NORTHERN DYNASTY MINERALS LTD
Form 20-F
May 15, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2014

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file number **0-31224**

NORTHERN DYNASTY MINERALS LTD.

(Exact name of Registrant as specified in its charter)

BRITISH COLUMBIA, CANADA
(Jurisdiction of incorporation or organization)

15th Floor, 1040 West Georgia Street
Vancouver, British Columbia, Canada, V6E 4H1
(Address of principal executive offices)

Marchand Snyman, Chief Financial Officer
Facsimile No.: 604-684-8092

15th Floor, 1040 West Georgia Street
Vancouver, British Columbia, Canada, V6E 4H1
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of Each Class: *Not applicable*	Name of each exchange on which registered: *Not applicable*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common shares with no par value

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: *None* Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

95,009,864 common shares as of December 31, 2014

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ]   No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ]

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S.GAAP [ ]   International Financial Reporting Standards as issued by the International Accounting Standards Board [X]   Other [ ]

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 [ ]   Item 18 [ ]

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]   No [X]

T A B L E O F C O N T E N T S

GENERAL

In this Annual Report on Form 20-F, all references to "we", "Northern Dynasty" or the "Company" refer to Northern Dynasty Minerals Ltd.

The Company uses the Canadian Dollar as its reporting currency. All references in this document to "Dollars" or "$" are expressed in Canadian Dollars ("CAD", "C$"), unless otherwise indicated. See also Item 3 Key Information for more detailed currency and conversion information.

Except as noted, the information set forth in this Annual Report is as of May 11, 2015 and all information included in this document should only be considered correct as of such date.

GLOSSARY OF TERMS

Certain terms used herein are defined as follows:

Alkalic	Igneous rock containing a relatively high percentage of sodium and potassium feldspar; alteration can also introduce alkali minerals.
Argillic	Hydrothermal alteration of wall rock which forms clay minerals including kaolinite, smectite, illite and other species.
CuEQ	Copper Equivalent
Comminution	Reduction of solid materials from one average particle size to a smaller average particle size by crushing, grinding, cutting, vibrating, or other means.
Deportment	Assessment of how minerals contribute to grade, as each mineral is likely to behave differently to comminution, flotation or leaching.
Diorite	Grey to dark-grey igneous intrusive rock of intermediate composition, composed principally of plagioclase feldspar along with biotite, hornblende and/or pyroxene.
Geometallurgy	Practice of combining geology and/or geostatistics with metallurgy.
Graben	Down-dropped block of land bordered by parallel faults.
Granodiorite	Medium- to coarse-grained acid igneous rock with quartz (>20%), plagioclase and alkali feldspar, commonly with minor hornblende and/or biotite.
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.
Hypogene	Processes below the earth's surface which, in mineral deposits, result in precipitation of primary minerals like sulphides.
Hydrothermal mineral deposit	Any concentration of metallic minerals formed by the precipitation of solids from hot waters (hydrothermal solution). The solutions may be sourced from a magma or from deeply circulating water heated by magma.
Intrusion (batholith, dyke, pluton)	Medium to coarse grained igneous bodies which crystallized at depth within the Earth's crust. Large intrusive bodies are called batholiths; smaller bodies are plutons and linear bodies are dykes.

Leached Cap	Rock which originally contained mineralization that was subsequently removed due to weathering processes.
Locked Cycle Test	A repetitive batch flotation test used in mineral processing laboratories while developing a metallurgical flowsheet.
Elements	Au - Gold; Ag - Silver; Al - Aluminum; Cu - Copper; Fe - Iron; Mo - Molybdenum; Na - Sodium; O - Oxygen; Pb - Lead; S - Sulphur; Zn - Zinc.
Monzonite	Igneous intrusive rock with approximately equal amounts of plagioclase and alkali feldspar, and less than 5% quartz by volume.
National Instrument 43- 101 ("NI 43-101")	The Canadian securities rule which establishes disclosure standards for mineral projects of Canadian resource companies.
Kriging	A method of estimation of a variable value (such as metal grade) at an unmeasured location from measured values, weighted by distance and orientation, at nearby locations.

Porphyry deposit	A type of mineral deposit genetically related to igneous intrusions in which ore minerals are widely distributed, generally of low grade but commonly of large tonnage.
Potassic	Hydrothermal alteration which results in the production of potassium- bearing minerals such as biotite, muscovite or sericite, and/or orthoclase.
Pyrophyllite	Aluminosilicate hydroxide mineral that forms as a result of hydrothermal alteration or low grade metamorphism.
Sodic	In this report, refers to a type of hydrothermal alteration that contains sodium-bearing minerals, most commonly albite feldspar.
Subduction	Process by which one tectonic plate moves under another tectonic plate.
Supergene	Refers to processes which occur relatively near the surface of the earth which modify or destroy original (hypogene) minerals by oxidation and chemical weathering.
Superterrane	A group of physically connected and related geological terranes (group of related rock units).

CURRENCY AND MEASUREMENT

All currency amounts in this Annual Report are stated in Canadian Dollars unless otherwise indicated. Approximate conversion of metric units into imperial equivalents is as follows:

Metric Units	Multiply by	Imperial Units
hectares	2.471	= acres
meters	3.281	= feet
kilometers	3281	= feet
kilometers	0.621	= miles
grams	0.032	= ounces (troy)
tonnes	1.102	= tons (short) (2,000 lbs)
grams/tonne	0.029	= ounces (troy)/ton

RESOURCE CATEGORY (CLASSIFICATION) DEFINITIONS

The discussion of mineral deposit classifications in this Annual Report adheres to the mineral resource and mineral reserve definitions and classification criteria developed by the Canadian Institute of Mining ("CIM") 2014. 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 "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:

Mineral Resource	A concentration or occurrence of solid material of economic interest in or on the Earth s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual

	economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. It has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
Indicated Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. It has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.
Measured Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. It has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.
Mineral Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre- Feasibility or Feasibility level as appropriate that include application of Modifying Factors, which are considerations used to convert Mineral Resources to Mineral Reserves and include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.
Probable Mineral Reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.
Proven Mineral Reserve	The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

CAUTIONARY NOTES TO UNITED STATES INVESTORS CONCERNING MINERAL RESERVE AND RESOURCE ESTIMATES

This Annual Report on Form 20-F 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 resource estimates contained in or incorporated by reference in this prospectus have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the SEC, and resource information contained herein and incorporated by reference herein may not be comparable to similar information disclosed by companies in the United States (US companies).

In addition, this Annual Report on Form 20-F 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, except in limited circumstances where permitted under NI 43-101.

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 prospectu 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.

FORWARD LOOKING STATEMENTS

The Annual Report on Form 20-F 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 Form 20-F 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 prospectus or in documents incorporated by reference in this prospectus, words such as believe , anticipate , estimate , project , intend , expect , may , will , plan , should , would , conten seeks and similar expressions are intended to identify these forward-looking statements. All statements in documents incorporated herein, other than statements of historical facts that address future production, permitting, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are 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. Additional forward-looking statements include, among others, statements regarding:

that we will ultimately be able to demonstrate that a mine at the Pebble Project can be developed and operated in an environmentally sound and socially responsible manner, meeting all relevant federal, state and local regulatory requirements, and to obtain required operating permits;

our expected financial performance in future periods;

our plan of operations, including our plans to carry out exploration and development activities; and

our ability to raise capital for exploration and development activities.

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

that we will be ultimately able to obtain permitting for a mine at the Pebble Project;

that the market prices of copper and gold will not decline significantly nor for a lengthy period of time;

that we will be able to secure sufficient working capital necessary for the continued environmental assessment and permitting activities and engineering work which are preconditions to any potential development of the Pebble Project, which would then require engineering and financing in order to advance to ultimate construction;

that key personnel will continue their employment with us;

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:

- we may never obtain permitting for a mine at the Pebble Project for technical, legal or political reasons;
- the existence of concerted opposition to the Pebble Project;
- our ability to continue to fund our exploration and development activities;
- the costs of development and operation of the Pebble Project may be greater than we anticipate;
- the speculative nature of the mineral resource exploration business;
- the lack of known reserves at the Pebble Project;
- our inability to establish that the Pebble Project contains commercially viable deposits of ore;
- our ability to continue on a going concern basis;
- our ability to recover the financial statement carrying values of our Pebble Project if the Company ceases to continue on a going concern basis;
- our history of financial losses;
- 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 at the Pebble Project;
- our inability to insure our operations against all risks;
- the highly competitive nature of our business;
- litigation risks and the inherent uncertainty of litigation;
- the historical volatility in our share price;
- the potential dilution to the Company's shareholders resulting from any future equity financings; and
- the potential dilution to the Company's shareholders from the exercise of share purchase options to purchase our shares.

This list is not exhaustive of the factors that may affect any of the Company s forward-looking statements or information. Forward-looking statements or information are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, the risks and uncertainties described above.

The Company s forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date such statements are made. The Company will update forward-looking statements and information if and when, and to the extent, required by applicable securities laws. Readers should not place undue reliance on forward-looking statements. The forward-looking statements and information contained herein are expressly qualified by this cautionary statement.

For the above reasons, information contained in this Form on 20-F herein containing descriptions of our mineral deposits may not be comparable to similar information made public by US companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The Company advises you that these cautionary remarks expressly qualify, in their entirety, all forward-looking statements attributable to Northern Dynasty or persons acting on the Company's behalf. The Company assumes no obligation to update the Company's forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements. You should carefully review the cautionary statements and risk factors contained in this and other documents that the Company files from time to time with the Securities and Exchange Commission.

STATUS AS AN EMERGING GROWTH COMPANY

The Company is an "emerging growth company" as defined in section 3(a) of the Exchange Act, and the Company will continue to qualify as an "emerging growth company" until the earliest of:

(a) the last day of the fiscal year during which the Company has total annual gross revenues of US$1,000,000,000 (as such amount is indexed for inflation every 5 years by the SEC) or more;

(b) the last day of the Company's fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement under the Securities Act;

(c) the date on which the Company has, during the previous 3-year period, issued more than US$1,000,000,000 in non-convertible debt; or

(d) the date on which the Company is deemed to be a "large accelerated filer", as defined in Exchange Act Rule 12b 2.

Northern Dynasty expects to continue to be an emerging growth company until December 31, 2020.

Generally, a registrant that registers any class of its securities under section 12 of the Exchange Act is required to include in the second and all subsequent annual reports filed by it under the Exchange Act, a management report on internal control over financial reporting and, subject to an exemption available to registrants that are neither an "accelerated filer" or a "larger accelerated filer" (as those terms are defined in Exchange Act Rule 12b-2), an auditor attestation report on management's assessment of internal control over financial reporting. However, for so long as the Company continues to qualify as an emerging growth company, the Company will be exempt from the requirement to include an auditor attestation report in its annual reports filed under the Exchange Act, even if it were to qualify as an "accelerated filer" or a "larger accelerated filer". In addition, auditors of an emerging growth company are exempt from the rules of the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the registrant (auditor discussion and analysis).

The Company has irrevocably elected to comply with new or revised accounting standards even though it is an emerging growth company.

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable for an Annual Report.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable for an Annual Report.

ITEM 3 KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following tables summarize selected financial data for Northern Dynasty derived from the Company's audited financial statements, expressed in thousands of Canadian Dollars, and which have been prepared in accordance with and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This selected financial data should be read in conjunction with the Company's audited financial statements for the fiscal years then ended.

Statements of Financial Position Data

($ 000 s)	**2014**	**2013**	**2012**	**2011**	**2010**
Mineral property, plant and equipment, net	$ 123,608	$ 108,050	$ 1,055	$ 1,055	$ 1,055
Total assets	135,510	141,784	132,934	145,241	144,247
Total liabilities	7,547	7,856	4,041	3,885	4,187
Working capital	5,869	29,681	32,134	42,474	43,332

Share capital	389,227	389,227	389,189	388,987	380,570
Reserves	84,031	58,649	51,129	48,132	35,114
Accumulated deficit	(345,295)	(313,948)	(311,425)	(295,763)	(275,624)
Net assets	127,963	133,928	128,893	141,356	140,060
Shareholders' equity	127,963	133,928	128,893	141,356	140,060

Statements of Comprehensive Loss (Income) Data

($ 000 s, except per share amounts and number of shares)	2014	2013	2012	2011	
Interest and other income	$ (281)	$ (1,136)	$ (887)	$ (944)	$
General and administrative expenses	17,384	6,245	6,780	6,168	4
Exploration expenditures	12,877	1,991	4,461	819	1
Share-based payments	3,877	641	5,225	14,205	8
Other	(221)	(340)	83	(58)	
Gain on discontinuance of equity method		(5,062)			
Deferred income tax	(2,289)	184		(51)	
Net loss for the year	31,347	2,523	15,662	20,139	14
Other comprehensive (income) loss	(9,953)	(6,887)	2,123	(2,153)	5
Total comprehensive loss (income)	21,394	(4,364)	17,785	17,986	19
Basic and diluted net loss per share	$ 0.33	$ 0.03	$ 0.16	$ 0.21	$
Weighted average number of common shares outstanding	95,009,864	95,007,374	94,993,717	94,851,589	93,778

Currency and Exchange Rates

On May 11, 2015, the rate of exchange of the Canadian Dollar, based on the daily noon rate in Canada as published by the Bank of Canada, was US$1.00 = C$1.2107. Exchange rates published by the Bank of Canada, available on its website www.bankofcanada.ca, are nominal quotations not buying or selling rates and are intended for statistical or analytical purposes.

The following tables set out the exchange rates, based on the daily noon rates in Canada as published by the Bank of Canada for the conversion of Canadian Dollars into U.S. Dollars.

	Year Ended December 31 (Canadian Dollars per U.S. Dollar)				
	2014	2013	2012	2011	2010
Rate at end of year	$ 1.1601	$ 0.9402	$ 1.0051	$ 0.9833	$ 0.9946
Average rate for year	$ 1.1046	$ 0.9711	$ 1.0004	$ 1.0110	$ 1.0303
High for year	$ 1.1656	$ 1.0165	$ 1.0299	$ 1.0583	$ 1.0745
Low for year	$ 1.0639	$ 0.9342	$ 0.9599	$ 0.9430	$ 0.9946

Monthly High and Low Exchange Rate (Canadian Dollar per U.S. Dollar)		
	High	Low
May 2015 (to May 11, 2015)	$ 1.2192	$ 1.2009
April 2015	$ 1.2612	$ 1.1954
March 2015	$ 1.2803	$ 1.2440
February 2015	$ 1.2635	$ 1.2403
January 2015	$ 1.2717	$ 1.1728
December 2014	$ 1.1643	$ 1.1344

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable for an Annual Report.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable for an Annual Report.

D. RISK FACTORS

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

Inability to Achieve Mine Permitting of the Pebble Project

The principal risk facing the Company is that it will be ultimately be unable to secure the necessary permits under United States Federal and Alaskan State laws to build a mine at Pebble. There are prominent and well organized opponents of the Pebble Project and the Company may be unable, despite developing solid scientific and technical evidence of risk mitigation, to overcome such opposition and convince mining regulatory authorities that a mine should be permitted at Pebble. If we are unable to secure the necessary permits to build a mine at the Pebble Project, we may be unable to achieve revenues from operations and/or recover our investment in the Pebble Project.

Negative Operating Cash Flow

The Company currently has a negative operating cash flow and will continue to have that for the foreseeable future. Accordingly, the Company will require substantial additional capital in order to fund its future exploration and development activities. The Company does not have any arrangements in place for this funding and there is no assurance that such funding will be achieved when required. Any failure to obtain additional financing or failure to achieve profitability and positive operating cash flows will have a material adverse effect on its financial condition and results of operations.

The Company believes it is likely a "passive foreign investment company" which may have adverse U.S. federal income tax consequences for U.S. shareholders.

U.S. shareholders should be aware that the Company believes it was classified as a passive foreign investment company ("PFIC") during one or more previous tax years, and may be a PFIC in the current tax year and possibly in subsequent tax years. If the Company is a PFIC for any tax year during a U.S. shareholder's holding period, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of common shares, or any so-called "excess distribution" received on its common shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election or a "mark-to-market" election with respect to the common shares. A U.S. shareholder who makes a qualified electing fund election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any tax year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the common shares over the taxpayer's basis therein. This paragraph is qualified in its entirety by the discussion below under the heading "Certain United States Federal Income Tax Considerations." Each U.S. shareholder should consult its own tax advisor regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares.

The Pebble Project is Subject to Political and Environmental Regulatory Opposition

As is typical for a large scale mining project, the Pebble Project faces concerted opposition from many individuals and organizations who are motivated to preclude any possible mining in the Bristol Bay Watershed ("BBW"). The BBW is an important wildlife and salmon habitat area. The United States Environmental Protection Agency has gone so far as to suggest that it may peremptorily prevent the Pebble Project from proceeding even before a mine permitting application is filed. Accordingly one of the greatest risks to the Pebble Project is seen to be political/permitting risk which may ultimately preclude construction of a mine at Pebble.

Northern Dynasty will require additional funding to meet the development objectives of the Pebble Project.

Northern Dynasty will need to raise additional financing (share issuances, debt or asset level partnering) to achieve permitting and development of the Pebble Project. In addition, a positive production decision at the Pebble Project would require significant capital for project engineering and construction. Accordingly, the continuing development of the Pebble Project will depend upon Northern Dynasty s ability to obtain financing through debt financing, equity financing, the joint venturing of the project, or other means. There can be no assurance that Northern Dynasty will be successful in obtaining the required financing, or that it will be able to raise the funds on terms that do not result in high levels of dilution to shareholders.

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".

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 resource 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. There can be no assurance that any future economic or technical assessments undertaken by the Company with respect to the Pebble Project will demonstrate positive economics or feasibility.

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

Northern Dynasty has only had losses since inception and there can be no assurance that Northern Dynasty will ever be profitable. Northern Dynasty has paid no dividends on its shares since incorporation. Northern Dynasty presently has no ability to generate earnings as its mineral properties are in the pre-development stage.

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, 2014, Northern Dynasty had working capital of approximately $9.4 million. Northern Dynasty has prioritized the allocation of available financial resources in order to meet key corporate and Pebble Project expenditure requirements in fiscal 2015. Additional financing will be required to pursue any material expenditures at the Pebble Project. Northern Dynasty s continuing operations and the underlying value and recoverability of the amounts shown for mineral property interest are entirely dependent upon the existence of economically recoverable mineral reserves at the Pebble Project, the ability of the Company to finance the completion of the exploration and development of the Pebble Project, the Pebble Partnership obtaining the necessary permits to mine, and on future profitable production at the Pebble Project. Furthermore, failure to continue as a going concern would require that Northern Dynasty's assets and liabilities be restated on a liquidation basis, which would likely differ significantly from their going concern assumption carrying values.

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 may cause a significant decline in the trading price of Northern Dynasty s common shares and reduce its ability to obtain new financing.

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

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

The ability of Northern Dynasty to raise financing to fund the Pebble Project, will be significantly affected by changes in the market price of the metals for which it explores. The prices of copper, gold 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 fund 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 possesses. As a result of this competition, Northern Dynasty may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms Northern Dynasty considers acceptable or at all.

Compliance with environmental requirements will take considerable resources and changes to these requirements could significantly increase the costs of developing the Pebble Project and could delay these activities.

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 or the application thereof and the presence of unknown environmental hazards on Northern Dynasty s mineral properties may result in significant unanticipated compliance and reclamation costs.

Government regulations relating to mineral rights tenure, permission to disturb areas and the right to operate can adversely affect Northern Dynasty. Northern Dynasty and the Pebble Partnership may not be able to obtain all necessary licenses and permits that may be required to carry out exploration at 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 of a mine at the Pebble Project. Refer to further discussion in Item 8 - A3. Legal Proceedings.

Litigation

The Company is currently and may in future be subject to legal proceedings in the development of its Pebble Project. Given the uncertain nature of these actions, the Company cannot reasonably predict the outcome thereof. If the Company is unable to resolve these matters favorably it may have a material adverse effect of the Company.

Northern Dynasty is subject to many risks that are not insurable and, as a result, Northern Dynasty will not be able to recover losses through insurance should such certain events occur.

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. Northern Dynasty may become subject to liability for pollution, cave-ins or hazards against which it cannot insure. The payment of such liabilities could result in 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 markets for resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public markets 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 Pebble Project. There can be no assurance that the services of all necessary key personnel will be available when required or if obtained, that the costs involved will not exceed those that we previously estimated. It is possible that the costs and delays associated with the loss of services of key personnel could become such that we would not proceed with the development or operation of a mine at the Pebble Project.

ITEM 4 INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Incorporation

Northern Dynasty is a mineral exploration company incorporated on May 11, 1983 pursuant to the Company Act of the Province of British Columbia (predecessor statute 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 continued to comply with its continuous disclosure obligations 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 MKT Exchange ("NYSE MKT").

Offices

The head office of Northern Dynasty is located at Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, Canada V6E 4H1, telephone (604) 684-6365, facsimile (604) 684-8092. The Company s legal registered office is in care of its Canadian attorneys, McMillan 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" or "PLP"), in which the Company (since December 2013) owns a 100% interest through subsidiary entities. A 100% subsidiary of the Company, Pebble Mines Corp. is the general partner of the Pebble Partnership and responsible for its day-to-day operations. The business address of the Northern Dynasty Partnership is Suite 602, 3201 C Street, Anchorage, Alaska, USA, 99503.

Company Development

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 southwest Alaska, approximately 200 miles (320 kilometers) southwest of the city of Anchorage.

To December 31, 2014, approximately $797 million (US$744 million)[1] in expenditures have been incurred on the Pebble Project. Of this amount, approximately $595 million (US$573 million) in funding was provided to the Pebble Partnership by an affiliate of Anglo American plc ("Anglo American") and expended from 2007 to December 10, 2013 after which time Northern Dynasty re-acquired Anglo American s 50% ownership interest in the Pebble Partnership on the latter s withdrawal. Prior to the formation of the Pebble Partnership in 2007, Northern Dynasty had spent approximately $188 million on exploration activities and a further $106 million in acquisition costs on the Pebble Project.

Northern Dynasty does not have any operating revenue, although currently and historically it has had non-material annual interest revenue as a consequence of investing its surplus funds.

Significant Acquisitions, Dispositions and Group Reorganization

Northern Dynasty via 100% owned subsidiaries and other entities holds indirect interests in mineral claims on State land in southwest Alaska, USA. These claims (including certain area claims) form what is referred to as the Pebble Copper-Gold-Molybdenum Project (the "Pebble Project").

Pebble Limited Partnership and Pebble Project

On July 26, 2007, the Company converted a wholly-owned general partnership that held its Pebble Project interests into a limited partnership, the Pebble Partnership. The purpose of the Pebble Partnership is to engineer, permit, construct and operate a modern, long-life mine at the Pebble Project.

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[1] During the period 2007 to 2013, the Pebble Partnership expended several hundred million dollars on the Pebble Project, a major portion of which was spent on exploration programs, resource estimates, environmental data collection and technical studies, with a significant portion spent on engineering of various possible mine development models, as well as related infrastructure, power and transportation systems. As a consequence of several factors,

including the Environmental Protection Agency (the "EPA") opposition to the Pebble Project, the withdrawal of Anglo American plc from the project and the passage of time, technical and engineering studies related to mine-site and infrastructure development are considered to have very uncertain and perhaps little value at this time. Environmental baseline studies and data collection remains a significant legacy asset of the Company from this period.

Anglo American through a wholly-owned affiliate subscribed for 50% of the Pebble Partnership's equity effective July 31, 2007. To maintain its 50% interest in the Pebble Partnership, Anglo American was required to commit staged cash investments into the Pebble Partnership aggregating to US$1.5 billion. On September 15, 2013, Anglo American gave notice to the Company of its withdrawal from the Pebble Partnership. In December 2013, the Company exercised its right to acquire Anglo American s 50% interest and consequently holds a 100% interest in the Pebble Partnership and Pebble Mines Corp. (the General Partner of the Pebble Partnership which administers the Pebble Project).

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 American s investment, as these benefits accrued exclusively to Anglo American under the Pebble Partnership Agreement and applicable tax regulations.

2006 Equity Investment 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", a subsidiary of Rio Tinto plc) for $10.00 per share for proceeds of approximately $87 million. 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 $10.00 per share. The share purchase, which closed February 1, 2007, increased Rio Tinto s indirect ownership in Northern Dynasty to approximately 19.8% . In early 2014, this holding represented approximately 19.1% of Northern Dynasty s outstanding and issued common shares. Rio Tinto plc divested of its shares in April 2014.

Special Warrant Financing

In late December 2014 and early January 2015, the Company completed a financing to raise proceeds of $15.5 million through the issuance of 35,962,735 Special Warrants, each convertible into one Common Share without payment of additional consideration. See Item 10 - C. Material Contracts.

B. THE PEBBLE PROJECT

The Company s business is the exploration and advancement towards feasibility, permitting and ultimately development of a copper-gold-molybdenum mineral resource in Alaska, USA known as the "Pebble Project".

The Pebble Project is Subject to State and Federal Laws

The Pebble Partnership is required to 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 Statute 38.05.185 among others establishes 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 labor and rental requirements, and royalties.

Operations on claims or leases on state owned land must be permitted under a plan of operations as set out in Title 11 of the Alaska Administrative Code, Chapter 86, Section 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 (which sets water quality standards), and Alaska Statute 46.14 (which sets air quality standards).

Once a decision is made to enter permitting, the Pebble Project will be required to satisfy permitting requirements at three levels: federal, state and local (borough). The process takes approximately 3-4 years to complete and involves 11 regulatory agencies, 60+ categories of permits and significant ongoing opportunities for public involvement. The Alaska Department of Natural Resources Large Mine Permitting Team is responsible for coordinating permitting activities for large mine projects.

To satisfy permitting requirements under the National Environmental Policy Act ("NEPA") and other regulatory statutes, a project must provide a comprehensive project design and operating plan for mine-site and infrastructure facilities; documentation of development alternatives investigated; mitigation and compensation strategies, and identification of residual effects; and environmental monitoring, reclamation and closure plans. The first step is to provide the required information for an Environmental Impact Statement ("EIS") under NEPA, including a Project Description and Environmental Baseline Document Prepared by a third-party contractor under the direction of a lead federal agency, expected to be the US Army Corps of Engineers. The EIS will determine whether sufficient evaluation of the project's environmental effects and development alternatives has been undertaken. It will also provide the basis for federal, state and local government agencies to make individual permitting decisions.

Under the U.S. Clean Water Act, Section 404(c), the Administrator of the Environmental Protection Agency ("EPA") is given the right to disallow the specification (including the withdrawal of specification) of any defined area as a disposal site if he or she determines that the release of such material will have an unacceptable adverse effect on municipal water supplies, local wildlife, spawning and breeding areas of fisheries, shellfish beds, and/or recreational areas. Such decisions made by the Administrator require notice and opportunity for public hearings, and consultation with the Secretary of the Army Corp of Engineers. The Administrator shall set forth in writing and make public his or her findings and reasons for making any determination under this subsection.

Ownership History

In October 2001, Northern Dynasty acquired, through its Alaskan subsidiary, a two-part Pebble Property purchase option previously secured by HDGI from an Alaskan subsidiary of Teck Cominco Limited, now Teck Resources Limited (Teck). In particular, HDGI assigned 80% of this two-part option (the Teck Option) to Northern Dynasty while retaining 20% thereof. The first part of the Teck Option permitted Northern Dynasty to purchase (through its Alaskan subsidiary) 80% of the previously drilled portions of the Pebble Property on which the majority of the then known copper mineralization occurred (the Resource Lands Option). Northern Dynasty could exercise the Resource Lands Option through the payment of cash and shares aggregating US$10 million prior to November 30, 2004. The second part of the Teck Option permitted Northern Dynasty to earn a 50% interest in the exploration area outside of the Resource Lands (the Exploration Lands Option). Northern Dynasty could exercise the Explorations Lands Option by doing some 60,000 ft (18,200 m) of exploration drilling by November 30, 2004, which it completed on time. The HDGI assignment of the Teck Option also allowed Northern Dynasty to purchase the other 20% of the Teck Option retained by HDGI for its fair value.

In November 2004, Northern Dynasty exercised the Resource Lands Option and acquired 80% of the Resource Lands. In February 2005, Teck elected to sell its residual 50% interest in the Exploration Lands to Northern Dynasty for US$4 million. Teck still retains a 4% pre-payback advance net profits royalty interest (after debt service) and 5% after-payback net profits interest royalty in any mine production from the Exploration Lands portion of the Pebble property as shown on the figure below.

In June 2006, Northern Dynasty acquired, through its Alaska subsidiaries, the remaining HDGI 20% interest in the Resource Lands and Exploration Lands by acquiring HDGI from its shareholders and through its various subsidiaries had thereby acquired an aggregate 100% interest in the Pebble Property, subject only to the Teck net-profits royalties on the Exploration Lands. At that time, Northern Dynasty operated the Pebble Property through anAlaskan general partnership with one of its subsidiaries.

In July 2007, the Pebble Partnership was created and an indirect wholly-owned subsidiary of Anglo American subscribed for 50% of the Pebble Partnership's equity effective July 31, 2007. Each of Northern Dynasty and Anglo American effectively had equal control and management rights in the Pebble Partnership and its general partner, Pebble Mines Corp., through respective wholly-owned affiliates. The Pebble Partnership's assets include the shares of two Alaskan subsidiaries, which hold registered title to the claims. To maintain a 50% interest in the Pebble Partnership, Anglo American was required to make staged cash investments into the Pebble Partnership, aggregating $1.5 billion, towards comprehensive exploration, engineering, environmental and socioeconomic programs and, if warranted, development of the Pebble Project. On September 15, 2013, Anglo American gave Northern Dynasty a 60-day notice of withdrawal from the Pebble Project. In December 2013, Northern Dynasty exercised its right to acquire Anglo American s interest in the Pebble Partnership and now holds a 100% interest in the Pebble Partnership.

On June 29, 2010, Northern Dynasty entered into an agreement with Liberty Star Uranium and Metals Corp. and its subsidiary, Big Chunk Corp. (together, "Liberty Star"), pursuant to which Liberty Star sold 23.8 square miles of claims (the 95 "Purchased Claims") to a U.S. subsidiary of Northern Dynasty in consideration for both a $1 million cash payment and a secured convertible loan from Northern Dynasty in the amount of $3 million. The parties agreed, through various amendments to the original agreement, to increase the principal amount of the Loan by $730,174. Northern Dynasty later agreed to accept transfer of 199 claims (the Settlement Claims) located north of the ground held 100% by the Pebble Partnership in settlement of the Loan. These claims are now held by Northern Dynasty s subsidiary U5 Resources Inc. See Property Description below for current claim holding.

On January 31, 2012, the Pebble Partnership entered into a Limited Liability Company Agreement with Full Metal Minerals (USA) Inc. (FMMUSA), a wholly-owned subsidiary of Full Metal Minerals Corp., to form Kaskanak Copper LLC (the LLC). Under the agreement, the Pebble Partnership could earn a 60% interest in the LLC, which indirectly owned 100% of the Kaskanak claims, by incurring exploration expenditures of at least US$3 million and making annual payments of $50,000 to FMMUSA over a period ending on December 31, 2013. On May 8, 2013, the Pebble Partnership purchased FMMUSA s entire ownership interest in the LLC for a cash consideration of $750,000. As a result, the Pebble Partnership gained a 100% ownership interest in the LLC, the indirect owner of a 100% interest in a group of 542 claims located south and west of other ground held by the Pebble Partnership. See Property Description below for current claim holding.

TECHNICAL SUMMARY

The following disclosure is mainly summarized from the 2014 Technical Report on the Pebble Project, Southwest Alaska, USA by J. David Gaunt, P.Geo., James Lang, P.Geo., Eric Titley, P.Geo., and Ting Lu, P.Eng., effective date December 31, 2014 (2014 Technical Report), and updated from Company files. Additional details can be found in the 2014 Technical Report which is filed on the Company s profile at www.sedar.com and as a Form 6-K on the Company s profile at www.sec.gov.

Introduction

The Pebble deposit was originally discovered in 1989 and was acquired by Northern Dynasty in 2001. Since that time, Northern Dynasty and subsequently the Pebble Limited Partnership (the Pebble Partnership , in which Northern Dynasty currently owns a 100% interest) have conducted significant mineral exploration, environmental baseline data collection, and engineering work on the Pebble Project to advance it towards development.

Work at Pebble has led to an overall expansion of the Pebble deposit, as well as the discovery of several other mineralized occurrences along an extensive northeast-trending mineralized system underlying the property. Over one million feet of drilling has been completed on the property, a large proportion of which has been focused on the Pebble deposit.

In light of more recent stakeholder and regulatory feedback, Northern Dynasty initiated a comprehensive review of previous analyses of the Pebble Project in late 2013 and in 2014 commissioned the 2014 Technical Report to update information on the mineral resources and metallurgy for the project.

Property Description and Location

The Pebble Project is located in southwest Alaska, approximately 200 miles southwest of Anchorage, 17 miles northwest of the village of Iliamna, 160 miles northeast of Bristol Bay, and approximately 60 miles west of Cook Inlet.

Figure 1 Property Location Pebble Project

Northern Dynasty holds, indirectly through wholly-owned subsidiaries including the Pebble Partnership, a 100% interest in a contiguous block of 2,402 mineral claims covering approximately 417 square miles (Figure 2). This includes 1,718 claims covering 248.2 square miles (including the Pebble deposit) held by Pebble Partnership subsidiaries, Pebble East Claims Corporation and Pebble West Claims Corporation; 464 claims covering an area of 116 square miles held by Pebble Partnership indirect subsidiary, Kaskanak LLC[1]; and 220 claims covering 52.5 square miles held by Northern Dynasty subsidiary U5 Resources Inc. The details of the mineral claims are provided as Exhibit 15.01.

State mineral claims in Alaska are kept in good standing by performing annual assessment work or in lieu of assessment work by paying $100 per year per 40 acre (0.06 square mile) mineral claim, and by paying annual escalating state rentals. All of the assessment work payment obligations come due annually on August 31. Credit for excess work can be banked for a maximum of five years afterwards, and can be applied as necessary to continue to hold the claims in good standing. The Project claims have a variable amount of work credit available that can be applied in this way and will be applied in 2015[2]. State rentals for 2015 are US$990,390 and are payable no later than 90 days after the assessment work.

The Pebble Partnership currently does not own surface rights associated with the mineral claims that comprise the Pebble Property. All lands are held by the State of Alaska, and surface rights may be acquired from the state government once areas required for mine development have been determined and permits awarded. Permits necessary for exploration drilling and other field programs associated with pre-development assessment of the Pebble Project are applied for each year. There are no existing material environmental liabilities associated with the Pebble Project.

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[1] In January 2015, Kaskanak Inc and its wholly-owned parent, Kaskanak Copper LLC were merged with Pebble East Claims Corporation, with the latter the surviving entity.

[2] Annual assessment work obligations for the property of some US$667,700 will be covered by banked credits in 2015.

Figure 2 Mineral Claims Pebble Project

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Current access to the property is by helicopter from Iliamna. There is a modern airfield at Iliamna, with two paved 4,920 ft airstrips, that services the communities of Iliamna, Newhalen and Nondalton. The runways are suitable for DC-6 and Hercules cargo aircraft and commercial jet aircraft.

There are paved roads that connect the villages of Iliamna and Newhalen to the airport and to each other, and a partly paved, partly gravel road that extends to a proposed Newhalen River crossing near Nondalton. The property is currently not connected to any of these local communities by road; a road would be planned as part of the project design.

There is no access road that connects the communities nearest the Pebble Project to the coast on Cook Inlet. From the coast, at Williamsport on Iniskin Bay, there is an 18.6 mile state-maintained road that terminates at the east end of Iliamna Lake, where watercraft and transport barges may be used to access Iliamna. The route from Williamsport, over land to Pile Bay on Iliamna Lake, is currently used to transport bulk fuel, equipment and supplies to communities around the lake during the summer months. Also during summer, supplies are barged up the Kvichak River, approximately 43.4 miles southwest of Iliamna, from Kvichak Bay on the North Pacific Ocean.

A small run-of-river hydroelectric installation on the nearby Tazamina River provides power for the three communities in the summer months. Supplemental power generation using diesel generators is required during winter months.

Iliamna and surrounding communities have a combined population of just over 400 people. As such, there is limited local commercial infrastructure except that which services seasonal sports fishing and hunting.

The property is situated at approximately 1,000 ft above mean sea level in an area described as subarctic tundra. It is characterized by gently rolling hills and an absence of permafrost. The climate is sufficiently moderate to allow a well-planned mineral exploration program to be conducted year-round at Pebble.

Geological Setting and Mineralization

Pebble is a porphyry-style copper-gold-molybdenum-silver deposit that comprises two adjacent, contiguous, coeval hydrothermal centers called the Pebble East and Pebble West zones. Mineralization in the Pebble West zone extends from surface to depths of at least 3,000 ft whereas higher grade mineralization in the Pebble East zone extends to a depth of at least 5,810 ft but is concealed beneath an east-thickening wedge of unmineralized rock types. An important exploration target is represented by high-grade, but as yet undelineated, mineralization on the far eastern side of the deposit which was dropped 1,970 to 2,950 ft by normal faults into the northeast-trending East Graben.

The Pebble deposit formed about 90 million years ago in response to intrusion of granodiorite magmas generated by subduction of the Pacific Plate beneath the Wrangellia Superterrane. The Pebble deposit is hosted by these granodiorite intrusions and by the sedimentary and volcanic rocks of Jurassic to Cretaceous age, granodiorite and diorite sills and alkalic monzonite intrusions and associated breccias which host them.

Mineralization at Pebble is predominantly hypogene, although the Pebble West zone contains a thin zone of variably developed leached cap and underlying supergene mineralization. Disseminated and vein-hosted copper-gold-molybdenum-silver mineralization, dominated by chalcopyrite and locally accompanied by bornite, is associated with early potassic alteration in the shallow part of the Pebble East zone and with early sodic-potassic alteration in the Pebble West zone and deeper parts of the Pebble East zone. High-grade copper-gold mineralization is associated with younger pyrophyllite- and sericite-bearing subtypes of advanced argillic alteration in the Pebble East zone. The deposit is surrounded by weakly mineralized quartz-sericite-pyrite alteration; in the upper center of the deposit quartz-illite-pyrite alteration is an illite-altered relict of a mostly eroded quartz-sericite-pyrite cap to the deposit.

Exploration

Historical

Cominco Alaska, a division of Cominco Ltd. now Teck (Cominco (Teck)) began reconnaissance exploration in the Pebble region in the mid-1980s and in 1984 discovered the Sharp Mountain gold prospect near the southern margin of the current property. Gold was discovered in quartz veins of probable Tertiary age near the peak of Sharp Mountain. Grab samples of veins in talus ranged from 0.045 oz/ton Au to 9.32 oz/ton Au and 3.0 oz/ton Ag. In 1987, examination and sampling of several prominent limonitic and hematitic alteration zones yielded anomalous gold concentrations from the Sill prospect and the Pebble discovery outcrop.

Geophysical surveys were conducted on the property between 1988 and 1997. An IP survey in 1989 at Pebble displayed response characteristics of a large porphyry-copper system. The surveys were dipole-dipole induced polarization (IP) surveys which defined a chargeability anomaly about 31.1 square miles in extent within Cretaceous age rocks which surround the eastern to southern margins of the Kaskanak batholith. All known zones of mineralization of Cretaceous age on the Pebble property occur within the broad IP anomaly.

In 1991, baseline environmental and engineering studies were initiated and weather stations were established. A preliminary evaluation was undertaken by Cominco (Teck) in 1991, and updated in 1992. Historical estimates of the mineral resources for the Pebble deposit were completed by Cominco (Teck), most recently in 2000.

Northern Dynasty and Pebble Partnership

Between 2001 and 2006, the entire Pebble property was mapped for rock type, structure and alteration at a scale of 1:10,000, providing an important geological framework for interpretation of other exploration data. A geological map of the Pebble deposit was also constructed but, due to a paucity of outcrop, was based solely on drill hole information. The content and interpretation of district and deposit scale geological maps have not changed materially from those presented in 2009 and 2010.

A number of geophysical surveys, including IP, magnetic and other survey types were completed by Northern Dynasty and the Pebble Partnership between 2001 and 2010 to test the Pebble deposit and other occurrences on the Pebble property. Between 2001 and 2003, Northern Dynasty collected 1,026 soil samples, outlining high-contrast, coincident anomalies in gold, copper, molybdenum and other metals in an area that measures at least 5.6 miles north-south by up to 2.5 miles east-west, with strong but smaller anomalies in several outlying zones. All soil geochemical anomalies lie within the 31.1 square mile IP chargeability anomaly. Limited surficial geochemical surveys were completed in 2010 and 2011.

Drilling

Extensive drilling totalling 1,042,218 ft has been completed in 1,355 holes on the Pebble Project. These result from annual drill programs which took place during 19 of the 26 years from 1988 to 2013.

Northern Dynasty and the Pebble Partnership completed drilling for exploration, deposit delineation, engineering and environmental purposes between 2001 and 2013. Highlights from exploration and deposit delineation drilling since 2001 include:

- in 2002, drill testing of IP chargeability and multi-element geochemical anomalies outside of the Pebble deposit but within the larger and broader IP chargeability anomaly discovered the 38 Zone porphyry copper-gold-molybdenum deposit, the 52 Zone porphyry copper occurrence, the 37 Zone gold-copper skarn deposit, the 25 Zone gold deposit, and several small occurrences in which gold values exceeded 3.0 g/t.

- in 2003, drilling took place within and adjacent to the Pebble West zone and outside the Pebble deposit to test for extensions and new mineralization at four other zones, including the 38 Zone porphyry copper-gold-molybdenum deposit and the 37 Zone gold-copper skarn deposit.

- in 2004, 147 exploration holes were drilled in the Pebble deposit; the Pebble East zone is identified; the 308 Zone porphyry copper-gold-molybdenum deposit is discovered.

- in 2005 and 2006, drilling at Pebble East confirms its large size and higher grades of copper, gold and molybdenum.

- in 2007, 34 holes extend Pebble East to the northeast, northwest, south and southeast.

- in 2008, 31 delineation and infill holes were drilled at Pebble East. FMMUSA drilled seven exploration holes on land that is now controlled by the Pebble Partnership.

- in 2009 and 2010, delineation holes were drilled at the margins of Pebble West and exploration holes were drilled elsewhere on the property.

- in 2011 and 2012, holes drilled at the Pebble West zone indicate potential for resource expansion laterally and to depth; exploration targets were tested on the Kaskanak claims to the northwest and south of Pebble, and on the KAS claims further south.

Drilling for engineering (metallurgical and geotechnical) and environmental (hydrological) purposes began in 2004 and continued through 2013.

The spatial distribution and type of holes drilled are illustrated below.

Figure 3 Location of Drill Holes Pebble Project

Most of the footage on the Pebble Project was drilled using diamond core drills. Only 18,716 ft were percussion-drilled from 222 rotary drill holes. Many of the cored holes were advanced through overburden using a tricone bit with no core recovery. These overburden lengths are included in the core drilling total.

Since early 2004, all Pebble drill core has been geotechnically logged on a drill run basis. Over 69,000 measurements were made for a variety of geotechnical parameters on 735,000 ft of core drilling. Recovery is generally very good and averages 98.5% overall; two-thirds of all measured intervals have 100% core recovery. Additionally, all Pebble drill core from the 2001 through 2013 drill programs was photographed in a digital format.

All drill hole collars have been surveyed using a differential global positioning system. A digital terrain model for the site was generated by photogrammetric methods in 2004. All post-Cominco (Teck) drill holes have been surveyed downhole, typically using a single shot magnetic gravimetric tool. A total of 989 holes were drilled vertically (-90°) and 192 were inclined from -42° to -85° at various azimuths.

A summary of drilling by various categories (operator, type, year and area) to the end of the 2013 exploration program are compiled in the table below. As shown in Figure 3 and Table 1 (East, West, Main), a large proportion of the drilling has been directed toward the Pebble deposit.

Table 1 Summary of Drill Holes Pebble Project

	No. of Holes	Feet	Metres
By Operator			
Cominco (Teck) [1]	164	75,741.0	23,086
Northern Dynasty	578	495,069.5	150,897
Pebble Partnership [2]	606	465,957.7	142,024
FMMUSA	7	5,450.0	1,661
Total	**1,355**	**1,042,218.2**	**317,668**

	No. of Holes	Feet	Metres
By Type			
Core [1,5]	1,132	1,023,297.6	311,901
Percussion [6]	223	18,920.6	5,767
Total	**1,355**	**1,042,218.2**	**317,668**
By Year			
1988 [1]	26	7,601.5	2,317
1989 [1]	27	7,422.0	2,262
1990	25	10,021.0	3,054
1991	48	28,129.0	8,574
1992	14	6,609.0	2,014
1993	4	1,263.0	385
1997	20	14,695.5	4,479
2002	68	37,236.8	11,350
2003	67	71,226.6	21,710
2004	267	165,567.7	50,465
2005	114	81,978.5	24,987
2006 [3]	48	72,826.9	22,198
2007 [4]	92	167,666.9	51,105
2008 [5]	241	184,726.4	56,305
2009	33	34,947.5	10,652
2010	66	57,582.0	17,551
2011	85	50,767.7	15,474
2012	81	35,760.2	10,900
2013	29	6,190.0	1,887
Total	**1,355**	**1,042,218.2**	**317,668**
By Area			
East	141	446,379.3	136,056
West	443	351,986.7	107,286
Main [7]	101	10,674.7	3,254
NW	203	45,948.4	14,005
North	46	25,695.9	7,832

NE	10	1,097.0	334
South	98	50,262.5	15,320
25 Zone	8	4,047.0	1,234
37 Zone	7	4,252.0	1,296
38 Zone	20	14,221.5	4,335
52 Zone	5	2,534.0	772
308 Zone	1	879.0	268
Eastern	21	3,105.0	946
Southern	153	60,442.4	18,423
SW	51	9,337.8	2,846
Sill	39	10,445.5	3,184
Cook Inlet	8	909.5	277
Total	**1,355**	**1,042,218.2**	**317,668**

Notes to table:

1. Includes holes drilled on the Sill prospect.

2. Holes started by Northern Dynasty and finished by the Pebble Partnership are included as the Pebble Partnership.

3. Drill holes counted in the year in which they were completed.

4. Wedged holes are counted as a single hole including full length of all wedges drilled.

5. Includes FMMUSA drill holes; data acquired in 2010.

6. Shallow (<15 ft) auger holes not included.

7. Comprises holes drilled entirely in Tertiary cover rocks within the Pebble West and Pebble East areas.

Some numbers may not sum exactly due to rounding.

Sampling, Analysis and Security of Samples

The Pebble deposit has been explored by extensive core drilling, with 80,859 samples having been taken from drill core for assay analysis. Nearly all potentially mineralized Cretaceous core drilled and recovered has been sampled by halving in 10 ft lengths. Similarly, all core recovered from the Late Cretaceous to Early Tertiary cover sequence has also been sampled, typically on 20 ft sample lengths, with some shorter sample intervals in areas of geologic interest. Unconsolidated overburden material, where it exists, is generally not recovered by core drilling and therefore not usually sampled.

Rock chips from the 222 rotary percussion holes were generally not sampled for assay analysis, as the holes were drilled for monitoring wells and environmental purposes. Only 35 samples were taken from the drill chips of 26 rotary percussion holes outside the Pebble deposit area, which were drilled for condemnation purposes.

Analytical work in 2002 and from 2004 to 2013 was completed by ALS Minerals Laboratories of North Vancouver, an ISO 9002 certified laboratory. Analytical work for the 2003 drilling program was completed by SGS Canada Inc. of Toronto, ON, an ISO 9002 registered, ISO 17025 accredited laboratory.

Northern Dynasty maintained an effective Quality Control/Quality Assurance (QA/QC) program consistent with industry best practices, which has continued from 2007 to 2013 under the Pebble Partnership. This program is in addition to the QA/QC procedures used internally by the analytical laboratories. The QA/QC program has also been subject to independent review by Analytical Laboratory Consultants Ltd. and Nicholson Analytical Consulting. The analytical consultants provide ongoing monitoring, including facility inspection and timely reporting of the performance of standards, blanks and duplicates in the sampling and analytical program. The results of this program indicate that analytical results are of a high quality, suitable for use in detailed modelling and resource evaluation studies. The QA/QC sample types used in the program are described in the table below.

Table 2 Summary of Quality Control/Quality Assurance Sampling Pebble Project

QC Code	Sample Type	Description	% of Total
MS	Regular Mainstream	Regular samples submitted for preparation and analysis at the primary laboratory.	90%
ST	Standard (Certified Reference Material)	Mineralized material in pulverized form with a known concentration and distribution of element(s) of interest. Randomly inserted using pre-numbered sample tags.	5% or 1 in 20
DP	Duplicate or Replicate	An additional split taken from the remaining pulp reject, coarse reject, ¼ core or ½ core remainder. Random selection using pre-numbered sample tags.	5% or 1 in 20
SD	Standard Duplicate	Standard reference sample submitted with duplicates and replicates to the check laboratory.	<1%
BL	Blank	Sample containing negligible or background amounts of elements of interest, to test for contamination.	1%

Core was boxed at the rig and transported daily by helicopter to the secure logging facility in Iliamna. Half cores remaining after sampling were replaced in the original core boxes and stored at Iliamna, AK in a secure compound. Crushed reject samples from the 2006 through 2013 analytical programs are stored in locked containers at Delta Junction, AK. Drill core assay pulps from the 1989 through 2013 programs are stored at a secure warehouse in Langley, BC.

Mineral Resources

The current estimate of the mineral resources in the Pebble deposit is based on approximately 59,000 assays obtained from 699 drill holes completed to the end of 2013. The resource tabulated below was estimated using ordinary kriging by David Gaunt, P.Geo., a qualified person who is not independent of Northern Dynasty.

The tabulation is based on copper equivalency that incorporates the contribution of copper, gold and molybdenum. Although the estimate includes silver, it was not used as part of the copper equivalency calculation in order to facilitate comparison with previous estimates which did not consider the silver content or its potential economic contribution. A base case cut-off of 0.3% CuEq is highlighted.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

Table 3 2014 Estimate of Mineral Resources Pebble Deposit Measured and Indicated Categories

Threshold CuEq %	CuEq%	Tonnes	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/t)
Measured						
0.3	**0.65**	**527,000,000**	**0.33**	**0.35**	**178**	**1.66**
0.4	0.66	508,000,000	0.34	0.36	180	1.68
0.6	0.77	279,000,000	0.40	0.42	203	1.84
1.0	1.16	28,000,000	0.62	0.62	302	2.27
Indicated						
0.3	**0.77**	**5,912,000,000**	**0.41**	**0.34**	**245**	**1.66**
0.4	0.82	5,173,000,000	0.45	0.35	260	1.75
0.6	0.99	3,450,000,000	0.55	0.41	299	1.99
1.0	1.29	1,411,000,000	0.77	0.51	343	2.42
Measured + Indicated						
0.3	**0.76**	**6,439,000,000**	**0.40**	**0.34**	**240**	**1.66**
0.4	0.81	5,681,000,000	0.44	0.35	253	1.75
0.6	0.97	3,729,000,000	0.54	0.41	291	1.98
1.0	1.29	1,439,000,000	0.76	0.51	342	2.42

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This section also uses the term "inferred mineral resources". The Company advises investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral 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 all or any part of an inferred resource exists, or is economically or legally mineable.**

Table 4 2014 Estimate of Mineral Resources Pebble Deposit Inferred Category

Threshold CuEq %	CuEq%	Tonnes	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/t)

Inferred						
0.3	**0.54**	**4,460,000,000**	**0.25**	**0.26**	**222**	**1.19**
0.4	0.68	2,630,000,000	0.33	0.30	266	1.39
0.6	0.89	1,290,000,000	0.48	0.37	291	1.79
1.0	1.20	360,000,000	0.69	0.45	377	2.27

The tabulated mineral resources are subject to the notes below:

These resource estimates have been prepared in accordance with NI 43-101 and the CIM Definition Standards. Inferred resources have a great amount of uncertainty as to their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred resources will ever be upgraded to a higher category.

Copper equivalent calculations use metal prices of $1.85/lb for copper, $902/oz for gold and $12.50/lb for molybdenum, and recoveries of 85% for copper 69.6% for gold, and 77.8% for molybdenum in the Pebble West zone and 89.3% for copper, 76.8% for gold, and 83.7% for molybdenum in the Pebble East zone.

A 0.30% CuEQ cut-off is considered to be comparable to that used for porphyry deposit open pit mining operations in the Americas.

The resource estimate is constrained by a conceptual pit that was developed using a Lerchs-Grossman algorithm and is based on the parameters set out below:

Parameter		Units	Cost ($)	Value
Metal Price	Gold	$/oz	-	1540.00
	Copper	$/lb	-	3.63
	Molybdenum	$/lb	-	12.36
Metal Recovery	Copper	%	-	89
	Gold	%	-	72
	Molybdenum	%	-	82
Operating Cost	Mining (mineralized material or waste)	$/ton mined	1.01	-
	Added haul lift from depth	$/ton/bench	0.03	-
	Process			
	Process cost adjusted by total crushing energy	$/ton milled	4.40	-
	Transportation	$/ton milled	0.46	-
	Environmental	$/ton milled	0.70	-
	G&A	$/ton milled	1.18	-
Block Model	Current block model	ft	-	75 x 75 x 50
Density	Mineralized material and waste rock	-	-	Block model
Pit Slope Angles		degrees	-	42

These mineral resource estimates may ultimately be affected by a broad range of environmental, permitting, legal, title, socioeconomic, marketing and political factors commensurate with the specific characteristics of the Pebble deposit (including its scale, location, orientation and poly-metallic nature) as well as its setting (from a natural, social, jurisdictional and political perspective).

Mineral Processing and Metallurgical Testing

Metallurgical testwork for the Pebble Project was initiated by Northern Dynasty in 2003 and continued under the direction of Northern Dynasty until 2008. From 2008 to 2013, metallurgical testwork progressed under the direction of the Pebble Partnership.

Geometallurgical studies were initiated by the Pebble Partnership in 2008, and continued through 2012. The principal objective of this work was to quantify significant differences in metal deportment that may result in variations in metal recoveries during mineral processing. The results of the geometallurgical studies indicate that the deposit comprises several geometallurgical (or material type) domains. These domains are defined by distinct, internally consistent copper and gold deportment characteristics that correspond spatially with changes in silicate alteration mineralogy.

The first major distinction between domains is characterized by hypogene and supergene mineralization. Hypogene mineralization reflects the copper-, gold- and molybdenum-bearing minerals which precipitated from hot hydrothermal solutions when the deposit initially formed in the Cretaceous Period. In contrast, supergene mineralization represents modifications, mostly to the Cu-bearing minerals present in the near-surface parts of the Pebble West zone, during a much more recent weathering phase of the deposit when it became exposed for a time at the surface of the earth. The second critical influence on metallurgical recoveries is related directly to different alteration assemblages that formed over time in different parts of the Pebble deposit.

These alteration assemblages as listed in Table 5 include sodic potassic, illite-pyrite (described as quartz-illite-pyrite in *Geological Setting and Mineralization* above), K-silicate (potassic in *Geological Setting and Mineralization*), QSP (quartz-sericite-pyrite in Geological Setting and Mineralization), QP (pyrophyllite in *Geological Setting and Mineralization*) and sericite types. Each of these assemblages contains a distinct suite of minerals that precipitated from hydrothermal fluids under different conditions of temperature, pressure and chemical composition, and including, in some cases, differences in the types of copper- and gold-bearing minerals.

Recognition of the relationships between metallurgical behavior and mineralization styles and alteration assemblages provides significant technical advantages to further testwork on the Pebble Project. The samples selected for the comminution, copper-gold-molybdenum bulk flotation, and copper molybdenum separation testing were representative of the various types and styles of mineralization present at the Pebble deposit.

Metallurgical testwork and associated analytical procedures were performed by recognized testing facilities with extensive experience with this analysis, with this type of deposit, and with the Pebble Project.

The test results on variability samples derived from the 103 lock cycle flotation tests indicate that marketable copper and molybdenum concentrates can be produced with gold and silver contents that meet or exceed payable levels in representative smelter contracts. Metal recoveries projected in the 2014 Technical Report and in the table below are based on the locked-cycle test (LCT) results of the variability samples, and associated gold leach testwork. The table below provides projected overall recoveries, which include the flotation and gold plant recoveries.

Table 5 Projected Metallurgical Recoveries[1] Pebble Project

Domain	Flotation Recovery to Concentrate[2]				Gold Plant Recovery[3]			Overall Recovery			
	Cu Con			Mo Con	SART	Dore					
	Cu %	Au g/t	Ag g/t	Mo %	Cu %	Au g/t	Ag g/t	Cu %	Au g/t	Ag g/t	Mo %
Supergene:											
Sodic Potassic	74.7	60.4	64.1	51.2	1.5	16.0	6.0	76.2	76.4	70.2	51.2
Illite Pyrite	68.1	43.9	64.1	62.6	3.9	26.8	6.0	72.1	70.7	70.2	62.6
Hypogene:											
Illite Pyrite	86.4	43.9	64.1	73.2	1.9	26.1	6.0	88.3	70	70.2	73.2
Sodic Potassic	86.2	60.4	64.1	76.6	1.4	16.7	6.0	87.6	77.1	70.2	76.6
K Silicate	90.3	61.3	64.1	82.3	0.7	13.8	6.0	91	75.1	70.2	82.3
QP	94.3	65.0	64.1	80.1	1.4	14.4	6.0	95.6	79.4	70.2	80.1
Sericite	86.4	39.2	64.1	73.2	1.9	26.7	6.0	88.3	65.8	70.2	73.2
QSP	86	31.6	64.1	82.5	2.1	32.1	6.0	88.1	63.7	70.2	82.5

Notes to table:

1. Silver recovery projection based on a dataset of 10 LCT samples

2. Flotation recovery to concentrate refers to metal recoveries to copper concentrate (Cu Con) and to molybdenum concentrate (Mo Con).

3. Gold plant recovery refers to copper recovery to SART sulphidization, acidification, recycling, and thickening process tests to recover copper from leaching circuit residue, as well as gold and silver recoveries to dore bar.

Environmental and Socioeconomic

The Pebble deposit is located on state land that has been specifically designated for mineral exploration and development. The project area has been the subject of two comprehensive land-use planning exercises conducted by the Alaska Department of Natural Resources (the ADNR), the first in the 1980s and the second completed in 2005. The ADNR identified five land parcels (including Pebble) within the Bristol Bay planning area as having significant mineral potential, and where the planning intent is to accommodate mineral exploration and development. These parcels total 2.7% of the total planning area (ADNR, 2005).

Environmental standards and permitting requirements in Alaska are stable, objective, rigorous and science-driven. These features are an asset to projects like Pebble that are being designed to meet U.S. and international best practice standards of design and performance.

Environmental Baseline Studies

Northern Dynasty began an extensive field study program in 2004 to characterize the existing physical, chemical, biological, and social environments in the Bristol Bay and Cook Inlet areas where the Pebble Project might occur. The Pebble Partnership compiled the data for the 2004-2008 study period into a multi-volume Environmental Baseline Document[1]. These studies have been designed to:

Fully characterize the existing biophysical and socioeconomic environment;

Support environmental analyses required for effective input into Project design;

Provide a strong foundation for internal environmental and social impact assessment to support corporate decision-making;

Provide the information required for stakeholder consultation and eventual mine permitting in Alaska; and,

[1] Baseline data collecting and monitoring has continued since that time. The program data from 2009 to 2014 is being integrated with environmental baseline data reports from 2004 to 2008 so that this information can also be shared with state/federal agencies and the public as part of the future permitting process under NEPA.

Provide a baseline for long-term monitoring of potential changes associated with mine development.
The baseline study program includes:

surface water	wildlife
groundwater	air quality
surface and groundwater quality	cultural resources
geochemistry	subsistence
snow surveys	land use
fish and aquatic resources	recreation
noise	socioeconomics
wetlands	visual aesthetics
trace elements	climate and meteorology
fish habitat stream flow modeling	Iliamna Lake
marine	

Potential Environmental Effects and Proposed Mitigation Measures

The application of sound engineering, environmental planning and best management practices, including compliance with existing U.S. federal and state environmental laws, regulations and guidelines, will ensure that all of the environmental issues associated with the development and operation of the Pebble Project can be effectively addressed and managed.

The major environmental components include air, water and terrestrial resources. During the preliminary stages of the Pebble Project, Northern Dynasty identified key environmental issues and design drivers that have formed the basis of baseline data collection, environmental and social analysis and continuing stakeholder consultations influencing the Pebble Project design. The effects assessment has confirmed these as important issues and design drivers, and has identified mitigation measures for each. The key mitigation strategies for these drivers include:

Water: development of a water management plan that maximizes the collection and diversion of groundwater, snowmelt and direct precipitation away from the mine site;

Wetlands: avoidance and minimization of project effects on wetlands and implementation of a water management plan (in accordance with US Army Corp of Engineers guidelines and regulations) to reduce wetland impacts;

Aquatic habitats: development of a water management plan and habitat mitigation measures that includes strategies to effectively manage the release of treated water in compliance with anticipated regulatory requirements to sustain necessary downstream flows and to protect downstream fish habitat and aquatic environments;

Air quality: implementation of air emissions and dust suppression strategies;

- Marine environment: minimize the port facility s footprint in the intertidal zone, particularly in soft sediment intertidal areas; and

- Compensatory mitigation measures to ensure compliance with the Clean Water Act.

Direct integration of these and other appropriate measures into the Pebble Project design and operational strategies are expected to effectively mitigate possible environmental effects and minimize residual environmental effects associated with the construction, operation and eventual closure of any proposed mine at the Pebble Project.

Community Consultation and Stakeholder Relations

Since 2004, the Company has undertaken a comprehensive stakeholder relations and community outreach program. In addition to ensuring that relevant stakeholder groups and individuals receive early notification of all work programs, the objectives of the Pebble Partnership s stakeholder and community relations program are:

- To provide regular progress updates on project-related activities, opportunities and planning;

- To seek input on stakeholder priorities, issues and concerns, and provide feedback on how they are being addressed;

- To educate stakeholders on responsible resource development and modern mining principles and practices;

To maximize economic and community benefits associated with the Pebble Project, both in the exploration and development phase and during mine operations; and,

To provide opportunities for two-way dialogue and the development of long-term, respectful and mutually beneficial relationships.

The Pebble Partnership has developed a dedicated and knowledgeable stakeholder relations team to implement this program. In addition to stakeholder relations staff in Anchorage, the team includes two representatives living in Bristol Bay communities. The Pebble Partnership has provided ongoing training for all of its community relations personnel.

Status of Project Engineering and Previous Mine Planning Work

During the period 2007 to 2011, the Pebble Partnership expended several hundred million dollars on the Pebble Project, a major portion of which was spent on exploration programs, resource estimates, environmental data collection and technical studies involving engineering of various possible mine development models, as well as related infrastructure, power and transportation systems. During this period, the Pebble Partnership was funded by the international mining company Anglo American through an affiliate which had acquired a 50% interest in the limited partnership which owns the Pebble Project contingent on the provision of $1.5 billion in funding for project costs. These studies informed a preliminary assessment of the project released by the Company in 2011. As a consequence of several factors, including EPA opposition to the Pebble Project discussed under Item 8 A3. Legal Proceedings, the withdrawal of Anglo American from the project and the passage of time, technical and engineering studies related to mine-site and infrastructure development are considered to have very uncertain and perhaps little value at this time. Environmental baseline studies and data collection remains a significant legacy asset of the Company from this period. The 2014 Technical Report does not attempt to build on this previous engineering work given that, unless and until there is some visibility in the litigation with the EPA in regards to the possibility of permitting any kind of mine at Pebble, it is not appropriate for the technical report authors to use or build upon previously posited mine models or to make large dollar recommendations in furtherance of assessing the technical or economic feasibility of a potential mine at Pebble.

Plans for 2015

Advance a multi-dimensional strategy to address the EPA s pre-emptive regulatory process under Section 404(c) of the Clean Water Act to ensure the Pebble Project can initiate federal and state permitting under NEPA unencumbered by any extraordinary development restrictions imposed by the EPA. This includes litigation related to the EPA s statutory authority to act pre-emptively under the Clean Water Act, potential violations of the Federal Advisory Committee Act and Freedom of Information Act, as well as facilitation of various third-party investigations of EPA actions with respect to the Pebble Project, including by the independent Office of the EPA Inspector General.

Maintain an active corporate presence in Alaska to advance relationships with political and regulatory offices of government, Alaska Native partners and broader stakeholder relationships.

Maintain the Pebble Project and Pebble claims in good standing and continue environmental monitoring as per the Recommended Program from the 2014 Technical Report.

Continue general and administration costs to maintain the Company in good standing and advance a potential partner(s) transaction.

C. ORGANIZATIONAL STRUCTURE

Structure as at December 31, 2014:

In January 2015, Kaskanak Inc and Kaskanak Copper LLC were merged with Pebble East Claims Corporation, with the latter the surviving entity.

D. PROPERTY, PLANT AND EQUIPMENT

The Company s principal property is the Pebble Project, as discussed above in Item 4.B.

The Company has approximately $972,000 in plant and equipment primarily at the Pebble Project site located in Iliamna.

The Company, through the Pebble Partnership, has leased premises in Anchorage and at the Pebble Project site and as result the Company has lease commitments which have been disclosed under Item 5 F. Tabular Disclosure of Contractual Obligations.

ITEM 4A UNRESOLVED STAFF COMMENTS

There are none.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

OVERVIEW

Northern Dynasty is a mineral exploration company which, via its subsidiaries, holds a 100% interest in mining claims on State of Alaska land in southwest Alaska, USA ("US") that are part of or in the vicinity of the Pebble Copper-Gold-Molybdenum Project (the "Pebble Project" or Pebble).

None of the Company's properties have any mineral reserves or have been proven to host mineralized material which can be said to be "ore" or feasibly economic at current metals prices. The Company incurs significant exploration expenditures as it carries out its business strategy. As Northern Dynasty is an exploration stage company, it does not have any revenues from its operations to offset its exploration expenditures. Accordingly, the Company's ability to continue exploration of its properties will be contingent upon the availability of additional financing.

Northern Dynasty's financial statements are prepared on the basis that it will continue as a going concern. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to continue to raise adequate financing and to develop profitable operations. Northern Dynasty's financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

The following discussion should be read in conjunction with the audited annual financial statements for the years ended December 31, 2014, 2013, and 2012, and the related notes accompanying this Annual Report ("2014 Financial Statements"). The Company prepares and presents its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Critical Accounting Policies and Estimates

The preparation of the 2014 Financial Statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during said reporting period. Actual outcomes may differ from these estimates.

Areas where significant estimates exist include:

i. the inputs into the Black Scholes calculation for the estimation of the fair value of share purchase options granted,

ii. the value of the Settlement Claims (refer to note 5 of the 2014 Financial Statements),

iii. assumptions used in the determination of the provision for deferred income tax expense (recovery).

Areas where significant judgments exist include:

i. assessing the indicators for testing the Company's mineral property interest ("MPI") for impairment,

ii. determining the functional currencies of the Company and its subsidiaries,

iii. concluding that going concern was an appropriate basis for the preparation of the 2014 Financial Statements.

Further discussion can be found in note 2 of the 2014 Financial Statements which form Item 18 of this Annual Report.

Financial Instruments and Other Instruments

The Company has no derivative financial assets or liabilities.

A. RESULTS OF OPERATIONS

The following selected annual information is from the audited consolidated financial statements which have been prepared in accordance with IFRS. The 2013 figures include the Pebble Partnership on a consolidated basis with effect from December 10, 2013. Unless otherwise stated, all monetary amounts are expressed in thousands of Canadian dollars except per share amounts, which are expressed in Canadian dollars.

Excerpts from Statements of Financial Position	**December 31 2014**	**December 31 2013**	**December 31 2012**
Total assets	$ 135,510	$ 141,784	$ 132,934
Total non-current other liabilities (non-financial)	1,515	3,803	3,632
Total current liabilities	6,033	4,053	409

Excerpts from Statements of Comprehensive Loss (Income)	**Year ended December 31 2014**	**Year ended December 31 2013**	**Year ended December 31 2012**
Exploration and evaluation	$ 12,877	$ 1,991	$ 4,461
General and administrative	17,384	6,245	6,780
Share-based compensation	3,877	641	5,225
Other items (i)	(2,791)	(1,292)	(804)
Gain on discontinuance of equity method (ii)		(5,062)	
Loss for the year	$ 31,347	$ 2,523	$ 15,662
Basic and diluted loss per common share	$ 0.33	$ 0.03	$ 0.16
Weighted average number of common shares outstanding (000)	95,009	95,007	94,995

(i) Other items include interest income, exchange gain and loss and deferred income tax.

(ii) Represents a gain recorded upon discontinuance of equity method for accounting for the investment in the Pebble Limited Partnership when the Company reacquired control in Q4 of 2013.

Year Ended December 31, 2014 versus Year Ended December 31, 2013

The Company recorded an increase in loss of $29.4 million due primarily to the increase in Exploration and Evaluation expenses ("E&E"), general and administrative expenses ("G&A") and share-based compensation ("SBC"). In 2013, the Company recorded a $5.1 million gain on the discontinuance of the equity method in accounting for the Pebble Partnership.

E&E increased by $10.9 million as the Company funded all exploration and evaluation work on the Pebble Project and included the updating of information on mineral resources (discussed under Item 4 Technical Summary), other technical studies, site activities including payment of annual fees for claims, site leases and land access agreements, environmental monitoring and Native community engagement. E&E comprised mainly of the following for the year as compared to 2013, expressed in thousands of dollars:

Exploration and evaluation expenses ("E&E")	**2014**	**2013**
Engineering	$ 1,440	$ 853
Environmental planning and testing	2,322	270
Site activities	4,297	401
Socio-economic	4,324	26
Other activities and travel	494	441
	$ 12,877	$ 1,991

Until December 10, 2013, the Pebble Project was under joint control with Anglo American with the latter funding exploration and evaluation work on the Pebble Project. Pursuant to the agreement with Anglo American, the distribution of losses funded by Anglo American were to be allocated 100% to Anglo American until satisfaction of Anglo American s earn-in expenditures, and as a result Northern Dynasty did not recognize any share of the losses.

G&A increased to $17.4 million from $6.2 million in 2013 due to the inclusion of the Pebble Partnership s management, administration, and office expenses for the full year and increased legal costs which were incurred in response to the EPA s activities during the year (see Item 8 A3. Legal Proceedings).

The following table provides a breakdown of G&A incurred in the year as compared to 2013, expressed in thousands of dollars:

General and administrative expenses ("G&A")		**2014**		**2013**
Conference and travel	$	323	$	340
Consulting		782		836
Insurance		384		342
Legal, accounting and audit		8,326		275
Office costs		1,963		670
Management and administration		4,610		2,572
Shareholder communication		772		983
Trust and filing		224		227
Total	$	17,384	$	6,245

SBC increased to $3.9 million from $0.6 million in 2013 as the Company granted 5.9 million share purchase options in the current year (2013 no options were granted).

The Company recognized an exchange gain on translation of subsidiaries which have a U.S. Dollar functional currency of $9.9 million (2013 $6.9 million) in other comprehensive income with the result that the Company recorded comprehensive loss for the year of $21.4 million as compared to a comprehensive gain of $4.4 million in 2013.

Cash Flows for the Year Ended December 31, 2014 versus 2013

Net cash used in operations increased to $27.8 million in 2014 from $7.8 million in 2013, due to the increase in the Company s operating activities as discussed above. The source of cash and cash equivalents during 2014 included the Company s cash resources and cash received from the issue of special warrants in a private placement late in December 2014.

Financial position as at December 31, 2014 versus December 31, 2013

Total assets decreased by $6.3 million to $135.5 million. This decrease was due mainly to the utilization of the Company s cash and cash equivalents in its operating activities.

Year Ended December 31, 2013 versus Year Ended December 31, 2012

The Company recorded a decrease in loss of $13.1 million due mainly to the decrease in E&E, SBC and a gain recognized on discontinuance of the equity method for accounting for the investment in the Pebble Partnership.

E&E decreased by $2.5 million as the Company s work on technical studies wound down.

G&A decreased to $6.2 million from $6.8 million in 2012 due mainly to a reduction in consulting fees paid and conference and travel costs. In 2012, in response to EPA s initiatives such as the Bristol Bay Watershed Assessment, the Company retained US political and scientific representatives and consultants to assist, consult and represent the Company; such costs were lower in 2013. This was offset by increased shareholder communication in 2013 as the Company focused more resources in the area of investor relations and shareholder communication.

The following table provides a breakdown of G&A incurred in the year as compared to 2012, expressed in thousands of dollars:

G&A	**2013**	**2012**

Conference and travel	$ 340	$ 566
Consulting	836	1,761
Insurance	342	343
Legal, accounting and audit	275	255
Office costs	670	702
Management and administration	2,572	2,095
Shareholder communication	983	830
Trust and filing	227	228
Total	$ 6,245	$ 6,780

SBC decreased to $0.6 million from $5.2 million in 2012 due mainly to the Company not granting share purchase options in 2013. In 2012 the Company granted 2.2 million options and recognized an additional $0.5 million expense for options that were cancelled voluntarily. Although over 2.0 million options were cancelled voluntarily in 2013, they were fully vested, and there was no impact on SBC as the Company had previously recognized SBC thereon.

The Company recognized an exchange gain on translation of the Pebble Partnership, which has a US dollar functional currency, of $6.9 million (2012 loss of $2.2 million) in other comprehensive income, with the result that the Company recorded comprehensive income for 2013 of $4.4 million as compared to a comprehensive loss of $17.8 million in 2012.

Cash Flows for the Year Ended December 31, 2013 versus 2012

Net cash used in operations decreased by $2.7 million to $7.8 million in 2013 due mainly to the decrease in Company corporate activities.

The Company contributed a further $1.0 million to the Pebble Partnership before the change in control of the Pebble Partnership on December 10, 2013. On assumption of control, the Company s cash resources increased by $6.5 million.

The Company received $0.6 million in interest on cash balances as compared to $0.4 million in 2012 as the Company s funds were invested at higher rates. For the 2013 year, the Company had a net decrease in cash of $1.7 million (2012 $9.9 million).

Financial position as at December 31, 2013 versus December 31, 2012

The Company s total assets increased by $8.9 million to $141.8 million. The increase was mainly the result of consolidating the assets and liabilities of the Pebble Partnership as a result of assuming control thereof. In respect to non-current assets, the Company recognized the Pebble mineral property and plant and equipment as it discontinued the equity method of accounting for the Pebble Partnership, which including a foreign exchange gain on translation amounted to an increase of $7.7 million. Current assets increased by $1.2 million as the Company consolidated amounts receivable and prepaid expenses, certain restricted cash ($1.2 million) and cash and cash equivalents from the Pebble Partnership. The additional cash and cash equivalents reduced the decrease in cash and cash equivalents utilized for the year to $1.7 million. Other changes included the change in value of the amounts receivable due to accrued interest ($0.3 million) and foreign exchange gain on translation ($0.5 million).

The Pebble Partnership under Joint Venture

Until the change of control on December 10, 2013, the Company accounted for its investment in the Pebble Partnership under the equity method.

Expenditures incurred by the Pebble Partnership on the Pebble Project were funded by Anglo American in order to retain its 50% interest in the Pebble Project. Anglo American s total contributions from inception of the Pebble Partnership to December 31, 2013 total $594.9 million (US$573.2 million). For the period ended January 1 to December 10, 2013, the Pebble Partnership incurred losses of $68.8 million (December 31, 2012 $102.9 million). E&E costs decreased to $58.5 million from $93.3 million in the previous year as the Pebble Partnership focused on various programs to advance the completion of a prefeasibility study for the Pebble Project and the completion of a Project Description to support the permit application under NEPA. In Q1 of 2012, the Pebble Partnership released the 27,000-page Environmental Baseline Document.

The main E&E costs during the period ended January 1 to December 10, 2013, were:

engineering (2013 $10.6 million; December 31, 2012 $19.1 million);

environmental planning and testing (2013 $13.9 million; December 31, 2012 $20.0 million);

site activities (2013 $18.8 million; December 31, 2012 $36.6 million);

corporate affairs (2013 $13.7 million; December 31, 2012 $16.5 million); and

business development (2013 $1.5 million; December 31, 2012 $1.1 million).

B. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's major sources of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions and the issue of common shares pursuant to the exercise of share purchase options. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

As at December 31, 2014, the Company s cash and cash equivalents were $9.4 million, down from $25.8 million at December 31, 2013 as the Company used $27.9 million of its cash in its operating activities and raised net $11.3 million from the issuance of 27,622,642 special warrants at a price of $0.431 per special warrant in a private placement. In January 2015, the Company completed the private placement of a further 8,340,093 special warrants for gross proceeds of $3.6 million (see Item 10 C. Material Contracts). The Company has prioritized the allocation of available financial resources in order to meet key corporate and Pebble Project expenditure requirements in the near term. Additional financing will be required to pursue any material work programs at the Pebble Project. There can be no assurances that the Company will be successful in obtaining additional financing. If the Company is unable to raise the necessary capital resources to meet obligations as they come due, the Company will have to reduce or curtail its operations.

At December 31, 2014, the Company had working capital of approximately $5.9 million as compared to $29.7 million at December 31, 2013. The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations other than those disclosed below (refer F. Tabular Disclosure of Contractual Obligations).

The Company has no "Purchase Obligations", defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The Company is responsible for maintenance payments on the Pebble Project claims and other claims and routine office leases.

Capital Resources

The Company s capital resources consist of its cash reserves. As of December 31, 2014, the Company had no long term debt or commitments for material capital expenditures other than what has been disclosed in below in F. Tabular Disclosure of Contractual Obligations.

The Company has no lines of credit or other sources of financing which have been arranged or utilized.

Requirement of Financing

North Dynasty does not earn any revenues and has historically had, and will continue to have for the foreseeable future, negative cash flows. Historically, Northern Dynasty's sole source of funding has been provided by the sale of equity securities for cash, primarily through private placements to sophisticated investors and institutions. Like all exploration stage companies, Northern Dynasty will need to raise additional financing to pursue any material work programs at the Pebble Project and to meet its business objectives.

Financial Instruments

The Company has no derivative financial assets or liabilities and has the following non-derivative financial assets and liabilities.

Marketable securities

Amounts receivable

Cash and cash equivalents

Trade and other payables, and

Amounts payable to a related party.

The Company keeps its financial instruments denominated in US and Canadian Dollars, depending on expected needs in each currency. The Company does not engage in any hedging operations with respect to currency or in-situ minerals. Funds which are excess to Northern Dynasty's current needs are invested in short-term near-cash investments.

Northern Dynasty does not have any material, legally enforceable obligations requiring it to make capital expenditures and accordingly, can remain relatively flexible in gearing its activities to the availability of funds.

C. RESEARCH EXPENDITURES

Northern Dynasty does not carry out any research or development activities. Please refer to Item 3 and Item 4 above for a discussion of the exploration expenditures that the Company has incurred in connection with the exploration of its mineral properties.

D. TREND INFORMATION

Copper prices increased from early 2009 until late 2011. From that time, prices have been variable and weakened overall. The recent closing price is US$2.89/lb.

The average annual gold price steadily increased from 2008 to 2012. Gold prices trended lower in 2013, and have been variable but weakened overall in 2014 and 2015. The recent closing price is US$1,189/oz.

Molybdenum prices were variable, but improving in 2010 and 2011, variable in 2013, and then began an uptrend that extended through the end of June 2014. Prices have been on a downtrend since that time with a recent closing price of US$7.76/lb.

An upward trend in silver prices began in 2010, and continued to late September 2011; prices reached as high as $43/oz in 2011, resulting in the highest average annual price since 2008. Prices ranged between $26/oz and $35/oz between October 2011 and December 2012. Prices trended downward in 2013. They have been variable in 2014 and 2015, with an overall decrease in the average price. The recent closing price is US$16.39/oz.

Average annual prices since 2010 as well as the average prices so far in 2015 for copper, gold, molybdenum and silver are shown in the table below:

	Average Prices			
Year or Period	**Copper US$/lb**	**Gold US$/oz**	**Molybdenum US$/lb**	**Silver US$/oz**
2010	3.42	1,228	15.87	20.24
2011	4.00	1,572	15.41	35.25
2012	3.61	1,669	12.81	31.16
2013	3.32	1,410	10.40	23.80
2014	3.14	1,276	11.91	19.08
2015 (to the date of this 20F)	2.68	1,212	8.31	16.60

Source: LME Official Cash Price as provided at www.metalprices.com

E. OFF-BALANCE SHEET ARRANGEMENTS

Northern Dynasty has no off-balance sheet arrangements.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following commitments and payables (expressed in thousands) existed at December 31, 2014:

		Payments due by period		
	Total	≤ 1 year	1-5 years	> 5 years
Trade and other payables	**$ 5,650**	$ 5,650	$	$
Payable to related parties	**383**	383		
Lease commitments	**1,424**	952	472	
Total	**$ 7,457**	$ 6,985	$ 472	$

The Company had no long-term debt obligations, no capital (finance) lease obligations, no operating lease obligations (other than noted above), no purchase obligations, or other long-term liabilities.

G. SAFE HARBOR

The safe harbor provided in Section 27A of the Securities Act and Section 21E of the Exchange Act applies to forward-looking information provided pursuant to Item 5.E and Item 5.F above.

ITEM 6 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

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 presented in the table below. 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.

Name	Year born	Position	Director or Officer Since
Scott D. Cousens Vancouver, BC, Canada	1964	Director	June 1996
Robert A. Dickinson Lions Bay, BC, Canada	1948	Chairman of the Board and Director	June 1995
Gordon J. Fretwell West Vancouver, BC, Canada	1953	Director	July 2004
Russell E. Hallbauer West Vancouver, BC, Canada	1954	Director	April 2008
Wayne Kirk Orcas Island, WA, USA	1943	Director	July 2004
Peter Mitchell Chicago, IL, USA	1955	Director	May 2011
Ken Pickering Chemainus, BC, Canada	1947	Director	September 2013
Marchand Snyman West Vancouver, BC, Canada	1967	Chief Financial Officer and Director	August 2008
Ronald W. Thiessen West Vancouver, BC, Canada	1952	President, CEO and Director	November 1995
Trevor Thomas Vancouver, BC,	1967	Secretary	February 2008

Canada			
Bruce Jenkins Vancouver, BC, Canada	1950	Senior Vice President, Corporate Development	June 2004
Stephen Hodgson Vancouver, BC, Canada	1954	Vice President Engineering	March 2005
Sean Magee North Vancouver, BC, Canada	1966	Vice President Public Affairs	October 2006
Doug Allen Vancouver, BC, Canada	1958	Vice President Corporate Communications	June 2012

(1) To the best of the Company's knowledge, none of such persons has any family relationship with any other and none were elected as a director or appointed as an officer as a result of an arrangement or understanding with a major shareholder, customer, supplier, or any other party.

The following is biographical information on each of the persons listed above. Where indicated in the reference to "CEO" refers to Chief Executive Officer and CFO to Chief Financial Officer :

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. Through substantial financings and subsequent corporate success, Mr. Cousens has established strong ties with North American, European and Asian investors. Mr. Cousens is a director of HDI and HDSI.

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

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	June 1996	Present
Amarc Resources Ltd.	TSX-V, OTCBB	Director	September 1995	Present
Continental Minerals Corporation	TSX-V, OTCBB	Director	June 1994	April 2011

Company	Name of Market	Positions Held	From	To
Heatherdale Resources Ltd.	TSX-V	Director and Chairman	November 2009	Present
Northcliff Resources Ltd.	TSX	Director	June 2011	February 2012
		Director	May 2012	Present
Quartz Mountain Resources Ltd.	TSX-V, OTCBB	Director and Chairman	November 2012	Present
Rathdowney Resources Ltd.	TSX-V	Director	March 2011	Present
Taseko Mines Limited	TSX, NYSE MKT	Director	October 1992	July 2014

Robert A. Dickinson, B.Sc., M.Sc.   Chairman of the Board and Director

Mr. Dickinson is an economic geologist who has been actively involved in mineral exploration and mine development for over 45 years. He is Chairman of HDI and HDSI as well as a director and member of the management team of a number of the public companies associated with Hunter Dickinson Inc. He is also President and Director of United Mineral Services Ltd., a private resource company. He also serves as a Director of the Britannia Mine Museum and a Trustee of the BC Mineral Resources Education Program. Mr. Dickinson is, or was within the past five years, an officer and/or director of the following public companies:

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	June 1994	Present
		Chairman	April 2004	Present
Amarc Resources Ltd.	TSX-V, OTCBB	Director	April 1993	Present
		Chairman	April 2004	Present
Continental Minerals Corporation	TSX-V, OTCBB	Director	June 2004	April 2011
Curis Resources Ltd.	TSX	Director	November 2010	November 2012
		Chairman	November 2010	December 2010
Heatherdale Resources Ltd.	TSX-V	Director	November 2009	Present
Northcliff Resources Ltd.	TSX	Director	June 2011	Present
		Chairman	June 2011	January 2013
Rathdowney Resources Ltd.	TSX-V	Director and Chairman	March 2011	December 2011
Quartz Mountain Resources Ltd.	TSX-V	Director	December 2011	Present
		Chairman	December 2011	November 2012

Taseko Mines Limited	TSX, NYSE MKT	Director	January 1991	Present

Gordon J. Fretwell, B.Comm. LLB.   Director

Gordon Fretwell holds a Bachelor of Commerce 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	Name of Market	Positions Held	From	To
Asanko Gold Corp. (formerly Keegan Resources Inc.)	TSX-V, AMEX	Director	February 2004	Present
Auryn Resources Inc.	TSX-V	Director	October 2013	Present
Bell Copper Corporation	TSX-V	Secretary	March 2001	May 2011
		Director	June 2001	April 2011
Benton Capital Corp. (formerly Benton Resources Corp.)	TSX-V	Director	July 2003	July 2013
		Secretary	December 2003	Present
Benton Resources Inc.	TSX-V	Director	November 2011	March 2014
		Secretary	November 2011	Present
Canada Rare Earth Corp.	TSX-V	Secretary	June 2009	Present

Company	Name of Market	Positions Held	From	To
Curis Resources Ltd.	TSX	Director	January 2011	November 2014
Coro Mining Corp.	TSX	Director	January 2009	Present
ICN Resources Ltd.	TSX-V	Director	July 2004	August 2010
Lignol Energy Corporation	TSX-V	Director	January 2007	Present
Meritus Minerals Ltd.	TSX-V	Director	June 2007	November 2012
		Secretary	August 2009	Present
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	June 2004	Present
Sokoman Iron Corp. (formerly Golden Dory Resources Corp.)	TSX-V	Secretary	August 2008	Present
Quartz Mountain Resources Ltd.	TSX-V, OTCBB	Director	January 2003	Present
		Secretary	January 2003	December 2011
Rockwell Diamonds Inc.	TSX-V, OTCBB, JSE	Secretary	September 2012	Present

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. Mr. Hallbauer is currently the President and Chief Executive Officer of Taseko Mines Limited.

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 HDI and HDSI.

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

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	April 2008	Present
Curis Resources Ltd.	TSX	Director	November 2010	November 2014
		Chairman	December 2010	September 2012
		Co-Chairman	September 2012	November 2014

Taseko Mines Limited	TSX, NYSE MKT	Director, President and CEO	July 2005	Present

Wayne Kirk, LLB Director

Wayne Kirk is a retired attorney and consultant. With over 35 years of professional experience, Mr. Kirk also has over 9 years of 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, a director of the following public companies:

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	July 2004	Present
Atlatsa Resources Corporation	TSX-V, NYSE MKT, JSE	Director	July 2005	September 2011
Gabriel Resources Ltd.	TSX	Director	June 2008	Present
Great Basin Gold Ltd.	TSX, NYSE MKT, JSE	Director	July 2004	January 2012
Luna Gold Corp.	TSX, OTCQX	Director	May 2012	Present

Company	Name of Market	Positions Held	From	To
Taseko Mines Limited	TSX, NYSE MKT	Director	July 2004	June 2014

Peter Mitchell, CA   Director

Mr. Mitchell is currently the Senior Vice President and Chief Financial Officer of Coeur Mining, Inc. in Chicago, Illinois. He is a graduate of the University of Western Ontario with a Bachelor of Arts in Economics as well as a graduate of the MBA program of the University of British Columbia. Mr. Mitchell is a Chartered Accountant and worked most recently as the Chief Financial Officer of Taseko Mines Limited. Prior to that he held senior roles in three private equity portfolio companies including President of Florida Career College based in Fort Lauderdale, Florida, President and CEO of Vatterott Education Centers in St Louis, Missouri and Vice Chairman and CFO of Von Hoffmann Corporation, also based in St Louis, Missouri.

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

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	May 2011	Present
Coeur Mining, Inc.	NYSE, TSX	Senior Vice President and CFO	June 2013	Present
Northcliff Resources Ltd.	TSX	Director	June 2011	Present
Taseko Mines Limited	TSX, NYSE MKT	CFO	September 2008	May 2013

Ken Pickering   Director

Mr. Pickering is a Professional Engineer and mining executive with 40 years of experience in a variety of capacities in the natural resources industry. He has led the development, construction and operation of world-class mining projects in Canada, Chile, Australia, Peru and the United States, focusing on operations, executive responsibilities and country accountabilities.

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

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	September 2013	Present
Endeavour Silver Corp.	TSX, NYSE	Director	August 2012	Present
THEMAC Resources Group Limited	TSX-V	Director	March 2011	Present
Pan Aust Minerals	ASX	Director	October 2011	Present
Enaex Chile	IPSA	Director	May 2011	Present

Marchand Snyman, CA (SA), CA (Aust.)   Director, Chief Financial Officer

Marchand Snyman is a member of the Institute of Chartered Accountants in Australia and of the South African Institute of Chartered Accountants. He is a director and Chief Operating Officer of HDI and a director of HDSI.

With over 17 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.

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

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	August 2008	Present
		CFO	August 2008	Present
Continental Minerals Corporation	TSX-V, OTCBB	CFO	January 2008	April 2011
Heatherdale Resources Ltd.	TSX-V	CFO	November 2009	April 2012
Northcliff Resources Ltd.	TSX	Director and Chairman	January 2013	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 a director of HDI and HDSI, a company providing management and administrative services to several publicly-traded companies and focuses on directing corporate development and financing activities.

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

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Director	November 1995	Present
		President and CEO	November 2001	Present
Amarc Resources Ltd.	TSX-V, OTCBB	Director	September 1995	Present
		CEO	September 2000	Present
		President	September 2000	November 2014
Atlatsa Resources Corporation	TSX-V, JSE NYSE MKT	Director	April 1996	June 2011
Continental Minerals Corporation	TSX-V, OTCBB	Director	November 1995	April 2011
		Co-Chairman	January 2006	April 2011
Detour Gold Corporation	TSX	Director	July 2006	May 2012
Farallon Mining Ltd.	TSX	Director	August 1994	January 2011
		Chairman	December 2005	January 2011
Great Basin Gold Ltd.	TSX, NYSE MKT, JSE	Director	October 1993	June 2013
		Chairman	November 2006	June 2013

Quartz Mountain Resources Ltd.	TSX-V	President, CEO and Director	December 2011	Present
Taseko Mines Limited	TSX, NYSE MKT	Director	October 1993	Present
		Chairman	May 2006	Present

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 general counsel for HDI. HDI, he served as in-house legal counsel with Placer Dome Inc. Mr. Thomas is, or was within the past five years, an officer of the following public companies:

Company	Name of Market	Positions Held	From	To
Northern Dynasty Minerals Ltd.	TSX, NYSE MKT	Secretary	February 2008	Present
Amarc Resources Ltd.	TSX-V, OTCBB	Secretary	February 2008	Present
Atlatsa Resources Corporation	TSX-V, JSE, NYSE MKT	Assistant Secretary	November 2007	March 2011
Continental Minerals Corporation	TSX-V, OTCBB	Secretary	February 2008	April 2011
Curis Resources Ltd.	TSX	Secretary	June 2013	November 2014

Company	Name of Market	Positions Held	From	To
Farallon Mining Ltd.	TSX	Secretary	December 2007	January 2011
Heatherdale Resources Ltd.	TSX-V	Secretary	November 2009	September 2010
			June 2013	Present
Northcliff Resources Ltd.	TSX	Secretary	June 2011	Present
Quartz Mountain Resources Ltd.	TSX-V	Secretary	June 2013	Present
Rathdowney Resources Ltd.	TSX-V	Secretary	March 2011	Present
Rockwell Diamonds Inc.	TSX, OTCBB, JSE	Secretary	February 2008	September 2012
Taseko Mines Limited	TSX, NYSE MKT	Secretary	July 2008	Present

Bruce Jenkins Senior Vice President, Corporate Development

Bruce Jenkins is an environmental and government relations executive with more than 40 years of experience in project and corporate management. He supports the Pebble Partnership and helps guide environmental studies, mitigation planning and permitting activities. Mr. Jenkins is also Executive Vice President of Environment and Sustainability for Hunter Dickinson Inc.

Stephen Hodgson Vice President, Engineering

Stephen Hodgson is a professional engineer with over 35 years of experience in mine operations, mine development and project engineering. He is also Executive Vice President of Engineering for Hunter Dickinson Inc.

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

Company	Name of Market	Positions Held	From	To
Rathdowney Resources Ltd.	TSX-V	Director	December 2011	August 2014

Sean Magee Vice President, Public Affairs

Sean Magee is a former journalist and speech writer with more than 20 years of natural resource industry communications experience. Mr. Magee has had a working relationship with Hunter Dickinson Inc. for more than 15 years and is currently HDI's Executive Vice President of Strategic Communications and Public Affairs.

Doug Allen Vice President, Corporate Communications

Doug Allen is an asset management industry specialist with more than 30 years of experience on both the sell-side and the buy-side of the investment industry. His experience includes extensive investment work in the mining industry. Mr. Allen serves as the primary liaison between the broker-dealer and asset management industries and the Company.

B. COMPENSATION

Named Executive Officers

In this section Named Executive Officer (or "NEO") means each of the following individuals:

the Chief Executive Officer ("CEO");

the Chief Financial Officer ("CFO");

each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at December 31, 2014.

The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant, give or otherwise provide to each NEO and director for the financial year ended December 31, 2014.

The compensation paid to the NEOs during the Company s three most recently completed financial years ended December 31 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compens-ation ($)	Total compens-ation ($)
				Annual incentive plans ($)	Long-term incentive plans ($)			
Ronald Thiessen[2][3] President & CEO	2014 2013 2012	500,500 460,500 371,750	427,200[4] Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	927,700 460,500 371,750
Marchand Snyman[2][3] CFO	2014 2013 2012	240,500 198,000 186,750	427,200[4] Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	667,700 198,000 186,750
Thomas C. Collier PLP CEO	2014 2013 2012	568,408[1] Nil Nil	352,500[5] Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	17,231[10] Nil Nil	938,140 Nil Nil
Peter Robertson[8] PLP Senior VP Corporate Affairs	2014 2013 2012	458,409[1] Nil Nil	58,750[5] Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	17,231[10] Nil Nil	534,390 Nil Nil
Sean Magee[9] VP Public Affairs	2014 2013 2012	272,748 192,989 162,989	167,000[4][6] Nil 119,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	439,748 192,989 281,988

Notes:

1. Salaries except for Messrs. Collier and Robertson are paid in Canadian dollars. An annual average exchange rate of Cdn$1.00 = US$0.9053 has been applied for the period of January 1, 2014 to December 31, 2014 for figures reported for Messrs. Collier and Robertson

2.

Salary for Messrs. Thiessen, Snyman and Magee is paid through HDSI. The compensation amount shown is the amount paid by HDSI directly to Messrs. Thiessen, Snyman and Magee based on the estimated amount of time spent providing services to the Company, including the Pebble Partnership.

3. Messrs. Thiessen and Snyman do not serve the Company solely on a full time basis, and their salary from the Company is allocated based on the estimated amount of time spent providing services to the Company. For 2014, Mr. Thiessen spent 78% (2013-78%, 2012-41%), and Mr. Snyman spent 54% (2013-54%, 2012-38%) of their estimated amount of time on providing services to the Company.

4. The options were granted in February 2014 pursuant to the Corporation s share option plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant using the following assumptions: expected life of 5 years, expected volatility of 65.79%, expected dividend yield of 0%, and risk-free interest rate of 1.62%. The Black-Scholes grant date fair value for these awards was Cdn$0.89 per option which was 50% of the option exercise price.

5. The options were granted in April 2014 pursuant to the Corporation s share option plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant using the following assumptions: expected life of 5 years, expected volatility of 67.44%, expected dividend yield of 0%, and risk- free interest rate of 1.64%. The Black-Scholes grant date fair value for these awards was Cdn$0.47 per option which was 53% of the option exercise price.

6. The options were granted in September 2014 pursuant to the Corporation s share option plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant using the following assumptions: expected life of 5 years, expected volatility of 67.42%, expected dividend yield of 0%, and risk-free interest rate of 1.69%. The Black-Scholes grant date fair value for these awards was Cdn$0.39 per option which was 54% of the option exercise price.

7. Mr. Collier was appointed to the position of CEO of the Pebble Limited Partnership on February 1, 2014. Mr. Collier is employed and paid through a subsidiary of the Company.

8. Mr. Robertson holds the position of Senior Vice President of Corporate Affairs of the Pebble Limited Partnership. Mr. Robertson is employed and paid through a subsidiary of the Company.

9. Mr. Magee does not serve the Company solely on a full-time basis, and his salary from the Company is allocated based on the estimated amount of time (93%) (2013-80%, 2012-63%) spent providing services to the Company and the Pebble Partnership. In 2014, 100% of the total base salary shown for Mr. Magee was paid for by the Company. In 2013 and 2012 the total base salary shown was paid as follows: a) by the Company (2013-54%, 2012-66%) and b) by the Pebble Partnership (2013-46%, 2012-34%).

10. A subsidiary of the Company has a 401(k) retirement savings plan for U.S. employees whereby employees are able to contribute a portion of their pay and receive a dollar for dollar Company match up to 6% of their pay, subject to IRS limitations.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The Company currently only has an option-based awards plan and does not have any share based awards plan. The following table sets out the option-based awards outstanding as at December 31, 2014, for each NEO:

	Option-based Awards			
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date m d y**	**Value of unexercised in-the-money options(1) ($)**
Ronald Thiessen President and CEO	480,000	1.77	Feb-26-2019(2)	Nil
Marchand Snyman CFO	480,000	1.77	Feb-26-2019(2)	Nil
Thomas C. Collier CEO PLP	750,000	0.89	Apr-16-2019(2)	Nil
Peter Robertson Senior VP Corporate Affairs	125,000	0.89	Apr-16-2019(2)	Nil
Sean Magee VP Public Affairs	200,000 100,000 100,000	0.72 1.77 3.00	Sep-15-2019(2) Feb-26-2019(2) Jun-29-2017	Nil Nil Nil

Notes:

1. The value is the difference between the closing price of $1.40 per Common Share on the TSX at December 31, 2014 and the exercise price of options.

2. Options were granted during the year ended December 31, 2014.

During the most recently completed financial year, the Company awarded an aggregate of 5,874,600 options. The following is a summary of the options awarded during the most recently completed financial year:

1. On February 26, 2014, the Company granted 4,494,600 options with an exercise price of $1.77 per Common Share to directors, employees (including HDSI employees who are seconded to the Company) and consultants of the Company. Of the options granted, an aggregate of 3,050,000 options were awarded to directors and officers of the Company. The options have either a three or five year term and vest in two equal tranches: one half vested on date of grant, the remaining half will vest in 12 months from the grant date.

2. On April 16, 2014 the Company granted 1,125,000 options with an exercise price of $0.89 per Common Share and a five year term to employees of the Pebble Partnership, which is now a wholly owned subsidiary of the Company. Of the options granted, 1,000,000 options vest in three equal tranches: one third vested on date of grant, one third vest in 12 months from the date of the grant and the remaining one third vests 24 months following the date of the grant. The remaining 125,000 options vest in five equal tranches: one fifth vested on date of grant, one fifth vest on February 1, 2015, one fifth vest on February 1, 2016, one fifth vest on February 1, 2017, and one fifth vest on February 1, 2018.

3. On April 24, 2014 the Company granted 55,500 options with an exercise price of $0.89 per Common Share and a three year term to employees of the Pebble Partnership. The options vest in three equal tranches: one third vested on date of grant, one third vests 12 months from the grant date and one third vests 24 months following the grant date.

4. On September 15, 2014, the Company granted 200,000 options with an exercise price of $0.72 per Common Share to an officer of the Company. The options have a five year term and vest in three equal tranches: one third vested on date of grant, one third vests 12 months from the grant date and one third vests 24 months following the grant date.

Incentive Plan Awards Value Vested or Earned During the Year

The following table sets out all incentive plans (value vested or earned) during the year ended December 31, 2014, for each NEO:

Name	Option-based awards Value vested during the year(1) ($)	Non-equity incentive plan compensation Value earned during the year ($)
Ronald Thiessen President and CEO	Nil	Nil
Marchand Snyman CFO	Nil	Nil
Thomas C. Collier CEO PLP	Nil	Nil
Peter Robertson Senior VP Corporate Affairs	Nil	Nil
Sean Magee VP Public Affairs	Nil	Nil

Note:

1. Represents the aggregate dollar value that would have been realized if options under the option-based award had been exercised on the 2014 vesting date determined by taking the difference between the market price of the shares subject to the option at date of vesting and the exercise price of the option.

Compensation

Philosophy and Objectives

The main objective of director compensation is to attract and retain directors with the relevant skills, knowledge and abilities to carry out the Board s mandate.

Director Compensation Table

The compensation provided to the directors, excluding a director who is included in disclosure for an NEO, for the Company s most recently completed financial year of December 31, 2014 is:

Name	Fees earned ($)	Share option-based awards ($)(4)	Non-equity incentive plan compensatio n ($)	Pension value ($)	All other compensation ($)	Total ($)

Scott Cousens[(2)]	40,500	186,900	Nil	Nil	Nil	227,400
Robert Dickinson[(2)]	165,000	427,200	Nil	Nil	Nil	592,200
Gordon Fretwell[(1)]	44,000	133,500	Nil	Nil	Nil	177,500
Russell Hallbauer[(2)]	40,500	186,900	Nil	Nil	Nil	227,400
Wayne Kirk[(1)(3)]	84,500	240,300	Nil	Nil	Nil	324,800
Peter Mitchell[(1)]	49,200	133,500	Nil	Nil	Nil	182,700
Ken Pickering	40,500	133,500	Nil	Nil	Nil	174,000
Stephen Scott[(5)]	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Messrs. Fretwell, Kirk, Mitchell and Pickering provided services independently of HDSI. Each director of the Company who provided service independently of HDSI, and who is not an executive officer, was paid an annual director s fee of: a) $40,500 Base Fee; b) $8,700 for Chairman of the Audit and Risk Committee; and c) $3,500 for the Chairman of the Compensation Committee and the Chairman of the NG Committee.

2. Fees for Messrs. Cousens, Dickinson and Hallbauer are paid through HDSI. The fee amounts shown are the amounts paid by HDSI directly to Messrs. Cousens, Dickinson and Hallbauer based on the estimated time spent on the Company s activities. For 2014, Mr. Cousens spent 12%, Mr. Dickinson spent 48% and Mr. Hallbauer spent 6% of their estimated amount of time on providing services to the Company.

3. Mr. Kirk is sole member and Chairman of the Pebble Partnership Oversight Committee which is authorized to oversee the Company s interest in the Pebble Partnership. The Pebble Partnership Oversight Committee Chairman received an annual fee of $40,500.

4. The options were granted in February 2014 pursuant to the Corporation s share option plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant using the following assumptions: expected life of 5 years, expected volatility of 65.79%, expected dividend yield of 0%, and risk-free interest rate of 1.62%. The Black-Scholes grant date fair value for these awards was Cdn$0.89 per option which was 50% of the option exercise price.

5. Mr. Scott resigned from the Board on February 20, 2014.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards outstanding as at December 31, 2014 (as mentioned previously the Company does not have a share-based awards plan) for each director, excluding a director who is already set out in disclosure for an NEO for the Company:

	Option-based Awards			
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date m d y**	**Value of unexercised in-the-money options [(1)] ($)**
Scott Cousens	210,000	1.77	Feb-26-2019[(3)]	Nil
Robert Dickinson	480,000	1.77	Feb-26-2019[(3)]	Nil
Gordon Fretwell	150,000	1.77	Feb-26-2019[(3)]	Nil
Russell Hallbauer	210,000	1.77	Feb-26-2019[(3)]	Nil
Wayne Kirk	270,000	1.77	Feb-26-2019[(3)]	Nil
Peter Mitchell	150,000	1.77	Feb-26-2019[(3)]	Nil
Ken Pickering	150,000	1.77	Feb-26-2019[(3)]	Nil
Stephen Scott [(2)]	Nil	Nil	Nil	Nil

Notes:

1. The value is the difference between the closing price of $1.40 per Common Share on the TSX at December 31, 2014 and the exercise price of options.

2. Mr. Scott resigned from the Board on February 20, 2014.

3. Options were granted during the year ended December 31, 2014.

Incentive Plan Awards Value Vested or Earned During the Year

The following table sets out all incentive plans (value vested or earned) during the year ended December 31, 2014, for each director, excluding a director who is already set out in disclosure for an NEO for the Company:

Name	**Option-based awards Value vested during the year** [1] **($)**	**Non-equity incentive plan compensation Value earned during the year ($)**
Scott Cousens	Nil	Nil
Robert Dickinson	Nil	Nil
Gordon Fretwell	Nil	Nil
Russell Hallbauer	Nil	Nil
Wayne Kirk	Nil	Nil
Peter Mitchell	Nil	Nil
Ken Pickering	Nil	Nil
Stephen Scott [2]		