toronto Stock Exchange ("TSX") and NYSE Amex for the periods listed.

	Toronto Stock Exchange			NYSE Amex		
	High (Cdn$)	**Low (Cdn$)**	**Average Daily Trading Volume**	**High (US$)**	**Low (US$)**	**Average Daily Trading Volume**
Monthly						
December 2008	4.75	3.05	83,700	4.00	2.40	165,900
November 2008	4.36	2.51	118,200	3.83	2.00	207,200
October 2008	4.57	1.92	257,500	4.50	1.60	419,300
September 2008	6.84	4.22	146,400	6.47	4.05	283,900
August 2008	7.41	4.97	133,700	7.21	4.61	282,500
July 2008	8.92	6.75	79,400	8.78	6.65	179,800
June 2008	9.85	8.10	132,900	9.79	7.95	175,000
May 2008	10.21	9.14	71,200	10.25	9.20	124,500
April 2008	10.60	9.08	107,100	10.49	8.84	195,600
March 2008	12.42	9.40	169,300	12.57	9.15	265,400
February 2008	12.40	9.89	178,300	12.57	9.90	274,200
January 2008	13.70	9.58	271,500	13.87	9.26	307,600

Northern Dynasty share trading information is also available through free internet search services (for example, refer www.yahoo.com, enter NDM.TO (for TSX) or NAK (for NYSE Amex))

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 27, 2009.

Name, Position and Country of Residence	**Period a Director of Northern Dynasty**	**Securities Beneficially Owned or Controlled (10)**
David J. Copeland Director Vancouver, British Columbia	Since June 1996	2,056,783 Common Shares 220,000 Options (1)
Scott D. Cousens Director Vancouver, British Columbia	Since June 1996	1,184,133 Common Shares 220,000 Options (1)
Robert A. Dickinson Chairman of the Board and Director Lions Bay, British Columbia	Since June 1995	3,420,083 Common Shares (9) 309,000 Options (2)
David Elliott Director Vancouver, British Columbia	Since July 2004	13,000 Common Shares 240,000 Options (1)(3)
Gordon J. Fretwell Director West Vancouver, British Columbia	Since July 2004	Nil Common Shares 240,000 Options (1)(3)
Russell E. Hallbauer Director West Vancouver, British Columbia	Since April 2008	125,600 Common Shares 157,500 Options (3)(4)
Wayne Kirk Director Orcas Island, Washington	Since July 2004	20,000 Common Shares 340,000 Options (5)
Stephen Scott Director West Vancouver, British Columbia	Since November 2007	Nil
Marchand Snyman Chief Financial Officer and Director North Vancouver, British Columbia	Since August 2008	40,000 Common Shares 185,000 Options (6)
Ronald W. Thiessen President, CEO and Director West Vancouver, British Columbia	Since November 1995	2,095,838 Common Shares 331,500 Options (7)
Trevor Thomas Secretary Vancouver, British Columbia	Since February 2008	5,000 Common Shares 74,560 Options (8)

Notes:

1. Messrs. Copeland, Cousens, Elliott, and Fretwell each hold options to purchase 220,000 Common Shares at $5.00 per share expiring on February 2, 2014.
2. Mr. Dickinson holds options to purchase 309,000 Common Shares at an exercise price of $5.00 per share expiring on February 2, 2014.
3. Messrs. Elliot, Fretwell and Hallbauer each hold options to purchase 20,000 Common Shares at an exercise price of $3.00 per share expiring on October 27, 2013
4. Mr. Hallbauer holds options to purchase 137,500 Common Shares at $5.00 per share expiring on February 2, 2014.
5. Mr. Kirk holds options to purchase 40,000 Common Shares at an exercise price of $5.35 per share expiring on August 22, 2013, 30,000 Common Shares at an exercise price of $3.00 per share expiring October 27, 2013 and 270,000 Common Shares at an exercise price of $5.00 per share expiring on February 2, 2014.
6. Mr. Snyman holds options to purchase 50,000 Common Shares at an exercise price of $3.00 per share expiring on October 27, 2013 and 135,000 Common Shares at an exercise price of $5.00 per share expiring on February 2, 2014.
7. Mr. Thiessen holds options to purchase 331,500 Common Shares at an exercise price of $5.00 per share expiring on February 2, 2014.
8. Mr. Thomas holds options to purchase 5,060 Common Shares at an exercise price of $3.00 per share expiring on October 27, 2011 and 69,500 Common Shares at an exercise price of $5.00 per share expiring on February 2, 2012.
9. Certain of these shares are held by United Mineral Services, a private company that is wholly owned by Mr. Dickinson.
10. Information was derived from insider reporting filings available at www.sedi.com.

At the annual general meeting of the Company held on June 17, 2008, directors listed except for Mr. Marchand Snyman, were re-elected to a one-year term of office expiring at the next annual general meeting of Northern Dynasty, which is scheduled for June 2009. Several of the directors serve together on a number of boards of other publicly listed companies. In February 2008, Mr. Jeffrey Mason resigned from the position of Secretary and from August 1, 2008, from the position of Chief Financial Officer and as a Director of the Company. Mr. Trevor Thomas was appointed Secretary of the Company in February, 2008 and Mr. Snyman was appointed Chief Financial Officer and Director of the Company as of August 1, 2008.

Although the directors oversee the management of the Company's affairs, a cost sharing arrangement exists between a number of the public resource companies on which several of the directors serve 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 executive, 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 25, 2009, the above directors and officers beneficially owned, directly or indirectly, or exercised control or direction over 8,959,437 common shares of the Company (9.7%), or 11,276,997 common shares on a fully diluted basis (12.2%) ..

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

Committee	Membership
Compensation Committee	David Elliott Gordon Fretwell Wayne Kirk
Nominating and Governance Committee	David Elliott Gordon Fretwell Wayne Kirk
Pebble Limited Partnership Oversight Committee	Wayne Kirk

The mandate of each of these committees is more particularly described in Northern Dynasty's corporate governance Policies and Procedures 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 Northern Dynasty and other 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	March 2008
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
Great Basin Gold Ltd.	Director	March 1993	November 2006
Rockwell Diamonds Inc.	Director	November 2000	November 2008
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

Company	Positions Held	From	To
Continental Minerals Corporation	Director	June 2004	Present
	Chairman	June 2004	January 2006
	Co-Chairman	January 2006	December 2006
Detour Gold Corporation	Director	August 2006	February 2009
Farallon Resources Ltd.	Director	July 1991	April 2007
	Chairman	April 2004	September 2004
	Co-Chairman	September 2004	December 2005
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
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
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
Bell Copper 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
Fronterra Copper Corporation	Director	February 2009	Present
Grandcru Resources Corp.	Director	December 2002	May 2008
Icon Industries Limited	VP of Legal Services	December 2000	March 2009
	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	September 2007
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.	CFO	November 2005	January 2006

RUSSELL E. HALLBAUER, P.Eng, – Director

Mr. Hallbauer graduated from the Colorado School of Mines with a B.Sc. in Mining Engineering in 1979. He is a Registered Professional Engineer with the Association of Professional Engineers of British Columbia. He has been a member of the Canadian Institute of Mining and Metallurgy since 1975 and is a director and former chairman of the Mining Association of B.C.

In 1983, he joined Teck Corporation's Bullmoose mine, advancing through Engineering and Supervisory positions to become Mine Superintendent in 1987, and in 1992, became General Manager of Quintette. In 1995, he assumed new responsibilities in Vancouver when he was appointed General Manager, Coal Operations, overseeing Teck's three operating coal mines in British Columbia. In 2002, he was appointed General Manager, Base Metal Joint Ventures, responsible for Teck Cominco's interests in Highland Valley Copper, Antamina in Peru, and Louvicourt in Quebec. Mr. Hallbauer is a director of Hunter Dickinson Services Inc. and Hunter Dickinson Acquisitions Inc.

Mr. Hallbauer 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	April 2008	Present
Taseko Mines Limited	Director, President and Chief Executive Officer	July 2005	Present

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 the state of Washington. 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
Gabriel Rersources Ltd.	Director	June 2008	Present
Great Basin Gold Ltd.	Director	July 2004	Present
Taseko Mines Limited	Director	July 2004	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.

MARCHAND SNYMAN. – CA – Director, Chief Financial Officer

With over 12 years of progressive experience in the mining sector, Mr. Snyman was a director of Muratie Investments Pty Limited between 2003 and 2006, an Australian mining consultant providing advisory services to businesses in Australia, China, South Africa and the USA. Mr. Snyman was General Manager Corporate Finance and Development for Anglo Platinum Limited, the world's premier platinum producer from 1999 – 2002, responsible for managing diverse projects including joint venture negotiations, corporate tax structures and offshore corporate operations, having joined Anglo Platinum in 1996 as Corporate Finance Manager. Prior to that, he was a senior financial advisor for a multi-modal transportation company in South Africa. He has been Vice President, Corporate Development for Hunter Dickinson Services Inc. since 2006.

Mr. Snyman is a member of the Institute of Chartered Accountants in Australia and of the South African Institute of Chartered Accountants.

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

Company	Positions Held	From	To
Continental Minerals Corporation	Chief Financial Officer	January 2008	Present
Northern Dynasty Minerals Ltd.	Director	August 2008	Present
	Chief Financial Officer	August 2008	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
Northern Dynasty Minerals Ltd.	Director	November 1995	Present
	President and Chief Executive Officer	November 2001	Present
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	July 2006	Present
	Chairman	July 2006	February 2009
Farallon Resources Ltd.	Director	August 1994	Present
	President and Chief Executive Officer	September 2000	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
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
Tri-Gold Resources Corp.	Director	July 1992	December 2006

TREVOR THOMAS, LLB – Secretary

Trevor Thomas has practiced in the areas of corporate commercial, corporate finance, securities and mining law since 1995, 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
Amarc Resources Ltd.	Secretary	February 2008	Present
Anooraq Resources Corporation	Assistant Secretary	November 2007	Present
Continental Minerals Corporation	Secretary	February 2008	Present
Farallon Resources Ltd.	Secretary	December 2007	Present
Rockwell Diamonds Inc.	Secretary	February 2008	Present
Taseko Mines Limited	Secretary	July 2008	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 June 1, 2008. 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

Other than those already described in this AIF, the Company did not enter into any material contracts during the fiscal year ended December 31, 2008.

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 the Company, available on SEDAR at 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 AIF, together with any document incorporated herein by reference;

(ii) the Annual Report of the Company and any interim consolidated financial statements filed with Securities Commissions subsequent to the audited consolidated 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, 2008 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 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, 2008 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

During the year ended December 31, 2008, a new Accounting & Financial Reporting systemwas implemented at the Pebble Partnership, in which the Company has a 50% interest (described above). In connection with this system implementation, the Company updated its internal controls over financial reporting, as necessary, to accommodate modifications to its business processes and accounting procedures. The Pebble Partnership's financial statements constitute approximately 80% of the Company's total assets and approximately 95% of expenditures for the year ended December 31, 2008. Other than the system implementation at Pebble Partnership, no other changes in internal controls over financial reporting occurred during the most recent fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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 NYSE Amex. 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. The Code of Ethics was updated in 2007 and is publicly available on the Company's website at www.northerndynastyminerals.com.

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, 2008	Year ended December 31, 2007
Audit Fees	$ 85,000	$ 70,000
Audit-Related Fees (1)	–	–
Tax Fees	–	–
All Other Fees	–	–
	$ 85,000	$ 70,000

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 dated March 20, 2009 on the financial statements of the Company as at and for the fiscal year ended December 31, 2008, included in the Company's annual report filing on Form 40-F.

Yours very truly,

De Visser Gray LLP

Chartered Accountants

Vancouver, Canada
March 30, 2009

Scott Wilson Roscoe Postle Associates Inc
Suite 388, 1130 West Pender Street, Vancouver, BC V6E 4A4
T (604) 602-6767 F (604) 602-0235
www.scottwilson.com



CONSENT OF QUALIFIED PERSON

United States Securities and Exchange Commission **Date: March 30, 2009**

Re: Northern Dynasty (the "Company")
Technical Report entitled "Technical Report on the 2008 Program and Update on Mineral Resources and Metallurgy for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA", dated February 13 2009

I, David Rennie, 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 2008 Program and Update on Mineral Resources and Metallurgy for the Pebble Copper-Gold-Molybdenum Project, Iliamna Lake Area, Southwestern Alaska, USA", dated February 13, 2009 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 2008 40F, dated March 30, 2009 and confirm that it documents fairly and accurately represent the information that supports the disclosure.

(Signed) "David Rennie"

David Rennie, P.Eng.
Principal Geologist
Scott Wilson Roscoe Postle Associates Inc.

Email: david.rennie@scottwilson.com

CORPORATE SERVICES AGREEMENT

This Corporate Services Agreement (the "Agreement") is made as of the 1st day of June, 2008

BETWEEN:

HUNTER DICKINSON INC. (to be renamed Hunter Dickinson Services Inc.), a company incorporated under the federal laws of Canada

(hereinafter referred to as "**HD Services**"),

OF THE FIRST PART

NORTHERN DYNASTY MINERALS LTD., a company incorporated under the laws of British Columbia

(hereinafter referred to as (**"NDM"**),

OF THE SECOND PART

(collectively, HD Services and NDM are the "**Parties**" and each is a "**Party**")

WHEREAS:

A. HD Services is a company established to provide technical, geological, corporate communications, administrative and management services for public companies involved in the acquisition, exploration and development of natural resource properties; and

B. NDM and HD Services have agreed that HD Services will provide technical, geological, corporate communications, administrative and management services as more particularly described herein.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which consideration each Party acknowledges, the Parties agree as follows:

ARTICLE 1 - ENGAGEMENT

1.01 Engagement

During the term of this Agreement, which shall be determined in accordance with Article 7 (the "**Term**"), HD Services shall, subject to the terms and conditions hereof, supply technical, geological, corporate communications, administrative and management services as more particularly described in sections 1.02, 1.03 and 1.04 (the "**Corporate Services**") to NDM.

1.02 Program Services

Subject to receipt of a written request by NDM in accordance with section 1.05, HD Services shall together with NDM management and such other consultants as NDM chooses to involve, review the resource property portfolio of NDM with a view to making recommendations for the design and implementation of programs of exploration and/or development ("**Programs**") for the mineral properties of NDM. Such recommendations shall be accompanied by reasonable details of the proposed Program, including scheduling, description of activities and budgets. Upon written mutual acceptance of such Program(s) by NDM and HD Services (with or without variations that the Parties may agree, and where acceptance is in the sole discretion of each Party), HD Services shall carry out each Program and shall generally:

(a) provide and/or retain the necessary technical and support staff;

(b) negotiate third party service contracts for execution by NDM, or subject to the agreed terms of implementation of the Program(s), execute such contracts as agent for NDM. Such third party contracts may include (without limitation) geophysical and geochemical surveys, sampling, line cutting, diamond drilling, engineering, environmental, independent analyses and reporting and such other work as has been agreed in respect of such Program;

(c) apply for necessary regulatory permits and licences;

(d) provide field staff to supervise and oversee the work of HD Services staff and subcontractors;

(e) obtain appropriate insurance and assist in making application and relevant filings pertaining to the maintenance of titles to the property as well as filing of assessment work respecting exploration work carried out; and

(f) provide general administration of the Program including accounting, payment of third party invoices and reporting thereon,

(collectively, the "**Program Services**").

1.03 General Corporate Services

Subject to receipt of a written request by NDM in accordance with section 1.05 which is agreeable to HD Services, HD Services shall also:

(a) perform general corporate services for NDM as required in relation to, but not limited to other matters such as administration, accounting, legal, regulatory reporting, management information and information technology services and personnel, but excluding corporate finance, funding and treasury functions.

(b) provide incidental assistance with corporate communications programs, including investor relationship management, HD Services website services, and corporate brochures regarding NDM; provided that these services shall not constitute

ARTICLE 2 - PAYMENTS TO HD SERVICES

2.01 Program Budget

The fees payable by NDM to HD Services for the Program Services in accordance with Article 2 shall be included in the budget forming part of any Program approved by NDM in accordance with section 1.02. HD Services shall promptly notify NDM of any material departure from the budget of an adopted Program (a "**material departure**" for such purposes being an increase above budgeted costs of more than 10% (ten percent)). Amendments to a Program must be agreed to in writing by NDM and HD Services, including amendments to the budget, failing which NDM may terminate the relevant Program. Notwithstanding the foregoing, HD Services shall not be required to itself bear the cost of any material departures. Nothing contained in this Agreement shall oblige HD Services, in the absence of express agreement to the contrary, to incur any indebtedness for or on behalf of, or advance any credit to NDM.

2.02 Monthly Fee

NDM shall pay a monthly fee to HD Services for those Corporate Services provided to NDM (the "**Monthly Fee**"). The Monthly Fee shall be calculated on the basis of the time spent by HD Services employees and other staff providing such Corporate Services and based on the rates set out in the HD Services Charge-Out Rates Schedule attached hereto as Annexure A, which rates may be amended from time to time by HD Services by providing to NDM, on not less than 30 days advance notice, an updated HD Services Charge-Out Rate Schedule. HD Services acknowledges and agrees that such rate currently, and shall be amended from time to time to reflect the actual costs of providing such services. The Monthly Fee, with reference to the rates in Annexure A, shall be invoiced by HD Services monthly on a cost recovery basis. In addition, NDM shall pay directly or reimburse HD Services in respect of third party expenditures incurred by HD Services in respect of the Corporate Services and Programs and such expenditures will be invoiced by HD Services monthly on a cost recovery basis. For greater certainty, the Parties acknowledge and agree that HD Services shall operate on a not-for-profit basis. HD Services shall provide NDM with such further information as it may reasonably request in relation to any amount shown on any such invoice, including reasonably satisfactory evidence of any reimbursable costs. All invoices shall be payable no later than five (5) business days after presentation. The aggregate annual salaries of the principals of HD Services directly or indirectly paid by NDM and those other corporations that HD Services provides services to will be provided to NDM by HD Services prior to execution hereof.

2.03 Invoices

NDM agrees to promptly pay HD Services invoices and also agrees to advance funds against written cash calls (in the form of invoices) for reasonably immediate expenditure requirements of HD Services such as to pay for or secure services, to secure equipment, contractors, deposits and the like and to honour all agreements which HD Services enters into in good faith on behalf of NDM with third parties in the course of performing the Corporate Services.

2.04 Sales Taxes, No Set-offs

The amounts to be billed by HD Services for Corporate Services and third party costs under this Article 2 are subject to any GST or other general sales tax, value added tax or any like service or

sales tax which may be payable from time to time. All amounts payable under this Agreement shall be paid by NDM free and clear of any deductions or claims for set-offs. If any amounts are required to be withheld by applicable law, NDM shall be obliged to pay an additional amount over the amount invoiced as will leave HD Services receiving the same net amount as HD Services invoiced for. Any such additional amount paid for withholding by NDM will be refunded if recovered by HD Services and HD Services will promptly apply to recover or reduce any such withholding amounts.

2.05 Interest

If either Party defaults in the payment when due of any sum payable under this Agreement (howsoever determined) the liability of such Party shall be increased to include interest on such sum from the date when such payment is due until the date of actual payment (as well after as before judgment) at the rate of LIBOR plus 4% (four percent). Such interest shall accrue from day to day. For such purposes, "**LIBOR**" means the interest rate per annum for deposits in US dollars for a ninety (90) day period which appears on the Reuters LIBO page (or such other page or pages as may replace that page or pages on that service for the purpose of displaying offered rates of leading banks for London interbank deposits in US dollars) at or about 11:00 a.m. London time on the business day in London before and for value on the first day of such period, provided that, if two or more such offered rates are indicated on such display, LIBOR shall be the rate that equals the arithmetic mean (expressed as a decimal fraction to five decimal places) of such offered rates, and provided further that if such period is not equal to any period shown on such page, LIBOR shall be the rate determined by interpolation from the rates for the next longer and next shorter periods shown on such page, using the number of days as the basis for the interpolation, expressed as a decimal fraction to five decimal places.

2.06 Stock Options

In addition to amounts invoiced hereunder and as additional consideration for HD Services making available its employees and staff for Corporate Services on an as needed basis, provided that NDM is able to rely upon the exemption set out in section 2.24 of *National Instrument 45-106*, or an equivalent exemption under applicable securities laws, in connection with the grant of such options and is able to rely upon the exemption set out in section 2.42(1)(a) of *National Instrument 45-106*, or an equivalent exemption under applicable securities laws, in connection with the issuance of the securities that are issuable upon the exercise of such options, and subject to NDM obtaining any security holder and regulatory approvals that may be required in connection with the grant of such options or issuance of the underlying securities, NDM agrees to grant, on an annual basis, to employees of HD Services or other HD Services staff who in the reasonable opinion of NDM and HD Services, after mutual consultation, have spent or will spend a significant amount of time and attention on the affairs and business of NDM, (the names of whom will be provided by HD Services) by the later of: a) 90 days from the anniversary date of this Agreement; or b) such time as NDM normally establishes its stock options for its officers, directors, employees and other staff, the number of options directed by HD Services to be issued to each of such persons; provided, however, that the aggregate number of options granted to such employees or other staff of HD Services in any year shall not exceed the lesser of one (1) million stock options or the number of stock options calculated by dividing the aggregate Monthly Fee charged to NDM by HD Services for the preceding 12 months, by the market price of the underlying securities of NDM, all subject to the terms of NDM's stock option plan. For the purposes of this section 2.06, "market price"

shall mean the volume weighted average trading price over the five trading days immediately preceding the date of grant, or such different number of trading days or market price calculation as may be prescribed by the stock exchange on which NDM's underlying securities are listed and traded or such definition of "market price" as may be otherwise prescribed by applicable regulatory policies. HD Services agrees to provide NDM with all information relating to the HD Services' employees or other staff for whom options are sought pursuant to this section 2.06 as may required to comply with laws and stock exchange rules that may be applicable in connection with the grant of options and issuance of underlying securities. Where applicable securities laws requires a direct agreement between NDM and the employee of HD Services in order for a prospectus and registration exemption to be available for the valid grant of such option, the Parties agree to use reasonable commercial efforts to accommodate that requirement. The parties represent to each other they respectively believe that NDM is able to rely upon the exemption set out in section 2.24 of *National Instrument 45-106*, or another exemption under applicable securities laws, in connection with the grant of stock options to employees of HD Services or HD Services staff or it is able to rely upon the exemption set out in section 2.42(1)(a) of *National Instrument 45-106*, or another exemption under applicable securities laws, in connection with the issuance of the securities that are issuable upon the exercise of such options. NDM shall use all reasonable commercial efforts to promptly obtain any required shareholder and regularity approvals for the options contemplated hereunder.

ARTICLE 3 - NON EXCLUSIVITY AND OPPORTUNITIES

3.01 Non Exclusive Services

The Corporate Services provided by HD Services to NDM hereunder are not intended by either Party to be exclusive. NDM reserves the right to appoint additional advisors to render similar or other services and HD Services shall be free to render similar or other services to other parties on such terms and conditions as it may agree; provided, however, such terms and conditions are no more favourable to the third party recipient than those contained in this Agreement.

3.02 Opportunities, Conflicts of Interest and Confidentiality

The Services to be provided by HD Services are intended to be limited to mineral properties in which NDM holds an interest as of the date hereof or in which it may later acquire an interest. Accordingly, NDM acknowledges that HD Services shall not have any obligation to provide any information or advice to NDM respecting other resource property prospects or like opportunities ("**Opportunities**") which come to the attention of HD Services, except that for purposes hereof certain Opportunities shall be deemed to be "**Prohibited Opportunities**" as follows:

(a) Opportunities that are derived by HD Services from Confidential Information (as defined below) belonging to NDM as a consequence of Confidential Information either being provided to HD Services or being generated by HD Services on behalf of NDM, in connection with providing the Services to NDM;

(b) Opportunities that are presented to HD Services by any third party for the express benefit of or for the specific attention of NDM;

(c) Opportunities which can be demonstrated to have been discovered by HD Services directly as a result of the provision of Services to NDM;

(d) Opportunities which are known to HD Services to relate to properties that NDM is actively investigating or negotiating for, whether that involves obtaining advice from HD Services or not;

(e) Properties which are located within a 50 kilometre radius, or such lesser or greater geographic limits as the parties may establish from time to time, of an existing NDM property whether or not HD Services is providing any Services in connection with such NDM property.

For the purposes of this Section 3.02, Prohibited Opportunities shall be deemed to include Opportunities that are obtained by HD Services' directors, officers, employees and other servants within the context of Section 3.02(a) to 3.02(e). HD Services shall promptly notify NDM of any Prohibited Opportunities obtained or discerned during the Term, but nothing herein shall be deemed to be negligence on the part of HD Services if some Prohibited Opportunity is overlooked, it being the intention only to prevent HD Services from appropriating Prohibited Opportunities. An Opportunity which is acquired or pursued by HD Services more than two years after the Term shall in no event be deemed to be a Prohibited Opportunity.

NDM agrees it has no interest whatsoever in any Opportunities which come to the attention of HD Services, other than Prohibited Opportunities or Opportunities which NDM elects in writing not to pursue. Except as set out in this Section 3.02, HD Services is not under any fiduciary or like duty to NDM which will prevent or impede it from participating in, or enjoying the benefits of competing endeavours of a nature similar to the business of NDM and the legal doctrines of "corporate opportunity" or "business opportunity" shall have no application in respect of this Agreement, except as expressly provided above. HD Services shall take all reasonable steps to ensure compliance by its directors, officers, employees, associates and agents with the requirements of this Section 3.02.

3.03 Services Through Agents or Affiliates

HD Services shall have the right to provide the Corporate Services, or portions thereof, through agents, affiliates or independent contractors; provided that HD Services shall ensure that such agents, affiliates or independent contractors comply with the terms and conditions of this Agreement that are relevant to the performance of their assigned tasks. HD Services shall ensure that such agents, affiliates or independent contractors contractually are legally responsible for their conduct under the standards applicable to HD Services pursuant to this Agreement.

ARTICLE 4 - INDEMNITY AND LIMIT ON LIABILITY

4.01 NDM Indemnity

Subject to section 4.02, NDM hereby indemnifies and saves harmless HD Services and any of its directors, officers, employees, contractors and agents (each, an "**HD Indemnified Person**") from and against any loss, liability, claim, demand, damage and expense (including reasonable legal fees) (each a "**Claim**" and collectively "**Claims**") in connection with the provision of Corporate Services.

4.02 Exclusion

The indemnity in section 4.01 shall not extend or apply to any Claim arising out of the fraud, wilful misconduct or negligence of the HD Indemnified Person as the case may be; provided that "negligence" shall be deemed not include any act or omission of the HD Indemnified Person done or omitted to be done, if resulting from:

(a) the direction of, or with the knowledge and concurrence, of NDM; or

(b) an action taken in good faith by the HD Indemnified Person to protect life or property.

4.03 Limitation of Liability

Notwithstanding anything to the contrary contained in this Agreement, the liability of NDM to HD Services arising out of any Claims against HD Services or the indemnity set out in section 4.01 shall be limited to an amount equal to the aggregate of the amounts actually paid to or accrued in favour of HD Services in accordance with Article 2, save for reimbursable costs in accordance with section 2.03, during the year in which such Claims arise.

4.04 HD Indemnity

HD Services hereby indemnifies and saves harmless NDM and any of its directors, officers, employees, contractors and agents (each, a "**NDM Indemnified Person**") for any Claim arising out of the fraud, wilful misconduct or negligence of HD Services as the case may be; provided that "negligence" shall be deemed not include any act or omission of the HD Indemnified Person done or omitted to be done, if resulting from:

(a) the direction of, or with the knowledge and concurrence, of NDM; or

(b) an action taken in good faith by the HD Indemnified Person to protect life or property.

4.05 Consequential Losses

Neither party shall be liable to the other for any indirect or consequential loss or damages arising out of a breach of this Agreement.

4.06 Limitation of Liability

Notwithstanding anything to the contrary contained in this Agreement, the liability of HD Services to NDM arising out of any Claims against NDM or the indemnity set out in section 4.04 shall be limited to an amount equal to the aggregate of the amounts actually paid to or accrued in favour of HD Services in accordance with Article 2, save for reimbursable costs in accordance with section 2.03, during the year in which such Claims arise.

4.07 Claims

(1) In the event that any action, suit or proceeding is brought against either HD Services or NDM (in this Section, an "**Indemnified Party**") in respect of which indemnity may be sought against the other party (in this Section, an "**Indemnifying Party**") in accordance with section 4.01, the Indemnified Party will give the Indemnifying Party prompt written notice of any such action, suit or proceeding of which the Indemnified Party has knowledge and the Indemnifying Party will undertake the investigation and defence thereof on behalf of the Indemnified Party, including employment of counsel acceptable to such Indemnified Party, and make payment of all expenses.

(2) No admission of liability and no settlement of any action, suit or proceeding shall be made without the consent of the Indemnifying Party and the Indemnified Parties affected, such consent not to be unreasonably withheld.

(3) Notwithstanding that the Indemnifying Party will undertake the investigation and defence of any action, suit or proceeding, an Indemnified Party will have the right to employ separate counsel in any such action, suit or proceeding and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

(a) employment of such counsel has been authorised by the Indemnifying Party;

(b) the Indemnifying Party has not assumed the defence of the action, suit or proceeding within a reasonable period of time after receiving notice thereof;

(c) the named parties to any such action, suit or proceeding include both the Indemnifying Party and the Indemnified Party and the Indemnified Party shall have been advised by counsel that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party; or

(d) there are one or more legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnifying Party.

(4) It is the intention of the parties to constitute each other as trustee for each other's directors, officers, employees, contractors and agents under this Article 4 and each party agrees to accept such trust and to hold and enforce such covenants on behalf of its own directors, officers, employees, contractors and agents.

(5) For the purposes of this Article 4:

(a) "**action, suit or proceeding**" shall include every action, suit or proceeding, civil, criminal, administrative, investigative or other; and

(b) the right of indemnification conferred hereby shall extend to any threatened action, suit or proceeding.

(6) The foregoing rights of indemnification shall not be exclusive of any other rights to which the Indemnified Parties may be entitled as a matter of law or which may be lawfully granted to such Indemnified Parties and the provisions of this Article 4 are severable, and if any provision

hereof shall for any reason be determined invalid or ineffective, the remaining provisions of this Article 4 shall not be affected thereby.

(7) The indemnities set out in section 4.01 and 4.04 shall remain in full force and effect notwithstanding the termination of this Agreement.

ARTICLE 5 - CONFIDENTIALITY

(1) HD Services acknowledges that the business carried on by NDM is an extremely competitive business, that during the Term HD Services will be exposed to confidential information belonging to NDM and its affiliates and that disclosure of any such confidential information to third parties could irreparably damage and place NDM at a competitive disadvantage. Such confidential information shall encompass NDM or its affiliates' proprietary or confidential information disclosed or entrusted to HD Services or developed or generated by HD Services in the performance of their services pursuant to this Agreement, including information relating to NDM or its affiliates' mineral properties, exploration results, exploration developments, research data, organizational structure, operations, business plans and affairs, technical projects, pricing data, business costs, inventions, trade secrets, names of joint venture partners or other work produced or developed by or for NDM or any of its affiliates, ("**Confidential Information**"). HD Services shall:

(a) diligently take commercially reasonable efforts to protect the integrity and security of the Confidential Information within its control and to ensure that only authorized personnel of HD Services are provided with Confidential Information. HD Services shall limit access to Confidential Information respecting exploration developments to its own staff on a need-to-know basis and shall ensure that its personnel acknowledge the need to protect the confidentiality of the Confidential Information and that they are made aware that they are in a "special relationship" with NDM as contemplated by securities legislation;

(b) not use the Confidential Information for any purpose other than in connection with the provision of Corporate Services to NDM and not disclose any of the Confidential Information to third parties without the prior written consent of NDM, provided that such consent shall not be required where the Confidential Information is disclosed:

(i) to the employees, officers, representatives and agents of HD Services and affiliates of HD Services and professional advisors of HD Services, to enable such persons to assist HD Services in providing Corporate Services to NDM; and provided further that all such persons acknowledge the need to preserve and protect the confidential nature of the Confidential Information and to use such information only in connection with the provision of Corporate Services to NDM; and provided further that HD Services shall be liable for any breach of confidentiality by such persons;

(ii) to the employees, officers, agents or professional advisors of NDM;

(iii) pursuant to legal process, but only after NDM has received notice of such process to the extent possible and been given an opportunity to contest or resist the process where possible and appropriate.

(2) Section Article 5(1) shall not apply to any information in the possession of HD Services which, at the relevant time:

(a) through no act or omission of HD Services is or becomes generally known or part of the public domain;

(b) is furnished to others by NDM without restriction on disclosure; or

(c) is lawfully furnished to HD Services by a third party without HD Services' knowledge of a breach of any restriction owed to NDM.

(3) All business, technical, and like records and information received or generated by HD Services during the term of this Agreement in relation to NDM or its affiliates shall be delivered to NDM, or destroyed by HD Services upon request by NDM, at any time during the Term and upon its termination. NDM shall continue to own all rights in such Confidential Information.

(4) In the event that a Party wishes to refer to the other Party hereunder or its engagement with the other Party in any public statement, news release, shareholder communication or otherwise, it must first seek the other Party's consent (such consent not to be unreasonably withheld or delayed), in all cases, prior to the release of such reference. During the Term, when referring to HD Services in any promotional or marketing materials, NDM shall use such name or trade names of HD Services, or its affiliates or its associates, and describe HD Services and its affiliates and associates, only as permitted by HD Services. Upon termination of this Agreement, each Party shall immediately cease referring to the other Party and any of its affiliates or associates and shall, unless otherwise required by law, amend, update or withdraw any offering documents, promotional and marketing material or other literature then in use that refers to any agreement or arrangement with the other Party.

(5) HD Services acknowledges that it will likely be necessary for NDM to disclose this Agreement to stock exchanges, or other regulatory authorities or otherwise make it pursuant to applicable securities laws and policies. In such instance, NDM acknowledges that disclosure of the commercial terms of this Agreement would be to the detriment of HD Services because of the competitive nature of the advisory business and so NDM will use all reasonable efforts consistent with stock exchange and regulatory requirements and securities laws and policies to remove any commercially sensitive fee information relating to this Agreement before filing or otherwise making this Agreement or its terms public.

ARTICLE 6 - OTHER RIGHTS AND DUTIES OF NDM

6.01 Access to NDM Properties and Records

For the sole purpose of enabling HD Services to perform the Corporate Services and only to the extent required to enable such performance, NDM shall allow HD Services, its employees and authorized agents reasonable access on notice to the properties and premises where the business of

NDM is conducted and shall make available to them all assets owned by NDM or which NDM is entitled to use, which relate to, or form part of, such business and provide access to all information, books, records and data which relate to such business. NDM shall ensure that its employees, and any contractors, consultants, advisors or auditors engaged by it, co-operate fully with HD Services in its performance of the Corporate Services.

6.02 Access to HD Services Records

Any authorized representative of NDM shall at all reasonable times have full access to all of the records or information of HD Services pertaining to the affairs of NDM. Such access shall be extended to the auditors and other professional advisors of NDM.

6.03 Audit

NDM shall have the right on reasonable notice of not less than 30 days in any event, to have an independent audit of the relevant business records of HD Services as they relate to the Services provided by HD Services to NDM in order to satisfy itself that the Monthly Fees for Corporate Services and other amounts charged to NDM represent a reasonable allocation of the general costs associated with providing Corporate Services on a cost recovery basis. NDM shall not have the right to audit records and accounts of HD Services related to transactions or operations more than twenty-four (24) months after the calendar year during which the Corporate Services were provided. Any audit conducted on behalf of NDM shall be made during HD Services' normal business hours and shall not interfere with its operations.

In the event that the Parties are unable to agree on the conclusions of the audit, the matter shall be referred for dispute resolution under Article 8. If that process results in a refund of more than 5% of amounts invoiced by HD Services then HD Services shall not only pay the amount but shall pay for the audit. A 1% to 5% refund adjustment shall result in the audit cost being shared equally and a less than 1% adjustment shall result in NDM paying for the audit. All written exceptions to and claims upon or by HD Services for discrepancies disclosed by such audit shall be made not more than three (3) months after completion and delivery of such audit, or they shall be deemed waived by NDM or HD Services, as the case may be.

6.04 Non Solicitation

NDM undertakes that is shall not directly or indirectly, for the Term and for 12 months after the date of termination of this Agreement, solicit any HD Services employee or contractor for the purposes of offering employment, unless expressly approved by HD Services in writing. HD Services undertakes that is shall not directly or indirectly, for the Term and for 12 months after the date of termination of this Agreement, solicit any NDM employee or contractor for the purposes of offering employment, unless expressly approved by NDM in writing.

ARTICLE 7 - TERM AND TERMINATION

7.01 Term

The initial term of this Agreement shall be for a period of two years from the date of this Agreement, following which this Agreement shall automatically renew for successive one year terms unless earlier terminated as provided in section 7.02.

7.02 Termination

(1) This Agreement may be terminated without cause at any time by either Party giving sixty (60) days notice in writing to the other Party, except that where a NDM is engaged in a material mine construction or expansion program such period shall be extended to one hundred and eighty (180) days notice. Such termination shall not affect obligations of NDM under agreed Programs for any third party commitments made by HD Services.

(2) Notwithstanding section 7.02(1), NDM may terminate this Agreement with immediate effect for cause, which shall include:

(a) HD Services becoming involved in any fraud or dishonest or serious misconduct in circumstances that would, in the reasonable opinion of NDM, make HD Services unsuitable to act on behalf of NDM;

(b) HD Services being in material breach of this Agreement and within thirty (30) days of receipt of notice thereof from NDM either:

(i) such breach is not remedied; or

(ii) if such breach is incapable of being remedied, either within such thirty (30) day period or at all, HD Services has not paid reasonable monetary compensation in lieu of remedying the breach; provided that the breach is not of such a fundamental nature as to significantly impair the value to NDM of the Agreement;

(c) the dissolution, liquidation, bankruptcy, insolvency or winding-up or the making of any assignment for the benefit of creditors of HD Services; or

(d) the appointment of a trustee, receiver and manager or liquidator of HD Services.

(3) Notwithstanding section 7.02(1), HD Services may terminate this Agreement with immediate effect for cause, which shall include:

(a) NDM having been determined to have acted dishonestly in connection with HD Services or NDM becoming involved in any fraud or dishonest or serious misconduct in circumstances that would, in the reasonable opinion of HD Services, make representation of NDM by HD Services unsuitable;

(b) NDM being in material breach of this Agreement and within thirty (30) days of receipt of notice thereof from HD Services either:

(i) such breach is not remedied; or

(ii) if such breach is incapable of being remedied, either within such thirty (30) day period or at all, NDM has not paid reasonable monetary compensation acceptable to HD Services in lieu of remedying the breach; provided always that the breach is not of such a fundamental nature as to significantly impair the value to HD Services of the Agreement;

(c) the dissolution, liquidation, bankruptcy, insolvency or winding-up or the making of any assignment for the benefit of creditors of NDM;

(d) the appointment of a trustee, receiver and manager or liquidator of NDM; or

(e) NDM not retaining HD Services to provide Services as contemplated under Article 1 for a period of 90 days.

(4) if this Agreement is terminated:

(a) all rights and obligations under this Agreement (except those in Articles 3 and 5 and this section 7.02(4)) shall terminate;

(b) for any reason other than the circumstances described section 7.02(2)(a) and 7.02(2)(b), HD Services shall be entitled to receive, and NDM shall pay to HD Services, any outstanding fees and any reimbursable expenses pursuant to Article 2 up to and including the date of termination;

(c) during the course of implementation of any Program, the Parties shall negotiate in good faith to minimize any interruption of such Program and to ensure that the costs related thereto are duly discharged by NDM;

(d) notwithstanding such termination, NDM shall continue to be bound by any agreements contracted for or on its behalf by HD Services in accordance with this Agreement prior to such termination; and

(e) HD Services will have the right (the "**Call Option**"), exercisable by the giving of notice to NDM within fifteen (15) business days following the effective date of such termination (the "**Call Option Period**"), to require NDM to sell the one (1) common share of HD Services held by NDM as of the date hereof and any other common shares of HD Services held by NDM as at the date of such termination (collectively, the "**HD Services Share**") for the aggregate amount of $1.00. If HD Services exercises the Call Option as aforesaid, the transaction of purchase and sale must be completed within twenty (20) business days (or such longer period as may reasonably be required to comply with all applicable statutory and regulatory requirements) of the expiry of the Call Option Period. The transaction will be completed at HD Services' registered office where delivery of the HD Services Share must be made by the NDM with good title, free and clear of by certified cheque or bank draft by HD Services all liens, charges, encumbrances and any other rights of others, against payment of $1.00 cash or cheque.

(5) If this Agreement is terminated for any reason other than pursuant to Section 7.02(2)(a) or 7.02(2)(b), NDM shall, within 20 business days following the effective date of such termination, pay HD Services the amount of $350,000, representing the Parties' presently agreed bona fide estimate of the *pro rata* share of the estimated contingent liabilities of HD Services related to offering to supply Services under this Agreement.

ARTICLE 8 - DISPUTE RESOLUTION

8.01 Disputes Regarding Reimbursable Costs

Notwithstanding section 8.02, in the event of any dispute arising between the Parties regarding fees or reimbursable costs claimed by HD Services in accordance with Article 2 and such dispute not having been resolved between the Parties within one (1) month from the written notice of such dispute by either Party to the other, such dispute may be referred by either Party to a Chartered Accountant ("**CA**") to be mutually agreed or failing which a third CA appointed by a CA chosen by each of the Parties. Such CA shall act as arbitrator based on the results of the audit work (and such other work as he or she may direct be done) and shall be entitled to make such adjustments as may in the circumstances appear to it to be appropriate and whose decision shall be regarded as the decision of an arbitrator and shall be binding and final upon the Parties. The costs of the CA in deciding such dispute shall be borne by each Party in the same proportion as the cost of the audit in 6.03.

8.02 Other Disputes

Any dispute arising under or in connection with any matter relating to or resulting from the performance of obligations under this Agreement, other than as contemplated by section 8.01, which has not been resolved by the Parties within thirty (30) days after the date on which either Party delivers written notice to the other Party of such dispute, which notice shall specify in reasonable detail the matter or matters in dispute, shall:

(a) be referred to the President or the Chief Executive Officer of each Party (or the person who performs like functions), who shall meet (face to face or by telephonic means) within ten (10) days from the expiry of such thirty (30) day period and shall endeavour to resolve such dispute; and

(b) failing such resolution, be referred to and finally resolved by arbitration administered by the British Columbia International Commercial Arbitration Centre (the "**Arbitration Centre**") under its International Commercial Arbitration Rules of Procedure (the "**Arbitration Rules**"). The place of arbitration shall be Vancouver, British Columbia. The parties agree to use a single arbitrator.

ARTICLE 9 - MISCELLANEOUS

9.01 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To Hunter Dickinson Inc. (to be renamed Hunter Dickinson Services Inc.):

1020 - 800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V6

Fax: (604) 681 2741

Attention: President

To Northern Dynasty Minerals Ltd.:

1020 - 800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V6

Fax: (604) 681 2741

Attention: Secretary

or to such other address, individual or electronic communication number as may be designated by notice given by either Party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third (3rd) business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day. If the Party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by electronic communication.

9.02 Further Assurances

Each Party will from time to time execute and deliver such further documents and instruments and do all acts and things as the other Party may reasonably require to effectively carry out or better evidence or perfect the terms of this Agreement.

9.03 Entire Agreement

Except for those provisions of the Geological, Management and Administration Agreement dated December 31, 1996, between Hunter Dickinson Inc and NDM which are stated to survive the termination of that agreement, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

9.04 Assignment

This Agreement may not be assigned by either Party without the prior written consent of the other Party. Any assignment shall require the written agreement of the assignee to be bound by the terms hereof.

9.05 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

9.06 Enurement

This Agreement shall enure to the benefit of the Parties and shall be binding upon their successors and permitted assigns.

9.07 Ambiguities

Each of the parties has participated in the drafting of this Agreement and any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply to the interpretation of this Agreement.

9.08 Enforceability

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions will remain in full force and effect and will not be affected, impaired or invalidated thereby.

9.09 Severability

If a provision of this Agreement shall be found to be wholly or partially invalid, this Agreement shall be interpreted as if the invalid provision had not been a part of this Agreement.

9.10 Currency

All dollar figures referred to in this Agreement are Canadian dollars unless specifically noted otherwise.

9.11 Headings, Etc.

The division of this Agreement into Articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and sections are to Articles and sections of this Agreement.

9.12 Expanded Meanings

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

(a) the singular of any term includes the plural, and vice versa, the use of any term is equally applicable to any gender and, where applicable, a body corporate, the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language is used with reference thereto);

(b) a reference to a person includes a company or other entity constituting a legal person; and

(c) the words "written" or "in writing" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including telex, telegraph or telecopy.

9.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

9.14 Facsimiles

Delivery of an executed signature page to this Agreement by either Party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date and year first above written.

HUNTER DICKINSON INC.
(TO BE RENAMED HUNTER DICKINSON SERVICES INC.)

By: _____
Authorized Signatory

NORTHERN DYNASTY MINERALS LTD.

By: _____
Authorized Signatory

ANNEXURE A

HUNTER DICKINSON SERVICES
CHARGE OUT RATES FOR 2008

Department	Position	Daily Rate	Hourly Rate
Administration	Manager	800	100.00
	Executive Assistant	700	87.50
	Senior Admin Asst	600	75.00
	Admin Asst	500	62.50
Business Development	VP	1,600	200.00
	Manager	1,200	150.00
	Senior Analyst	800	100.00
Database	Manager	900	112.50
	Senior Analyst	650	81.25
	Analyst	550	68.75
Engineering	VP	1,600	200.00
	Director	1,200	150.00
	Manager	1,000	125.00
	Senior	750	93.75
	Junior	600	75.00
Finance	Director	1,600	200.00
	Controller / Mgr	1,100	137.50
	Asst. Ctrl	900	112.50
	Senior Acct	700	87.50
	Accountant	600	75.00
	Admin / AP	500	62.50
Geologist / Geotech	VP	1,600	200.00
	Director	1,200	150.00
	Manager	1,000	125.00
	Senior	750	93.75
	Junior	600	75.00
Graphics	Manager	900	112.50
	Senior Technician	750	93.75
	Technician	600	75.00
Human Resources	Manager	1,200	150.00
	Lead	1,000	125.00
	Generalist	800	100.00
	Assistant	600	75.00
Investor Relations	Manager	800	100.00
	Senior Specialist	700	87.50
	Specialist	600	75.00
Information Technology	Manager	1,200	150.00
	Senior Technician	700	87.50
	Technician	500	62.50
Legal	VP / Counsel	1,600	200.00
	Assistant	620	77.50
Site Personnel	Manager	700	87.50
	Senior Staff	600	75.00
	Junior Staff	400	50.00
Socioeconomic / Public Relations	VP	1,600	200.00
	Director	1,200	150.00
	Manager	1,000	125.00
	Senior	750	93.75
	Junior	600	75.00
Contractors Utilizing HD Premises	Daily Usage Rate	320	40.00
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