

NORTHERN DYNASTY MINERALS LTD.

Site Visit to Pebble; NAK/NDM Ready for a Partner

EVENT

Earlier this week Northern Dynasty hosted a well-attended buy side and sell side site visit to its 100%-owned Pebble Project in southwest Alaska, approximately 100 miles northeast of Bristol Bay.

BOTTOM LINE

Positive – The Pebble project that Northern Dynasty will advance towards permitting is being re-engineered to have a much smaller environmental footprint. The metallurgical flowsheet is also being re-designed to eliminate the need for a cyanide circuit. We maintain our Buy rating and \$3.75/share (C\$5.00/share) target.

FOCUS POINTS

- **The Right Place To Build A Mine** – The Pebble project will not only create +15,000 direct and indirect jobs, it will also bring low cost grid power to a region of the State that desperately lacks infrastructure. The Pebble project site is located approximately 100 miles northeast of Bristol Bay. We note that the Bristol Bay Native Corp (“BBNC”) is the only Native Corp. opposed to the project.
- **Too Important Not To Advance** – When up and running, Pebble has the potential to generate +\$700 MM in tax revenue per year, of which +\$250 MM will be payable to the state of Alaska, and +\$30 MM will be payable to the municipality (Lake and Peninsula Borough).
- **Lining Up A JV** – We believe a consortium of potential large-tier JV partners are lining up to provide capital and expertise to move the Pebble project forward.

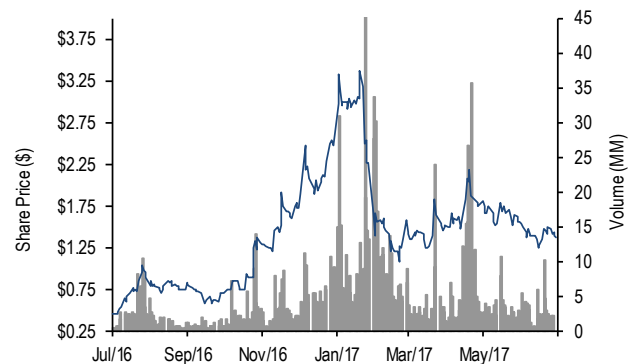
Recommendation:

BUY

Symbol/Exchange: NAK/NYSE, NDM/TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$1.35; C\$1.71
One-year target: \$3.75, C\$5.00
Return to Target: 177.8%
Cash on hand: C\$54.7MM

Financial summary

Shares O/S (M)	303.4	52-week range	C\$0.37 - C\$4.54		
Market cap (C\$M)	C\$519	Avg. weekly vol. (MM)	45.50		
Market float (C\$M)	C\$500	Fiscal year-end	31-Dec		
Pebble	MMt	% Cu	g/T Au	BBlb Cu	MMoz Au
P&P	-	-	-	-	-
M&I (incl. P&P)	6,439	0.40%	0.34	56.76	70.38
Inferred	4,460	0.25%	0.26	24.55	37.25
Total Resource	10,899	0.34%	0.31	81.31	107.63



Company profile: Northern Dynasty's 100%-owned Pebble project in Alaska is the world's largest undeveloped Cu-Au project. In the past it has attracted interest from Anglo American, Mitsubishi, and Rio Tinto.

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See disclosure and a description of our recommendation structure at the end of this report.

SITE VISIT COMMENTARY

Earlier this week, Northern Dynasty hosted a well-attended buy side and sell side site visit to its 100%-owned Pebble Project in southwest Alaska. Pebble's location, characterized by tundra, little vegetation, and gently rolling hills (Exhibit 1) is dramatically different from what the NGO's opposed to the project (the National Resources Defense Council ("NRDC") and to a lesser extent, Trout Unlimited) would have their supporters and the general public believe (Exhibit 2). The reality is that Pebble's location (+100 miles from Bristol Bay) is ideal for building what will be, at some point in the future, the largest and single most important mining project in the United States.

Exhibit 1. Pebble Project Site (Looking East)



Source: Cantor Fitzgerald

Exhibit 2. 134 Miles from Pebble Project (Wood Tikchik State Park)

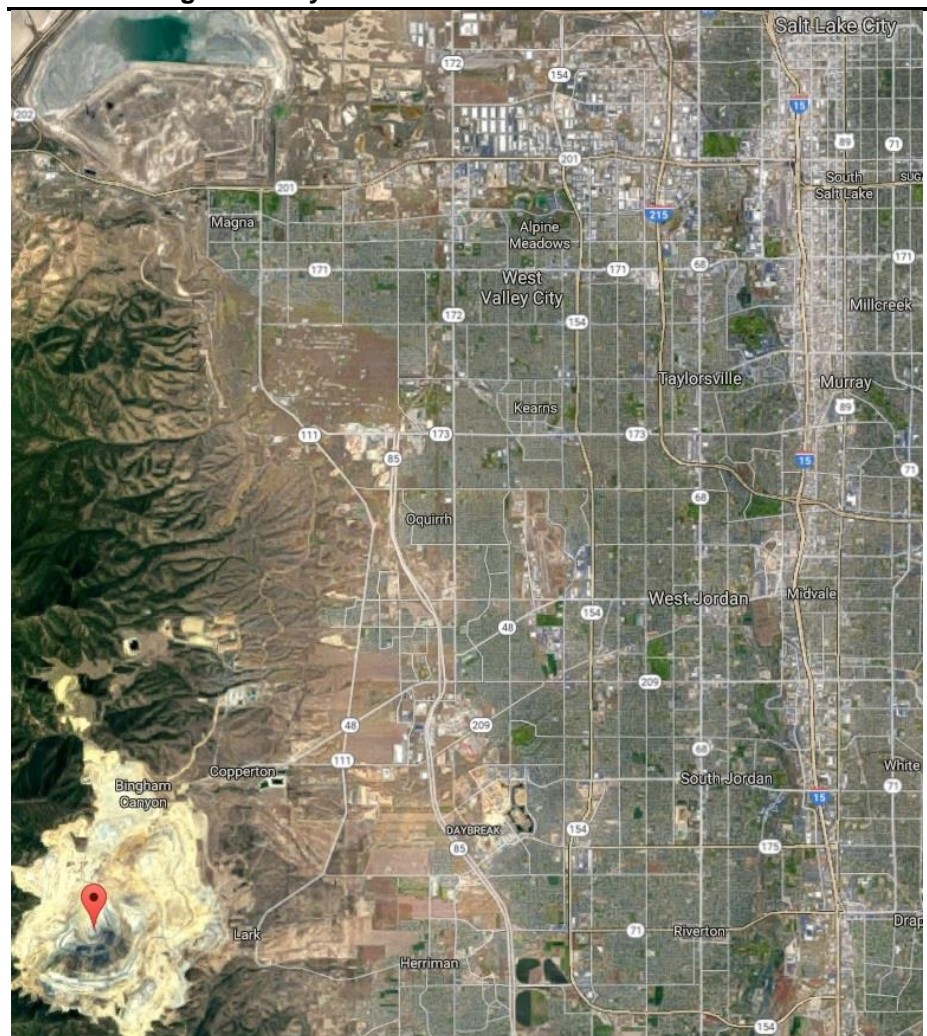


Source: Bristol Bay Heritage Land Trust

PEBBLE AS AN ENGINE FOR JOB GROWTH AND INFRASTRUCTURE DEVELOPMENT

The Pebble Project will not only create +15,000 direct and indirect high-paying jobs, it will also bring low cost grid power to a region of the State that desperately lacks infrastructure. The Pebble project site is located approximately +100 miles northeast of Bristol Bay. The Bristol Bay Native Corp (“BBNC”) is the only Native Corp. opposed to the project. We note that there are many precedents set whereby responsible mining and population centres co-exist. As an example, the world’s largest operating open-pit copper mine, Bingham Canyon, is located approximately 2 miles from the nearest suburb of Salt Lake City, Utah (Exhibit 3).

Exhibit 3. Bingham Canyon Location



Source: Google Earth

TOO IMPORTANT NOT TO ADVANCE

When up and running, Pebble has the potential to generate +\$700 MM in tax revenue per year, of which +\$250 MM will be payable to the state of Alaska, and +\$30 MM will be payable to the municipality (Lake and

Peninsula Borough, population: ~1,800). In our view, Pebble is the single best way for Alaska to plug its on going budget deficits (which will only get worse should oil prices remain soft or weaken), and as such, is too important not to advance through permitting and development.

BUILDING A MINE WITH A MUCH SMALLER FOOTPRINT

The outdated 2011 PEA completed by Northern Dynasty envisaged Pebble being built at the initial throughput rate of 219,000 tpd. This is in the process of being materially scaled down. Around year-end, the Company will file an updated and re-scoped Project Description, including the Plan of Operations with the U.S. Army Corps. of Engineers. This will trigger the start of the standardized permitting process under the National Environmental Policy Act (“NEPA”). We expect Pebble to initially be built (Phase I) at the scaled-down throughput rate of 100,000 tpd, which would materially reduce the surface footprint of the project (Cantor estimate ~5 square miles, down from ~14 square miles in the PEA as calculated by the EPA). When Northern Dynasty has demonstrated its ability to operate safely, within full compliance of all EPA guidelines, and taking into the consideration of all stakeholders, only then should an expansion be evaluated. Essentially, Pebble will need to earn the right to expand, and rightly so, in our view.

CYANIDE TO BE REMOVED FROM PHASE I PROCESS

In addition to reducing the Phase I project footprint by over 50%, the secondary gold recovery circuit will be removed from the metallurgical flowsheet. While this will reduce overall gold recoveries by ~15% (Phase I), it will remove all cyanide from the concentrator and project site. Similar to an eventual expansion, when Pebble earns its social license to operate, and demonstrates several years of safe and environmentally responsible mining, only then should the secondary gold recovery circuit be added.

POSITIVE PROGRESS WITH THE EPA

By materially reducing the project footprint and removing cyanide from the process, Northern Dynasty is effectively extending an olive branch to the NGO's and the BBNC who remain vehemently opposed to project. Positive progress continues on other fronts. On July 11, the US Environmental Protection Agency (“EPA”) officially began the administrative process to withdraw the Proposed Determination previously issued under the Clean Water Act (“CWA”).

The announcement follows the May 12, 2017 settlement with the EPA whereby Northern Dynasty and Pebble are now able to proceed into normal course permitting (like any other mining project in the United States) under the CWA and the National Environmental Policy Act (“NEPA”). The EPA formally beginning the process to withdraw the previous Proposed Determination clears the way for Northern Dynasty to file the Project Description (which includes the Plan of Operations) with

the US Army Corps. of Engineers closer to year end. This will initiate the ~3 year permitting process under well-established NEPA guidelines.

This is another de-risking event that, in our view, will increase the confidence level of any and all potential JV-partners for the Pebble project.

POSITIVE PROGRESS WITH OTHER NATIVE CORPORATIONS

The BBNC is the only Alaskan Native Corp. opposed to the project. On June 14, Northern Dynasty contracted ASRC Energy Services (“AES”) to enhance future Alaska Native contracting opportunities at Pebble. AES is a wholly-owned subsidiary of Arctic Slope Regional Corporation (“ASRC”), the largest Alaskan Native Corp. employing approximately 12,000 people worldwide (4,000 in Alaska). The ASRC was incorporated in 1972 and represents the business interests of its 13,000 Inupiat shareholders. In total, the corporation owns approximately 5 MM acres of land on Alaska's North Slope that contain a high potential for oil, gas, coal and base metal sulfides. Similar to NANA (another Alaskan Native Corp.), the ASRC has a long history of supporting responsible resource development and sharing the benefits with its shareholders and other Alaska Native corporations, including the BBNC.

Exhibit 4. JV Case NAVPS Breakdown, Fully Financed, Fully Diluted

Asset		Value (\$MM)	\$ Per Share	% of NAV
Pebble - 50%	DCF-7.5%	\$1,348.5	\$1.88	70%
Other		\$0.0	\$0.00	0%
Total Mining Assets		\$1,348.5	\$1.88	70%
Total Mining Assets (C\$)		C\$1,793.5	C\$2.50	70%
Cash (exit 2017E)		\$12.8	\$0.02	1%
Cash from ITM options/warrants		\$24.5	\$0.03	1%
Cash fully financed		\$1,793.2	\$2.50	28%
Debt fully financed		(\$1,255.2)	(\$1.75)	
Debt (exit 2017E)		\$0.0	\$0.00	0%
Net Asset Value, fully diluted		\$1,348.5	\$2.69	100%
Net Asset Value, fully diluted		C\$2,558.5	C\$3.57	100%
P/NAV			0.51x	

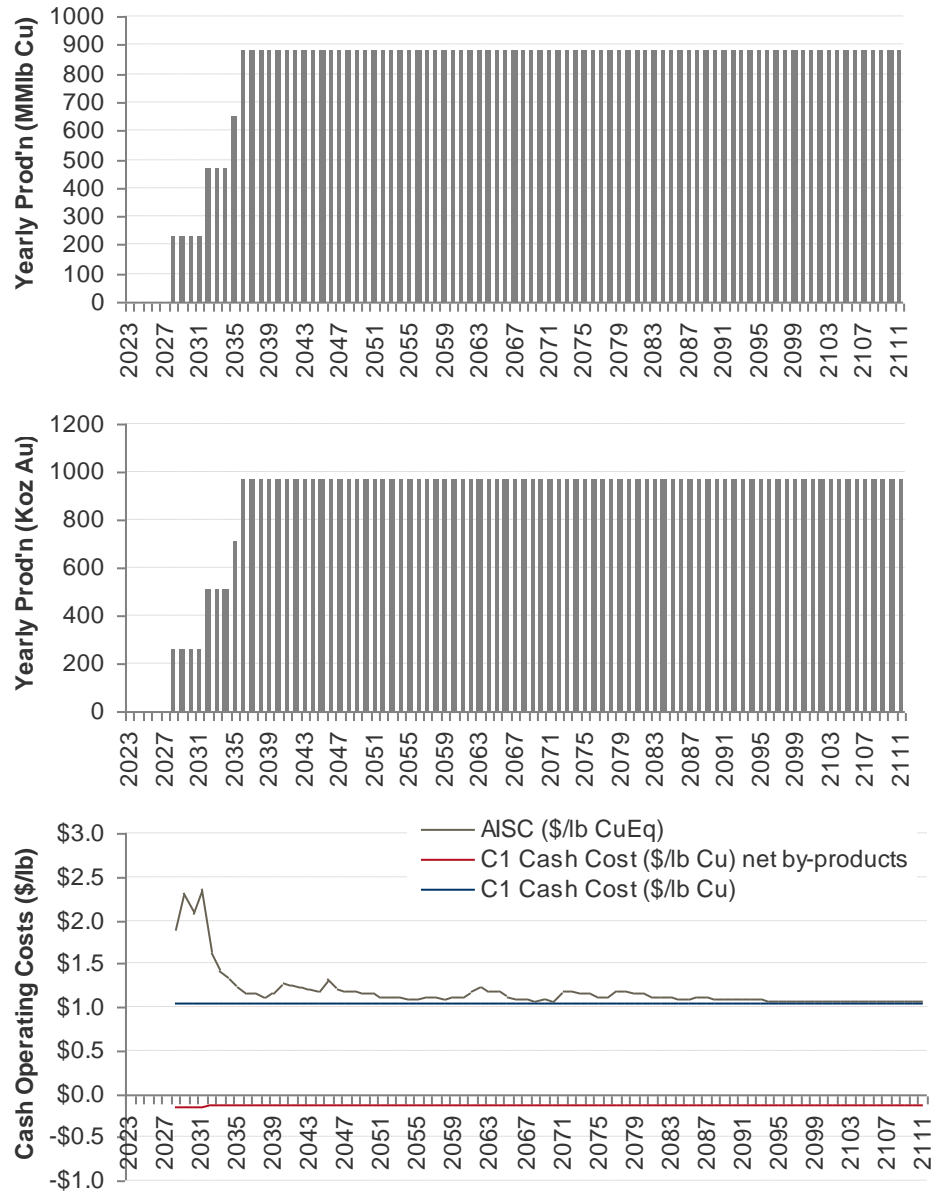
Source: Cantor Fitzgerald

INVESTMENT THESIS, READY TO RE-PARTNER

In our view, Northern Dynasty represents the best risk/reward trade in the mining sector. The stock is effectively pricing in a negligible likelihood of Pebble attracting a JV partner, and we believe that not only are a consortium of large-tier mining companies lining up to take a stake in Pebble, but that this is a very near-term event (September/October). As such, we believe the case for owning NAK/NDM over the immediate term is compelling. Over the longer-term, Pebble has the potential to be scaled-up to a production rate rivalling some of the largest copper and gold miners globally. Under this scenario, over the longer term, the share price

upside for NAK/NDM is significant. As such, we believe the case for owning NAK/NDM over the long-term is also compelling. We maintain our Buy rating and \$3.75/share (C\$5.00/share) target price on Northern Dynasty.

Exhibit 5. Production and Cost Profile



Source: Cantor Fitzgerald

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The analysts responsible for this research report *do have*, either directly or indirectly, a long or short position in the shares or options of Northern Dynasty Minerals Ltd.

The analyst responsible for this report *has* visited the material operations (Pebble) of Northern Dynasty Minerals Ltd. No payment or reimbursement was received for the related travel costs.

Analyst certification

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BUY: The stock is attractively priced relative to the company’s fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company’s fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company’s fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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