

# NORTHERN DYNASTY MINERALS LTD.

## U.S. Army Corps to Require Compensatory Mitigation

### EVENT

This morning, the U.S. Army Corps of Engineers published a letter addressed to Pebble Limited Partnership requiring “in-kind compensatory mitigation” of +3,600 acres of Alaskan wetlands (including open waters) and 185 miles of streams that would potentially be impacted by the Pebble project and its associated infrastructure. The letter is available on the U.S. Army Corps of Engineers website (link [here](#)).

### BOTTOM LINE

**Negative** – As we understand it, Northern Dynasty and the Corps will now effectively enter into “negotiations” as to the size, cost, and methods of compensatory mitigation. Until we have more clarity on what the potential cost of the mitigation may be, and its impact to the Pebble project economics, our target and rating on Northern Dynasty will remain Under Review.

### FOCUS POINTS

- **The Next Steps** – Northern Dynasty has 90-days in which to submit the required compensatory mitigation plan to the Corps for review.
- **Delays to Permitting Schedule Likely** – In our view it will be exceptionally challenging to reach a compensation plan covering +3,600 acres of wetlands and 185 miles of streams that will satisfy all parties. Even in the highly unlikely scenario that a consensus is reached and the associated cost is not extremely punitive (best case), we do not believe this is achievable prior to the upcoming U.S. Presidential Election in November.
- **Balance Sheet in Good Shape** – With +\$50 MM in cash, Northern Dynasty will not require any additional funding to complete the compensatory mitigation plan.

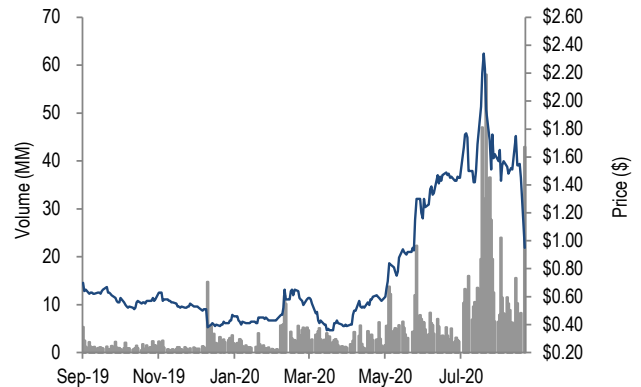
### Recommendation:

### Under Review

Symbol/Exchange:	NAK/NYSE, NDM/TSX
Sector:	Metals & Mining
<i>All dollar values in US\$ unless otherwise noted.</i>	
Current price:	\$0.94; C\$1.25
One-year target:	Under Review
Return to Target:	N/A
Cash on hand:	\$54.6 MM

### Financial summary

Shares O/S (M)	506.6	52-week range	\$0.35 - \$2.49		
Market cap (\$M)	\$476	Avg. daily vol. (000)	11,454.0		
Market float (\$M)	\$428	Fiscal year-end	31-Dec		
<b>Pebble</b>	<b>MMt</b>	<b>% Cu</b>	<b>g/T Au</b>	<b>BBib Cu</b>	<b>MMoz Au</b>
P&P	-	-	-	-	-
M&I (incl. P&P)	6,456	0.40%	0.34	56.9	70.6
Inferred	4,454	0.25%	0.25	24.5	35.8
<b>Total Resource</b>	<b>10,910</b>	<b>0.34%</b>	<b>0.30</b>	<b>81.5</b>	<b>106.4</b>



**Company profile:** Northern Dynasty's 100%-owned Pebble project in Alaska is the world's largest undeveloped Cu-Au project. NAK/NDM is attempting to find a JV-partner and advance Pebble through permitting.

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

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The analysts responsible for this research report *do not have*, either directly or indirectly, a long or short position in the shares or options of Northern Dynasty Minerals Ltd.

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

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