UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

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

OR

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

For the fiscal year ended **December 31, 2005**

Commission File Number: **001-32210**

NORTHERN DYNASTY MINERALS LTD.

(Exact name of Registrant as specified in its charter)

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

Suite 1020, 800 West Pender Street
Vancouver, British Columbia
Canada V6C 2V8
(604) 684-6365

(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company
Suite 400, 2711 Centerville Road
Wilmington, Delaware 19808
(800) 927-9800

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

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

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

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

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

For annual reports, indicate by check mark the information filed with this Form:

[x] Annual Information Form [x] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: **60,092,607 Common Shares**

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

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



INTRODUCTORY INFORMATION

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

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

PRINCIPAL DOCUMENTS

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

The documents that we have incorporated by reference into this annual report use the terms “measured resources”, “indicated resources” and “inferred resources”. These resource estimates have been prepared

in accordance with Canadian National Instrument 43-101 and the Canadian Institute of Mining and Metallurgy ("CIM") Classification System. These standards differ significantly from the requirements of the Securities and Exchange Commission. Accordingly, resource information incorporated by reference herein may not be comparable to similar information concerning U.S. companies.

We advise United States investors that while the terms "measured resources", "indicated resources" and "inferred resources" are recognized and required by Canadian regulations, including Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects, the Securities and Exchange Commission 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 reserves.** In addition, "inferred resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a Preliminary Assessment as defined under 43-101. **United States investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

Our Annual Information Form, which is filed as an exhibit to this annual report, includes definitions of the terms "measured resources", "indicated resources" and "inferred resources" under CIM standards, and presents a summary of the differences between CIM and U.S. standards.

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

We are permitted to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. Our audited consolidated financial statements included in this annual report have been prepared in accordance with Canadian generally accepted accounting principles, which differ in certain material respects from United States generally accepted accounting principles. Note 12 to our audited consolidated financial statements included herein provides a reconciliation of the significant differences between Canadian and United States generally accepted accounting principles.

DISCLOSURE CONTROLS AND PROCEDURES

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

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

There were no changes in our internal control over financial reporting during the fiscal year ended December 31, 2005 that materially affected, or are reasonably likely to materially affect, our internal

control over financial reporting (as defined in Rules 13a-15(f) and 15d-14(f) under the Securities Exchange Act of 1934).

AUDIT COMMITTEE

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

AUDIT COMMITTEE FINANCIAL EXPERT

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

PRINCIPAL ACCOUNTING FEES AND SERVICES

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

	Year Ended December 31,	
	2005	2004
Audit Fees	$ 15,000	$ 15,000
Audit Related Fees	-	-
Tax Fees	1,000	1,000
All Other Fees	-	-
Total	$ 16,000	$ 16,000

Audit Fees

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

Audit-Related Fees

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

Tax Fees

Tax fees are fees for professional services rendered by our independent auditors for tax compliance and tax advice on actual or contemplated transactions.

All Other Fees

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

Audit Committee Pre-Approval Policies

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

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL OBLIGATIONS

We did not have any contractual obligations as at December 31, 2005.

CODE OF ETHICS

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

AMEX CORPORATE GOVERNANCE

The Company's common shares are listed for trading on The American Stock Exchange ("AMEX"). Section 110 of the AMEX company guide permits AMEX to consider the laws, customs and practices of foreign issuers in relaxing certain AMEX listing criteria, and to grant exemptions from AMEX listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to AMEX standards is contained on the Company's website at **www.northerndynastyminerals.com.** Upon listing, the Company received an exemption from its quorum requirements. Under the AMEX listing standards, the quorum requirements is a minimum of one third of shareholders entitled to vote for U.S. domestic companies. The Company does not meet this requirement and has been granted relief from this listing standard.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the

Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

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

SIGNATURES

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

Date: March 31, 2006.

NORTHERN DYNASTY MINERALS LTD.

By: */s/ Ronald W. Thiessen*
Ronald W. Thiessen
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Audited consolidated financial statements of the Company and notes thereto as at and for the three years ended December 31, 2005, 2004 and 2003, together with the report of the auditors thereon
99.6	Management's Discussion and Analysis for the three years ended December 31, 2005, 2004 and 2003
99.7	Form F-X dated March 31, 2006
99.8	Annual Information Form of the Company for the year ended December 31, 2005
99.9	Consent of DeVisser Gray, Chartered Accountants
99.10	Consent of David Rennie, P.Eng.
99.11	Consent of Mohan Srivastava, M.Sc., P.Geo.
99.12	Consent of Peter Beaudoin, P.Eng.
99.13	Consent of Derek Barratt, P.Eng.

CERTIFICATION

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

(1) I have reviewed this annual report on Form 40-F of Northern Dynasty Minerals Ltd.

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

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

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

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

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

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

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

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

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

Date: March 31, 2006.

By: */s/ Ronald W. Thiessen*
Name: Ronald W. Thiessen
Title: Chief Executive Officer

CERTIFICATION

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

(1) I have reviewed this annual report on Form 40-F of Northern Dynasty Minerals Ltd.

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

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

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

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

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

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

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

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

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

Date: March 31, 2006.

By: */s/ Jeffrey R. Mason*
Name: Jeffrey R. Mason
Title: Chief Financial Officer

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

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

(i) the Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2005 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

By: */s/ Ronald W. Thiessen*
Name: Ronald W. Thiessen
Title: Chief Executive Officer

Date: March 31, 2006

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

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

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

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

(i) the Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2005 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

By: */s/ Jeffrey R. Mason*
Name: Jeffrey R. Mason
Title: Chief Financial Officer

Date: March 31, 2006

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

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



CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2005, 2004 AND 2003

(Expressed in Canadian Dollars)

D E V I S S E R G R A Y

CHARTERED ACCOUNTANTS

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

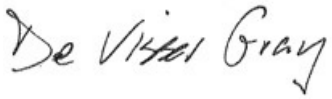
AUDITORS' REPORT

To the Shareholders of Northern Dynasty Minerals Ltd.

We have audited the consolidated balance sheets of Northern Dynasty Minerals Ltd. as at December 31, 2005 and 2004, and the consolidated statements of operations and deficit and cash flows for each of the years in the three year period ended December 31, 2005. These financial statements are the responsibility of the Company=s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and cash flows for each of the years in the three year period ended December 31, 2005 in accordance with Canadian generally accepted accounting principles



CHARTERED ACCOUNTANTS

Vancouver, British Columbia
March 13, 2006

NORTHERN DYNASTY MINERALS LTD.

Consolidated Balance Sheets
(Expressed in Canadian Dollars)

	December 31 2005	December 31 2004
Assets		
Current assets		
Cash and equivalents	$ 12,948,640	$ 12,476,047
Marketable securities (note 4)	363,906	363,906
Amounts receivable and prepaids	416,971	402,206
Balances receivable from related parties (note 8)	448,360	12,060
	14,177,877	13,254,219
Equipment (note 5)	411,205	398,101
Mineral property interests (note 6)	16,706,930	11,788,621
	$ 31,296,012	$ 25,440,941
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,161,012	$ 3,025,155
Shareholders' equity		
Share capital (note 7)	132,361,949	76,109,561
Contributed surplus (note 7(e))	7,289,377	7,504,720
Deficit	(111,516,326)	(61,198,495)
	28,135,000	22,415,786
Nature of operations (note 1)		
Commitments (notes 6(a) and 7(b)(vi))		
Subsequent events (notes 4, 6(a) and 11)		
	$ 31,296,012	$ 25,440,941

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

Approved by the Board of Directors

/s/ Ronald W. Thiessen

Ronald W. Thiessen
Director

/s/ Jeffrey R. Mason

Jeffrey R. Mason
Director

NORTHERN DYNASTY MINERALS LTD.

Consolidated Statements of Operations
(Expressed in Canadian Dollars)

	Years ended December 31		
	2005	2004	2003
Expenses			
Amortization	$ 93,179	$ 45,994	$ 3,832
Conference and travel	700,718	351,201	80,019
Exploration (schedule)	43,066,417	32,594,900	5,501,729
Legal, accounting and audit	312,507	143,916	29,977
Office and administration	2,361,520	1,382,986	521,557
Shareholder communication	367,134	471,032	578,476
Stock-based compensation - exploration (note 7(d))	1,787,506	3,111,302	426,178
Stock-based compensation - administration (note 7(d))	2,302,389	3,267,575	1,248,886
Trust and filing	192,662	85,438	39,125
	51,184,032	41,454,344	8,429,779
Other expense (income)			
Foreign exchange	(281,639)	251,135	(62,206)
Interest income	(584,562)	(357,926)	(64,709)
Gain on disposal of equipment	–	–	(3,403)
Write down of marketable securities	–	351,094	–
	(866,201)	244,303	(130,318)
Loss for the year	$ 50,317,831	$ 41,698,647	$ 8,299,461
Basic and diluted loss per common share	$ 0.90	$ 1.04	$ 0.35
Weighted average number of common shares outstanding	55,845,791	39,926,335	23,386,208

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

Consolidated Statements of Deficit
(Expressed in Canadian Dollars)

	Years ended December 31		
	2005	2004	2003
Deficit, beginning of year	$ 61,198,495	$ 19,499,848	$ 11,200,387
Loss for the year	50,317,831	41,698,647	8,299,461
Deficit, end of year	$ 111,516,326	$ 61,198,495	$ 19,499,848

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

NORTHERN DYNASTY MINERALS LTD.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended December 31		
	2005	2004	2003
Operating activities			
Loss for the year	$ (50,317,831)	$ (41,698,647)	$ (8,299,461)
Items not involving cash			
Amortization	93,179	45,994	3,832
Gain on disposal of assets	–	–	(3,403)
Stock-based compensation	4,089,895	6,378,877	1,675,064
Marketable securities received (note 6(d))	–	(715,000)	–
Write down of marketable securities	–	351,094	–
Changes in non-cash working capital items			
Amounts receivable and prepaids	(14,765)	(173,061)	(50,311)
Accounts payable and accrued liabilities	135,857	2,879,513	(28,917)
Balances receivable from and payable to related parties	(436,300)	(296,140)	351,701
Cash and equivalents used for operating activities	(46,449,965)	(33,227,370)	(6,351,495)
Investing activities			
Purchase of equipment	(106,283)	(432,058)	(13,056)
Proceeds on disposal of equipment	–	–	3,403
Cash and equivalents used for investing activities	(106,283)	(432,058)	(9,653)
Financing activities			
Common shares issued for cash, net of issue costs	47,028,841	42,694,011	9,378,460
Increase in cash and equivalents	**472,593**	**9,034,583**	**3,017,312**
Cash and equivalents, beginning of year	12,476,047	3,441,464	424,152
Cash and equivalents, end of year	**$ 12,948,640**	**$ 12,476,047**	**$ 3,441,464**

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

Non-cash investing activities			
Issuance of shares for mineral property interests	$ 4,918,309	$ 11,788,621	$ –
Fair value of stock options allocated to shares issued upon exercise	$ 4,305,238	$ 535,796	$ 26,696

NORTHERN DYNASTY MINERALS LTD.

Consolidated Schedules of Exploration Expenses
(Expressed in Canadian Dollars)

	Pebble Property	Other Properties	**Total**
Exploration expenses for the year ended December 31, 2005			
Assays and analysis	$ 343,426	$ –	**$ 343,426**
Drilling	5,724,305	–	**5,724,305**
Engineering	9,338,697	–	**9,338,697**
Environmental	13,081,142	–	**13,081,142**
Equipment rental	46,822	–	**46,822**
Freight	557,971	–	**557,971**
Geological	918,845	–	**918,845**
Graphics	62,572	–	**62,572**
Helicopter	4,669,476	–	**4,669,476**
Property fees and assessments	175,003	–	**175,003**
Site activities	5,052,487	–	**5,052,487**
Socioeconomic	2,506,824	–	**2,506,824**
Travel and accommodation	588,847	–	**588,847**
Incurred during fiscal 2005	**43,066,417**	**–**	**43,066,417**
Cumulative expenditures, December 31, 2004	43,661,377	(66,418)	**43,594,959**
Cumulative expenditures, December 31, 2005	**$ 86,727,794**	**$ (66,418)**	**$ 86,661,376**
Exploration expenses for the year ended December 31, 2004			
Assays and analysis	$ 745,237	$ (3,623)	**$ 741,614**
Drilling	7,689,138	(715,000)	**6,974,138**
Engineering	3,886,839	–	**3,886,839**
Environmental	9,806,864	–	**9,806,864**
Equipment rental	248,577	–	**248,577**
Freight	603,711	–	**603,711**
Geological	1,398,162	(749)	**1,397,413**
Graphics	93,985	472	**94,457**
Helicopter	3,823,073	2,798	**3,825,871**
Property fees and assessments	139,714	–	**139,714**
Site activities	3,715,240	–	**3,715,240**
Socioeconomic	686,948	–	**686,948**
Travel and accommodation	475,105	(1,591)	**473,514**
Incurred during fiscal 2004	**33,312,593**	**(717,693)**	**32,594,900**
Cumulative expenditures, December 31, 2003	10,348,784	651,275	**11,000,059**
Cumulative expenditures, December 31, 2004	**$ 43,661,377**	**$ (66,418)**	**$ 43,594,959**
Exploration expenses for the year ended December 31, 2003			
Assays and analysis	$ 290,771	$ –	**$ 290,771**
Drilling	2,050,068	650,000	**2,700,068**
Engineering	83,301	–	**83,301**
Equipment rental	27,648	–	**27,648**
Freight	53,275	–	**53,275**
Geological	620,908	1,275	**622,183**
Graphics	99,932	–	**99,932**
Helicopter	632,331	–	**632,331**
Property fees and assessments	195,389	–	**195,389**
Site activities	723,326	–	**723,326**
Socioeconomic	5,858	–	**5,858**
Travel and accommodation	67,647	–	**67,647**
Incurred during fiscal 2004	**4,850,454**	**651,275**	**5,501,729**
Cumulative expenditures, December 31, 2002	5,498,330	–	**5,498,330**
Cumulative expenditures, December 31, 2003	**$ 10,348,784**	**$ 651,275**	**$ 11,000,059**

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

1. NATURE OF OPERATIONS

Northern Dynasty Minerals Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia, and its principal business activity is the exploration of mineral properties. The Company's principal mineral property interests are located in Alaska, United States of America ("USA").

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles assuming 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 develop profitable operations and to continue to raise adequate financing. These 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.

2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A reconciliation of material differences between these principles and accounting principles generally accepted in the United States is shown in note 12.

The Company has a wholly owned subsidiary, Northern Dynasty Mines Inc., incorporated under the laws of the State of Alaska, USA. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All material intercompany balances and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and equivalents

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash.

(b) Marketable securities

The Company's investments in marketable securities are initially recorded at cost. When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to market value.

(c) Equipment

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

(d)

Mineral property interests

The acquisition costs of mineral properties are capitalized until the properties are placed into production, sold or abandoned. These capitalized costs are amortized on a unit-of-production basis over the estimated useful life of the related properties following the commencement of production, or written off if the properties are allowed to lapse or are abandoned. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life, or exceed estimated fair market value, the unrecoverable portion is charged to earnings in that period.

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

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

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

(e)

Share capital

Common shares issued for mineral property interests are recorded at the fair market value based upon the trading price of the shares on the TSX Venture Exchange on the date of issue or as otherwise provided for under the terms of the agreement to issue the shares.

The proceeds from common shares issued pursuant to flow-through share financing agreements are credited to share capital as the tax benefits of the exploration expenditures incurred pursuant to these agreements are transferred to the purchaser of the flow-through shares.

Share issue costs are deducted from share capital.

(f)

Stock-based compensation

The Company has a stock option plan which is described in note 7(d). The Company accounts for all non-cash stock-based payments and awards that are direct awards of stock, that call for settlement in cash or other assets, or that are share appreciation rights which call for settlement by the issuance of equity instruments, granted on or after January 1, 2002, on a fair value basis.

Under this measurement approach, stock-based payments are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of non-cash stock-based payments is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of non-cash stock-based payments that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus, recognized initially as the options vested with the recipient, is transferred to share capital.

(g)

Foreign currency translation

All of the Company's foreign subsidiaries are considered integrated with those of the Company's domestic operations and use the Canadian dollar as their functional currency.

Monetary assets and liabilities of the Company and its integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date. Revenues and expenses, except amortization, are translated at average exchange rates for the period. Amortization is translated at the same exchange rates as the assets to which it relates.

Foreign exchange gains or losses are expensed.

(h)

Income taxes

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

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

The Company's accounting policy for future income taxes currently has no effect on the financial statements of any of the periods presented.

(i)

Asset retirement obligations

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

The Company has no material asset retirement obligations as the disturbance to date is minimal.

(j)

Impairment of long-lived assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated

undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

(k)

Loss per common share

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

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

Diluted loss per common share has not been presented as the effect of the outstanding options and warrants would be anti-dilutive.

(l)

Fair value of financial instruments

The carrying values of cash and equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair value due to their short term nature. The fair value of balances receivable from or payable to related parties are not readily determinable to the related party nature of such balances.

Marketable securities are presented at the lower of cost, net of accumulated write downs, and market value. The Company is not exposed to significant credit risk or interest rate risk.

(m)

Use of estimates

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

(n)

Environmental expenditures

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

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

(o)

Variable interest entities

Effective January 1, 2005, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Accounting Guideline 15, "Consolidation of Variable Interest Entities" ("AcG15") on a prospective basis. AcG15 prescribes the application of consolidation principles for entities that meet the definition of a variable interest entity (“VIE”). An enterprise holding other than a voting interest in a VIE could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary whereby it would absorb the majority of the VIE’s expected losses, receive the majority of its expected residual returns, or both. The adoption of this new standard had no effect on the consolidated financial statements as management has determined the Company does not have any variable interest entities.

(p)

Comparative figures

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

4.

MARKETABLE SECURITIES

	Number of shares	Cost	Market value	Carrying value
December 31, 2005				
Taseko Mines Limited common shares (note 6(d))	256,272	$ 715,000	$ 363,906	$ 363,906
December 31, 2004				
Taseko Mines Limited common shares (note 6(d))	256,272	$ 715,000	$ 533,046	$ 363,906

At December 31, 2005, the aggregate market value of the Company’s investment in the common shares of Taseko Mines Limited was the same as the carrying value. Subsequent to year end, the Company sold 250,000 common shares of Taseko Mines Limited for gross proceeds of $550,000.

5. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
December 31, 2005			
Buildings	$ 186,359	$ 32,613	$ 153,746
Furniture and fixtures	219,496	60,673	158,823
Site equipment	15,387	15,387	–
Vehicles	66,043	21,422	44,621
Computer equipment	81,986	27,971	54,015
	$ 569,271	$ 158,066	$ 411,205
December 31, 2004			
Buildings	$ 186,359	$ 13,977	$ 172,382
Furniture and fixtures	179,281	17,585	161,696
Site equipment	15,387	15,387	–
Vehicles	17,500	5,250	12,250
Computer equipment	64,462	12,689	51,773
	$ 462,989	$ 64,888	$ 398,101

6. MINERAL PROPERTY INTERESTS

(a) *Pebble Property*

	Years ended December 31	
	2005	2004
Balance, beginning of the period	$ 11,788,621	$ –
Resource Lands		
Issuance of 1,772,775 common shares	–	11,788,621
Exploration Lands		
Issuance of 977,795 common shares	4,918,309	–
Pebble Property	$ 16,706,930	$ 11,788,621

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

The Company was assigned the 80% interest together with the right to acquire the remaining 20% contractual interests in these option agreements from HDGI in consideration of the Company reimbursing HDGI's costs of $584,655 in connection with the options, which included the staking of 134 claims to expand the property and 30 kilometers of induced polarization surveying over the new claims, and agreeing to "carry"(i.e. pay for) HDGI's 20% share of costs in connection with the exercise requirements under the Options.

The Resource Lands Option was extended by one year in an agreement dated December 19, 2002 under which the Company issued to Teck Cominco 200,000 shares for the extension. Pursuant to the Resource Lands Option the Company had the right to purchase the 36 claims of the Resource Lands, subject to HDGI's 20% carried interests, by paying Teck Cominco US$10 million in cash or shares prior to November 30, 2004, which it did on November 23, 2004 by the issuance of 1,772,775 shares to Teck Cominco (total value of $11,788,621). Teck Cominco had the right for 180 days to elect whether to require the Company to manage the resale of these shares in a manner where Teck Cominco would be guaranteed the US$10 million in resale proceeds net of any excess or deficiency adjustments from resales of other blocks of shares which the Company managed. The actual adjusted amount was US$9,938,600 based on previous excess proceeds of resale. On May 9, 2005, Teck Cominco elected for the Company to guarantee the adjusted amount of US$9,938,600 in resale proceeds of the 1,772,775 shares. Teck Cominco's resale proceeds are to be credited against the guaranteed amount; any share resale surplus shares are to be returned to the Company's treasury, and any share resale proceeds shortfall below the US$9,938,600 are to be made up by the Company in cash or through the issuance of additional shares. Under the agreement, the Company is to ensure proceeds totalling US$9,938,600 by May 22, 2006. Additionally, the Company is required to manage the sale of at least US$1 million in each 3 month period commencing May 22, 2005. In the event that the proceeds are less than US$9,938,600, the Company is required to pay 110% of the shortfall, prior to May 22, 2007.

At December 31, 2005, 473,700 of the 1,772,775 shares had been sold for proceeds of US$2,039,902. Subsequent to the year end and to February 28, 2006, the Company managed the sale of an additional 1,276,414 shares for proceeds paid to Teck Cominco of US$7,893,984. At February 28, 2006, the Company is required to manage the resale of the remaining shares where Teck Cominco would be guaranteed resale proceeds of US$4,715.

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

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

Teck Cominco had the right, until August 24, 2005, to elect whether to require the Company to manage the resale of these shares in a manner where Teck Cominco would be guaranteed US$4 million in resale proceeds by August 24, 2006. On July 18, 2005, Teck Cominco elected for the Company to guarantee the US$4 million in resale proceeds. Teck Cominco's resale proceeds will be credited with any share resale surplus returned to the Company's treasury, and should the share resale shortfall below the US$4 million required amount, the shortfall must be made up by the Company in cash or through the issuance of additional shares. At December 31, 2005, none of

the original 977,795 shares had been sold and the surplus on the price protection guarantee for the Resource and Exploration Lands Options was $252,047.

Subsequent to the year end and to February 28, 2006, the Company managed the sale of 653,686 shares for proceeds paid to Teck Cominco of approximately US$3,994,028. The Company is required to manage the resale of the remaining shares where Teck Cominco would be guaranteed resale proceeds of US$5,972.

Upon payment in full by the Company of the guaranteed amount of the combined US$14 million of resale proceeds to Teck Cominco, the exercise of the Exploration Lands Option and the Resource Lands Option will be completed and the Company will vest its interest and take registered title to the claims comprising them, subject to acquisition of HDGI's interest.

As a consequence of electing to exercise the Options, the Company was entitled under the Assignment Agreement with HDGI to elect to acquire HDGI's 20% carried contractual interests in the Options for cash or share consideration equal to the independently appraised value of the carried interests. The valuation was required to be acceptable to the TSX Venture Exchange. No commissions or finders' fees were payable in respect of the acquisition of the carried interests in the Options. On March 15, 2005, the Company announced it had reached an agreement with HDGI to acquire the 20% carried contractual interests for a purchase price of 14,002,268 common shares. The agreed number of shares was based on negotiations between the Company and HDGI with reference to an independent valuation of the carried interests performed by Ross Glanville & Associates Ltd; the valuation was publicly filed at www.sedar.com. The TSX Venture Exchange and the American Stock Exchange accepted the acquisition transaction in May and June 2005, respectively. The transaction to acquire HDGI's carried interests will be completed by way of an acquisition of the corporation, HDGI.

On completion of the acquisition of HDGI and the discharge of Teck Cominco's share resale guarantees, Northern Dynasty, together with one or more 100% subsidiaries, will own a 100% right title and interest in the entire Pebble property (subject only to the Teck Cominco net profits interest in the Exploration Lands portion of the property).

(b)

Pickle Lake Joint Venture

The Company holds a 37.5% participating joint venture interest, subject to a 2.5% net profits interest ("NPI") held by the original owners, in certain mineral properties in northwestern Ontario under the Pickle Lake Joint Venture. The Company is searching for additional joint venture partners to fund further exploration on these properties. The Company continues to maintain these claims in good standing.

(c)

Little Bald Mountain

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

(d)

Farmout Agreement

In December 2003, the Company entered into a Farmout Agreement (the "Agreement") with Taseko Mines Limited ("Taseko"), a public company with certain directors in common with the Company. Under the terms of the Agreement, Taseko granted to the Company rights to earn a joint venture working interest, subject to a maximum contribution of $650,000, in certain exploration properties located in the vicinity of Taseko's Gibraltar mine property. For a period of 150 days after the Company had earned its working interests, Taseko had the right to purchase, at its option, the Company's earned interest for cash or common share consideration aggregating 110% of the Company's earn-in amount.

During the year ended December 31, 2003, the Company had earned an interest in these properties to the extent of $650,000, which was charged to operations in that year.

During 2004, Taseko exercised its right to purchase the Company's interest by issuing 256,272 common shares of Taseko for total consideration of $715,000. The Company's holdings of these Taseko common shares are presented as marketable securities (note 4).

7.

SHARE CAPITAL

(a)

Authorized share capital

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

(b)

Issued and outstanding common shares

Common shares issued:	Price	Number of Shares	Amount
Balance, December 31, 2002		15,515,355	$ 11,035,977
Private placement January 2003, net of issue costs (i)	$ 0.50	1,700,000	809,654
Private placement July 2003, net of issue costs (ii)	0.72	6,944,445	4,979,549
Share purchase options exercised	0.40	981,500	392,600
Share purchase options exercised	0.43	8,000	3,440
Share purchase options exercised	0.50	12,500	6,250
Share purchase options exercised	0.75	12,500	9,375
Warrants exercised	0.40	775,000	310,000
Warrants exercised	0.45	1,176,470	529,412
Warrants exercised	0.60	1,910,000	1,146,000
Warrants exercised	0.62	2,000,000	1,240,000
Warrants exercised	0.75	500,000	375,000
Warrants exercised	1.15	197,548	227,180
Balance, December 31, 2003		31,733,318	21,064,437
Private placement March 2004, net of issue costs (iii)	8.00	2,750,000	21,905,914
Private placement August 2004, net of issue costs (iv)	3.55	2,816,902	9,800,333
Share purchase options exercised	0.40	88,750	35,500
Share purchase options exercised	0.50	106,500	53,250
Share purchase options exercised	0.75	70,000	52,500
Share purchase options exercised	1.18	10,000	11,800
Share purchase options exercised	5.00	33,999	169,995
Property option payments	6.65	1,772,725	11,788,621
Warrants exercised (i)	0.60	30,000	18,000
Warrants exercised (ii)	0.90	6,944,445	6,250,000
Warrants exercised	1.15	500,000	575,000
Warrants exercised (iii)	4.65	821,875	3,821,719
Replacement of lost certificate		11,905	–
Fair value of stock options allocated to shares issued on exercise		–	562,492
Balance, December 31, 2004		47,690,419	76,109,561
Private placement March 2005, net of issue costs (v)	4.25	7,247,000	29,209,019
Share purchase options exercised	0.75	25,000	18,750
Share purchase options exercised	0.94	50,000	47,000
Share purchase options exercised	1.18	3,000	3,540
Share purchase options exercised	2.30	7,500	17,250
Share purchase options exercised	2.35	315,000	740,250
Share purchase options exercised	5.00	1,287,001	6,435,005
Share purchase options exercised	5.05	38,000	191,900
Share purchase options exercised	5.31	3,334	17,704
Warrants exercised (i)	0.60	10,000	6,000
Warrants exercised (iv)	4.15	2,176,902	9,034,143
Warrants exercised	5.00	261,656	1,308,280
Common shares issued upon property acquisition (note 6(a))	5.03	977,795	4,918,309
Fair value of stock options allocated to shares issued on exercise		–	4,305,238
Balance, December 31, 2005		60,092,607	$ 132,361,949

(i) In January 2003, the Company completed a private placement consisting of 1,300,000 flow-through units and 400,000 non flow-through units at $0.50 each. Each flow-through unit was comprised of a flow-through common share and a two-year non-flow-through share purchase warrant. Each warrant entitled the holder to purchase one common share at a price of $0.60 until January 14, 2005. The non flow-through units were comprised of one common share and one two-year share purchase warrant with the same warrant terms.

(ii) In July 2003, the Company completed a private placement consisting of 6,944,445 units at a price of $0.72 per unit. Each unit was comprised of one common share and one warrant exercisable to purchase an additional common share at a price of $0.90 until June 12, 2004.

(iii) In March 2004, the Company completed a private placement by issuing 2,750,000 units at $8.00 each. Each unit was comprised of a common share and one half warrant. Each whole warrant entitled the holder to purchase one common share at a price of $9.00 until March 16, 2005.

On July 16, 2004, the Company enacted, pursuant to approval from the TSX Venture Exchange, a reduction in the exercise price for 821,875 of these warrants to $4.65 each with a 30-day accelerated expiry provision, at the option of the Company, in the event the closing price of the Company's common shares on the TSX Venture Exchange is at least $4.65 for any 10 consecutive trading days. Such notice was issued on October 14, 2004 and all 821,875 of these warrants were exercised within the allotted 30 days.

(iv) In August 2004, the Company completed a private placement consisting of 2,816,902 units at a price of $3.55 per unit. Each unit was comprised of one common share and one warrant exercisable to purchase one additional common share at a price of $4.15 until August 5, 2005.

(v) In March 2005, the Company completed a private placement consisting of 7,247,000 units at a price of $4.25 per unit. Each unit was comprised of one common share and one warrant exercisable to purchase one additional common share at a price of $5.00 until September 18, 2006.

(vi) The Company is committed to issuing 14,002,268 common shares pursuant to its acquisition of the remaining 20% of the Pebble property.

(c)

Share purchase warrants

The continuity of share purchase warrants (each warrant exercisable into one common share) for the year ended December 31, 2005 is:

Expiry date	Note	Exercise price	Dec. 31 2004	Issued	Exercised	Expired/ cancelled	Dec. 31 2005
January 14, 2005	7(b)(i)	$ 0.60	10,000	–	(10,000)	–	–
March 16, 2005	7(b)(iii)	$ 9.00	553,125	–	–	(553,125)	–
August 5, 2005	7(b)(iv)	$ 4.15	2,816,902	–	(2,176,902)	(640,000)	–
Sept. 18, 2006	7(b)(v)	$ 5.00	–	7,247,000	(261,656)	–	6,985,344
			3,380,027	**7,247,000**	**(2,448,558)**	**(1,193,125)**	**6,985,344**
Weighted average exercise price			$ 4.93	$ 5.00	$ 4.23	$ 6.40	$ 5.00

The continuity of share purchase warrants (each warrant exercisable into one common share) for the year ended December 31, 2004 is:

Expiry date	Note	Exercise Price	Dec. 31 2003	Issued	Exercised	Expired/ Cancelled	Dec. 31 2004
March 27, 2004		$ 1.15	500,000	–	(500,000)	–	–
June 12, 2004	7(b)(ii)	$ 0.90	6,944,445	–	(6,944,445)	–	–
January 14, 2005	7(b)(i)	$ 0.60	40,000	–	(30,000)	–	10,000
March 16, 2005	7(b)(iii)	$ 9.00	–	553,125	–	–	553,125
March 16, 2005	7(b)(iii)	$ 4.65	–	821,875	(821,875)	–	–
August 5, 2005	7(b)(iv)	$ 4.15	–	2,816,902	–	–	2,816,902
			7,484,445	**4,191,902**	**(8,296,320)**	**–**	**3,380,027**
Weighted average exercise price			$ 0.92	$ 4.89	$ 0.82	$ –	$ 4.93

(d)

Share purchase option compensation plan

The Company has a share purchase option compensation plan which was approved by the Company's shareholders at the 2004 Annual and Extraordinary General Meeting, that had authorized the Company to grant up to 7,000,000 share purchase options to its employees, officers, directors and consultants.

At the 2005 Annual General Meeting held in July 2005 shareholders approved an increase in the number of share purchase options of an additional 4,300,000 which are available to grant to its employees, officers, directors and consultants. As at December 31, 2005, 2,974,166 of these options were outstanding and 4,846,166 remained available to grant. Vesting of these options is at the discretion of the board of directors, typically over a period of up to three years, subject to regulatory terms and approval. The exercise price of each option can be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discounts from the market price. Options have a maximum term of five years and terminate 30 days following the termination of the optionee's employment, except in the cases of retirement or death.

The continuity of share purchase options for the year ended December 31, 2005 is:

Expiry date	Exercise price	Dec. 31 2004	Granted	Exercised	Expired / cancelled	Dec. 31 2005
May 9, 2005	$ 0.75	25,000	–	(25,000)	–	–
July 29, 2005	$ 0.94	50,000	–	(50,000)	–	–
July 29, 2005	$ 1.18	3,000	–	(3,000)	–	–
July 29, 2005	$ 2.35	315,000	–	(315,000)	–	–
September 19, 2005	$ 2.30	7,500	–	(7,500)	–	–
November 30, 2005	$ 5.00	1,469,334	–	(1,241,000)	(228,334)	–
November 30, 2005	$ 5.05	38,000	–	(38,000)	–	–
November 30, 2006	$ 4.65	100,000	–	–	–	100,000
November 30, 2006	$ 5.00	2,192,000	–	(46,001)	(248,499)	1,897,500
September 28, 2007	$ 5.40	–	150,000	–	–	150,000
November 30, 2007	$ 4.50	–	170,000	–	–	170,000
November 30, 2007	$ 5.31	–	655,000	(3,334)	(10,000)	641,666
December 14, 2007	$ 5.37	–	15,000	–	–	15,000
		4,199,834	**990,000**	**(1,728,835)**	**(486,833)**	**2,974,166**
Weighted average exercise price		$ 4.71	$ 5.19	$ 4.32	$ 5.01	$ 5.05

The continuity of share purchase options for the year ended December 31, 2004 is:

Expiry date	Exercise Price	Dec. 31 2003	Granted	Exercised	Expired / Cancelled	Dec. 31 2004
May 15, 2004	$ 0.40	88,750	–	(88,750)	–	–
December 20, 2004	$ 0.50	106,500	–	(106,500)	–	–
May 9, 2005	$ 0.75	95,000	–	(70,000)	–	25,000
July 29, 2005	$ 0.94	50,000	–	–	–	50,000
July 29, 2005	$ 1.18	15,500	–	(10,000)	(2,500)	3,000
July 29, 2005	$ 2.35	315,000	–	–	–	315,000
September 19, 2005	$ 2.30	7,500	–	–	–	7,500
November 30, 2005	$ 5.00	1,535,000	–	(33,999)	(31,667)	1,469,334
November 30, 2005	$ 5.05	38,000	–	–	–	38,000
November 30, 2006	$ 4.65	–	100,000	–	–	100,000
November 30, 2006	$ 5.00	–	2,192,000	–	–	2,192,000
		2,251,250	**2,292,000**	**(309,249)**	**(34,167)**	**4,199,834**
Weighted average exercise price		$ 3.93	$ 4.98	$ 1.04	$ 4.72	$ 4.71

The exercise prices of all share purchase options granted during the year were equal to the market price at the grant date. Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted during 2005 and 2004 have been reflected in the statements of operations as follows:

	Years ended December 31		
	2005	2004	2003
Exploration			
Engineering	$ 643,879	$ 270,562	$ 57,822
Environmental, socioeconomic and land	255,325	517,451	22,698
Geological	888,302	2,323,289	345,658
	1,787,506	3,111,302	426,178
Operations and administration	2,302,389	3,267,575	1,248,886
Total compensation cost recognized in operations, credited to contributed surplus	**$ 4,089,895**	**$ 6,378,877**	**$ 1,675,064**

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

	2005	**2004**	**2003**
Risk-free interest rate	3%	3%	3%
Expected life	2.5 years	2.2 years	2.1 years
Vesting period	0 – 18 months	0 – 18 months	0 – 18 months
Expected volatility	60%	80%	92%
Expected dividend yield	nil	nil	nil

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

(e)

Contributed surplus

Balance, December 31, 2002	$ 13,271
Changes during 2003	
Non-cash stock-based compensation	1,675,064
Contributed surplus, December 31, 2003	1,688,335
Changes during 2004	
Non-cash stock-based compensation	6,378,877
Fair value of stock options allocated to shares issued on exercise	(562,492)
Contributed surplus, December 31, 2004	7,504,720
Changes during 2005	
Non-cash stock-based compensation	4,089,895
Fair value of stock options allocated to shares issued on exercise	(4,305,238)
Contributed surplus, December 31, 2005	**$ 7,289,377**

8. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions	Years ended December 31, 2005	2004	2003
Services rendered and expenses reimbursed			
Hunter Dickinson Inc. (a)	$ 2,286,249	$ 2,002,148	$ 1,257,404
Hunter Dickinson Group Inc. (b)	12,800	12,800	22,320
Sidev Holdings Ltd. (c)	203,225	148,567	16,500
Brian Mountford & Associates Ltd. (d)	–	112,000	12,415
Galahad Gold plc (e)	47,421	129,000	–
Shambala Gold plc (e)	124,998	–	–
Beattie Consulting Ltd. (f)	11,835	–	–

Balances receivable (payable)	At December 31, 2005	At December 31, 2004
Hunter Dickinson Inc. (a)	$ 451,560	$ 35,484
Hunter Dickinson Group Inc. (b)	(3,200)	(3,424)
Galahad Gold plc and subsidiary (e)	–	(20,000)
	$ 448,360	$ 12,060

(a) Hunter Dickinson Inc. ("HDI") is a private company owned equally by nine public companies, one of which is Northern Dynasty. HDI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis pursuant to an agreement dated December 31, 1996. Balances payable to HDI from time to time result from advances by HDI to the Company and from services rendered to, but not yet paid for by, the Company.

(b) Hunter Dickinson Group Inc. (“HDGI”) is a private company with certain directors in common that provides consulting services to the Company. The balances payable to HDGI have resulted from the services rendered to, but not yet paid for by, the Company.

In October 2001, the Company was assigned an 80% interest in two options granted by Teck Cominco to HDGI in respect of Teck Cominco’s "Pebble" gold-copper-molybdenum property in southwestern Alaska (note 6(a)).

In March 2005, the Company announced it had reached an agreement to acquire the 20% remaining contractual interest in the Pebble Property from HDGI (note 6(a)).

(c) During the year ended December 31, 2005, the Company paid $203,225 (year ended December 31, 2004 – $148,567) to Sidev Holdings Ltd., a private company controlled by Bruce Jenkins, the Chief Operating Officer and a director of Northern Dynasty Mines Inc., a wholly owned private USA subsidiary of the Company, for project management services.

(d) During the year ended December 31, 2005, the Company paid $nil (year ended December 31, 2004 – $112,000) to Brian Mountford & Associates Ltd., a private company controlled by Brian Mountford, who was a director of the Company, and was President and Director of Northern Dynasty Mines Inc., a wholly owned private USA

subsidiary of the Company, during a substantial portion of the period, for engineering and project management services and for his services as an officer of the Company, from which positions he resigned at the end of June 2005. Mr. Mountford also served as a consultant to Galahad Gold plc and its wholly owned subsidiary Shambhala Gold plc, which are significant shareholders of the Company.

(e) During the year ended December 31, 2005, the Company paid $124,998 (year ended December 31, 2004 – $nil) to Shambhala Gold plc, (a subsidiary of Galahad Gold plc) for engineering and project management services provided by Mr. Mountford to the Company. During the year ended December 31, 2005, the Company was charged $47,421 (year ended December 31, 2004 – $129,000l) by Galahad Gold plc, a significant shareholder of the Company with a director in common, for travel expenses.

(f) During the period August 2, 2005 to December 31, 2005, the Company paid $11,835 to Beattie Consulting Ltd., a private company controlled by Morris Beattie, a director of Northern Dynasty Minerals Ltd.

9. INCOME TAXES

Substantially all the difference between the actual income tax expense (recovery) of $nil and the expected income tax recovery based on statutory tax rates relates to the benefit of losses not recognized.

As at December 31, 2005 the tax effect of the significant components within the Company's future tax asset (liability) were as follows:

	December 31 2005	December 31 2004
Future income tax assets (liabilities)		
Resource pools	$ 29,809,000	$ 15,779,000
Loss carry forwards	2,833,000	1,726,000
Equipment	53,000	23,000
Share issue costs	503,000	106,000
Other	120,000	125,000
Subtotal	33,318,000	17,759,000
Valuation allowance	(33,318,000)	(17,759,000)
Net future income tax asset	$ –	$ –

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

	December 31 2005	December 31 2004
Combined Canadian federal and provincial statutory rate	34.87%	35.62%
Income tax at statutory rates	$ (17,546,000)	$ (14,853,000)
Non-deductible items	1,435,000	2,272,000
Prior losses expired	–	19,000
Reduction in statutory tax rates	1,077,000	–
Benefit of share issuance costs	(381,000)	(71,000)
Change in valuation allowance	15,559,000	12,412,000
Other	(144,000)	221,000
	$ –	$ –

At December 31, 2005, the Company had available losses for income tax purposes in Canada totaling approximately $8.6 million (2004 – $4.8 million), expiring in various years from 2006 to 2015.

The Company has capital losses available of $nil, which, when available, can be used to offset future capital gains.

The Company has approximately $104.1 million (2004 – $56.1 million) of resource tax pools available in Canada, which, when available, may be carried forward and utilized to reduce future taxes related to certain resource income.

10. SEGMENTED INFORMATION

The Company operates in a single reportable operating and geographic segment – the exploration and development of mineral properties in Alaska, USA.

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2005 to March 13, 2006, the Company issued 1,036,229 common shares pursuant to the exercise of 348,032 share purchase options and 688,197 share purchase warrants and cancelled 10,000 share purchase options.

Subsequent to year end, the Company sold 250,000 common shares of Taseko Mines Limited for gross proceeds of $550,000, see note 4.

On the Pebble mineral property interest, see note 6(a) for subsequent events.

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

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

Total assets		2005		2004
Total assets under Canadian GAAP	$	31,296,012	$	25,460,941
Mark-to-market adjustment, shares of Taseko Mines Limited		–		169,140
Total assets under US GAAP	$	31,296,012	$	25,630,081

Loss for the year		**2005**		**2004**		**2003**
Loss for the year under Canadian GAAP	$	(50,317,831)	$	(41,698,647)	$	(8,299,461)
Other comprehensive income						
Mark-to-market adjustment on shares of Taseko Mines Limited (a)		–		169,140		–
Realization on prior year mark-to-market adjustment (a)		(169,140)		–		–
Comprehensive loss for the year under US GAAP	$	(50,486,971)	$	(41,529,507)	$	(8,299,461)
Loss per share under US GAAP	$	(0.90)	$	(1.04)	$	(0.35)
Comprehensive loss per share under US GAAP	$	(0.90)	$	(1.04)	$	(0.35)

There are no material differences between Canadian GAAP and US GAAP in the consolidated statements of cash flows for the years ended December 31, 2005, 2004, and 2003.

(a)

Available-for-sale securities

US GAAP requires investments in available-for-sale securities to be recorded at fair value in accordance with SFAS 115, " *Accounting for Certain Investments in Debt and Equity Securities*". Unrealized gains are recorded as "other comprehensive income" and the cumulative balance of these amounts is recorded as a separate component of shareholders' equity.

US GAAP requires the Company to present comprehensive income in accordance with SFAS 130, " *Reporting Comprehensive Income*", which establishes standards for the reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income comprises net income and all changes to shareholders' equity except those resulting from investments by owners and distributions to owners.

Under US GAAP, the Company's investment in marketable securities, namely its holdings of common shares of Taseko Mines Limited, would have a mark-to-market adjustment of $nil (2004 – $169,140) to reflect their market value of $363,906 at December 31, 2005. No such adjustment would be recorded under Canadian GAAP.

In April 2005, the Canadian Institute of Chartered Accountants ("CICA") issued new and amended accounting standards for recognition, measurement and disclosure of financial instruments, hedges and comprehensive income. One of the new standards requires companies to present comprehensive income and its components, as well as net income, in their financial statements. The new standards are effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2006.

(b)

Impact of recent United States accounting pronouncements

(i)

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

(ii)

On March 17, 2005 the EITF issued EITF 04-6, *Accounting for Stripping Costs in the Mining Industry*. The consensus indicated that costs of removing overburden and waste materials ("stripping costs") after production begins, represent variable production costs and should be considered a component of mineral inventory costs subject to the guidance in Chapter 4 of Accounting Research Bulletin No. 43, Restatement and Revision of Accounting Research Bulletins. EITF 04-6 is effective for fiscal years beginning after

December 15, 2005 and upon adoption, can be applied by either retroactively restating prior periods or using a cumulative catch-up adjustment. The Company does not believe that adoption of this Statement will have a material effect on the Company's financial statements as stripping costs are currently treated as variable production costs.

(iii)

On June 1, 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*, a replacement of APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*. SFAS 154 requires retrospective application to prior periods' financial statements of a change in accounting principle unless it is impracticable to do so. This is a change from the existing practice that requires most accounting changes to be accounted for by including in net income in the period of the change the cumulative effect of changing to the new accounting principle. SFAS 154 will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The impact of SFAS 154 cannot be determined until such time as the Company makes a change in accounting policy.

NORTHERN DYNASTY MINERALS LTD.
YEAR ENDED DECEMBER 31, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1	DATE	2
1.2	OVERVIEW	2
	PEBBLE PROJECT	2
	TECHNICAL PROGRAMS	4
	2005 PROGRAM	6
	OTHER PROPERTIES	12
	MARKET TRENDS	12
1.3	SELECTED ANNUAL INFORMATION	13
1.4	SUMMARY OF QUARTERLY RESULTS	14
1.5	RESULTS OF OPERATIONS	15
1.6	LIQUIDITY	15
1.7	CAPITAL RESOURCES	16
1.8	OFF-BALANCE SHEET ARRANGEMENTS	16
1.9	TRANSACTIONS WITH RELATED PARTIES	16
1.10	FOURTH QUARTER	17
1.11	PROPOSED TRANSACTIONS	18
1.12	CRITICAL ACCOUNTING ESTIMATES	18
1.13	CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION	19
1.14	FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS	19
1.15	OTHER MD&A REQUIREMENTS	19
1.15.1	ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE	19
1.15.2	DISCLOSURE OF OUTSTANDING SHARE DATA	20

1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Northern Dynasty Minerals Ltd. ("Northern Dynasty", or the "Company") for the year ended December 31, 2005.

This MD&A is prepared as of March 21, 2006. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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

1.2 Overview

Northern Dynasty Minerals Ltd. ("Northern Dynasty" or the "Company") is a mineral exploration company focused on the Pebble Copper-Gold-Molybdenum Project. The Pebble property is located in Alaska 19 miles (27 kilometers) from the village of Iliamna, and approximately 235 miles (380 kilometers) southwest of Anchorage.

Pebble Project

Property Agreements

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

The Company was assigned the 80% interest together with the right to acquire the remaining 20% contractual interests in these option agreements from HDGI in consideration of the Company reimbursing HDGI’s costs of $584,655 in connection with the options, which included the staking of 134 claims to expand the property and 30 kilometers of induced polarization surveying over the new claims, and agreeing to “carry”(i.e. pay for) HDGI’s 20% share of costs in connection with the exercise requirements under the Options.

The Resource Lands Option was extended by one year in an agreement dated December 19, 2002 under which the Company issued to Teck Cominco 200,000 shares for the extension. Pursuant to the Resource Lands Option the Company had the right to purchase the 36 claims of the Resource Lands, subject to HDGI's 20% carried interests, by paying Teck Cominco US$10 million in cash or shares prior to November 30, 2004, which it did on November 23, 2004 by the issuance of 1,772,775 shares to Teck Cominco (total value of $11,788,621). Teck Cominco had the right for 180 days to elect whether to require the Company to manage the resale of these shares in a manner where Teck Cominco would be guaranteed the US$10 million in resale proceeds net of any excess or deficiency adjustments from resales of other blocks of shares which the Company managed. The actual adjusted amount was US$9,938,600 based on previous excess proceeds of resale. On May 9, 2005, Teck Cominco elected for the Company to guarantee the adjusted amount of US$9,938,600 in resale proceeds of the 1,772,775 shares. Teck Cominco's resale proceeds are to be credited against the guaranteed amount; any share resale surplus shares are to be returned to the Company's treasury, and any share resale proceeds shortfall below the US$9,938,600 are to be made up by the Company in cash or through the issuance of additional shares. Under the agreement, the Company is to ensure proceeds totalling US$9,938,600 by May 22, 2006. Additionally, the Company is required to manage the sale of at least US$1 million in each 3 month period commencing May 22, 2005. In the event that the proceeds are less than US$9,938,600, the Company is required to pay 110% of the shortfall, prior to May 22, 2007.

At December 31, 2005, 473,700 of the 1,772,775 shares had been sold for proceeds of US$2,039,902. Subsequent to the year end and to February 28, 2006, the Company managed the sale of an additional 1,276,414 shares for proceeds paid to Teck Cominco of US$7,893,984. At February 28, 2006, the Company is required to manage the resale of the remaining shares where Teck Cominco would be guaranteed resale proceeds of US$4,715.

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

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

Teck Cominco had the right, until August 24, 2005, to elect whether to require the Company to manage the resale of these shares in a manner where Teck Cominco would be guaranteed US$4 million in resale proceeds by August 24, 2006. On July 18, 2005, Teck Cominco elected for the Company to guarantee the US$4 million in resale proceeds. Teck Cominco's resale proceeds will be credited with any share resale surplus returned to the Company's treasury, and should the share resale shortfall below the US$4 million required amount, the shortfall must be made up by the Company in cash or through the issuance of additional shares. At December 31, 2005, none of the original 977,795 shares had been sold and the surplus on the price protection guarantee for the Resource and Exploration Lands Options was $252,047.

Subsequent to the year end and to February 28, 2006, the Company managed the sale of 653,686 shares for proceeds paid to Teck Cominco of approximately US$3,994,028. The Company is required to manage the resale of the remaining shares where Teck Cominco would be guaranteed resale proceeds of US$5,972.

Upon payment in full by the Company of the guaranteed amount of the combined US$14 million of resale proceeds to Teck Cominco, the exercise of the Exploration Lands Option and the Resource Lands Option will be completed and the Company will vest its interest and take registered title to the claims comprising them, subject to acquisition of HDGI's interest.

As a consequence of electing to exercise the Options, the Company was entitled under the Assignment Agreement with HDGI to elect to acquire HDGI's 20% carried contractual interests in the Options for cash or share consideration equal to the independently appraised value of the carried interests. The valuation was required to be acceptable to the TSX Venture Exchange. No commissions or finders' fees were payable in respect of the acquisition of the carried interests in the Options. On March 15, 2005, the Company announced it had reached an agreement with HDGI to acquire the 20% carried contractual interests for a purchase price of 14,002,268 common shares. The agreed number of shares was based on negotiations between the Company and HDGI with reference to an independent valuation of the carried interests performed by Ross Glanville & Associates Ltd; the valuation was publicly filed at www.sedar.com. The TSX Venture Exchange and the American Stock Exchange accepted the acquisition transaction in May and June 2005, respectively. The transaction to acquire HDGI's carried interests will be completed by way of an acquisition of the corporation, HDGI.

On completion of the acquisition of HDGI and the discharge of Teck Cominco's share resale guarantees, Northern Dynasty, together with one or more 100% subsidiaries, will own a 100% right title and interest in the entire Pebble property (subject only to the Teck Cominco net profits interest in the Exploration Lands portion of the property).

Technical Programs

An extensive, northeast-trending mineralized system underlies the Pebble Property and hosts several copper and/or gold and molybdenum deposits. The large Pebble West (previously known as the Pebble deposit) and the recently discovered Pebble East porphyry copper-gold-molybdenum deposits are situated in the northeastern part of the mineral system. This deposit was discovered and partially outlined through drilling from 1987-1997 by a previous operator.

Northern Dynasty acquired the right to earn an interest in the Pebble Property in 2001 and, since that time, has located: two porphyry copper-gold-molybdenum deposits, a porphyry copper zone, a gold-copper skarn occurrence and several high-grade gold veins.

The Pebble Project made the transition from exploration to the mine planning stage in 2004. The Company began comprehensive technical programs designed to advance the Pebble project through the feasibility stage as well as providing the necessary data to make permit applications in due course.

Cautionary Note to U.S. Investors Concerning Estimates of Measured and Indicated Resources

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

Detailed drilling on the Pebble West Deposit in 2004 led to an updated resource estimate by Roscoe Postle and Associates Inc.[1] that was announced in March 2005.

- Measured and Indicated Resources of 3.0 billion tonnes grading 0.28 percent copper, 0.32 grams gold per tonne, and 0.015 percent molybdenum, containing 18.8 billion pounds of copper, 31.3 million ounces of gold and 993 million pounds of molybdenum and an additional Inferred Resource of 1.1 billion tonnes grading 0.24 percent copper, 0.30 grams of gold per tonne and 0.014 percent molybdenum, containing 5.8 billion pounds of copper, 10.8 million ounces of gold and 361 million pounds of molybdenum using a 0.30% copper-equivalent cut-off grade.

- Higher-grade Measured and Indicated Resources of 569 million tonnes grading 0.46% copper, 0.50 grams gold per tonne and 0.021% molybdenum, or 0.88% copper-equivalent, with an additional Inferred Resource of 143 million tonnes grading 0.40% copper, 0.56 grams gold per tonne and 0.020% molybdenum, or 0.85% copper-equivalent above a cut-off grade of 0.70% copper-equivalent.

A $44.7 million program, encompassing engineering, environmental and socioeconomic studies as well as additional drilling, was completed in 2005. This work was designed to more fully explore the area of the Pebble West Deposit, particularly an eastern trend to the mineralization from the existing deposit, and to collect engineering, environmental and socioeconomic data for a feasibility study and, in due course, to prepare applications for environmental permits.

Extensive environmental data was collected for design purposes, and many stations were also established for comprehensive, ongoing monitoring of the site. The Company also continued to focus on its community and stakeholder engagement program. To date, over 300 meetings with various stakeholders have taken place.

Drilling in 2005 led to another discovery - the Pebble East Deposit - on the eastern flank of the Pebble West Deposit. An initial resource estimate for the Pebble East Deposit was completed subsequent to year end in January 2006. The results show that Pebble East Deposit is a substantial resource that is deeper and higher grade than the Pebble West Deposit, and potentially amenable to underground bulk mining methods. As a result, completion of the overall feasibility study has been deferred so that the Pebble East Deposit can be integrated into the overall mine plan for the Project.

The 2006 program will focus on fully delineating the Pebble East Deposit. Additional comprehensive engineering, environmental, and socioeconomic programs, designed for input towards a feasibility study

[1] The resource estimate was completed under the direction of David W. Rennie, P. Eng. of Roscoe Postle Associates Inc., and R. Mohan Srivastava, M.Sc., P.Geo., of FSS Canada Consultants Inc., independent Qualified Persons as defined by Canadian regulatory policy NI 43-101. Copper equivalent and other notes are as listed below Table 1 for the Pebble East Deposit.

and, in due course, permit applications for a modern, long-life mining operation will continue in parallel with the Pebble East drilling program.

2005 Program

Drilling

The 2005 program began on April 1, and to December 31 comprised 75,880 feet (23,128 meters) in 43 holes focused on metallurgical drilling (during the second quarter) to obtain samples for process testing, exploration drilling focused on determining the extent and potential of higher grade mineralization located in what is now known as the Pebble East Deposit, and soils engineering drilling for testing sites for mill buildings and tailing storage areas. Drill statistics for the year are tabulated below:

TABLE 1 – 2005 DRILLING

TYPE	NUMBER of HOLES	FEET	METERS
Metallurgical	10	10,010	3,051
Exploration	18	62,522	19,056
Soils Engineering	15	3,345	1,020
TOTAL	**43**	**75,880**	**23,128**

The Pebble East Deposit occurs in a large mineralized intrusion under a cover of younger and unmineralized rocks. Activities in the fourth quarter consisted of 6 step out holes, totalling 24,958 feet, located to the east of previous drilling. Highlights include:

- Hole 5334 located 1,000 feet south of 5327 (reported last quarter) contains 915 feet (278 meters) grading 1.38% copper equivalent comprising 0.62% Cu, 1.06 g/t Au, 0.023% Mo. Included in this intersection is a 330 foot (100 meter) interval grading 1.82% copper equivalent comprising 0.64% Cu, 1.81 g/t Au, 0.019% Mo.

- Hole 5335 located 2,000 feet northwest of 5334 contains 2,478 feet (755meters) grading 1.21% copper equivalent comprising 0.81% Cu, 0.44 g/t Au, 0.023% Mo.

- Hole 5336 located 2,500 northwest of 5334 contains 2,584 feet (787 meters) grading 1.13% copper equivalent comprising o.67% Cu, 0.23 g/t Au, 0.055% Mo. Included in this intersection is a 646 foot (197 meter) interval grading 1.42% copper equivalent comprising 0.85 Cu, 0.33 g/t Au, 0.052% Mo.

- Hole 5337 located midway between 5334 – 5336 and 600 feet west of 5335 contains 2028 feet (618 meters) grading 1.28% copper equivalent comprising 0.83% Cu, 0.34 g/t Au, 0.041% Mo.
  Included in this intercept is a 758 foot (231 meter) interval grading 1.70% copper equivalent comprising 1.25% Cu, 0.37 g/t Au, 0.038% Mo.

The dimensions of Pebble East Deposit are not yet fully defined, but results from 16 holes drilled so far indicate the new porphyry system hosts a substantial volume of mineralized material with excellent copper, gold and molybdenum grades. The area influenced by the widely spaced drill holes measures about 4,000 feet by 4,000 feet (1,200 meter by 1,200 meters). The work indicates that the mineralized intrusive rock is up to 4,000 feet from north to south, 4,000 feet from east to west and extends up to 2,400 feet vertically, with grades higher than the adjoining Pebble West Deposit.

Resource Estimate – Pebble East Deposit

Subsequent to year end in January 2006, the Company announced the results of an initial resource estimate for the new Pebble East Deposit.

Cautionary Note to U.S. Investors Concerning Estimates of Inferred Resources

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

Table 2 - PEBBLE EAST DEPOSIT
INFERRED MINERAL RESOURCES

Cut-Off	Size	Grade				Contained Metal		
CuEQ %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	2,126	0.55	0.34	0.037	0.97	25.9	23.5	1,717
0.60	1,832	0.60	0.37	0.038	1.05	24.3	22.1	1,547
0.70	1,611	0.64	0.40	0.039	1.10	22.6	20.5	1,398
1.00	947	0.77	0.48	0.040	1.28	16.0	14.5	830

Note 1

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

Note 2

Copper equivalent calculations use metal prices of US$1.00/lb for copper, US$400/oz for gold, and US$6.00/lb for molybdenum. Copper equivalent has not been adjusted for metallurgical recoveries. Adjustment factors to account for differences in relative metallurgical recoveries for gold, copper and molybdenum will depend upon the completion of definitive metallurgical testing. CuEQ = Cu % + (Au g/t x 12.86/22.06) + (Mo% x 132.28/22.06).

Note 3

An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity.

Note 4

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

The resource estimate is based upon drill core assay results from 68,500 ft (20,890 meters) of drilling in 22 holes completed by Northern Dynasty. The resource estimate was prepared by the technical staff of Northern Dynasty and audited by industry leading geological and mining consultants at Roscoe Postle Associates Inc., under the direction of David W. Rennie, P. Eng., an independent Qualified Person as defined by National Instrument 43-101. A technical report detailing the resource estimate is filed on www.sedar.com.

Feasibility Study

The feasibility study continued to advance during the fourth quarter, but at the end of the year the plans for its completion were under review to assess the effect of the inclusion of the Pebble East Deposit. The current plan is to continue the analysis of the open pit case for the Pebble West Deposit, which will then

serve as a basis for a final study of the overall project. The study incorporating Pebble East into the overall project plan, would be completed as an Integrated Development plan (IDP). Work on the IDP would commence in 2006 and extend through 2007.

During the period, the study team continued to analyze the optimization opportunities that had been identified in the previous quarter. Two of these – in-pit crushing and revisions to the crushed ore stockpile – have been incorporated into the Pebble West plans.

The optimization work will continue in parallel with the completion of the current phase of the study. In addition, data collection will commence to support the study of Pebble East.

Metallurgy and Process Plant Design

The study team completed their analysis of the grinding characteristics of the Pebble West mineralization during the fourth quarter. This work included completion of the testwork, collection of corroborative grinding data, and reconciliation of the two data sets. As a result, a rigorous model has been developed to support the Pebble West study plans. The data were then incorporated into a grindability model for use by the mine planners.

Additional grinding data will be collected during 2006 to support the Pebble East study.

Flotation testwork for Pebble West continued through the quarter. A large scale program was completed to produce sufficient samples for additional specific tests (e.g. tailings analysis, concentrate quality, filtration, etc.). The locked cycle program, designed to formulate the process flowsheet, was completed and variability testwork commenced.

During the quarter, the study team completed further analysis of the testwork results, and based on this analysis, initiated work to assess alternate flowsheets focused on enhancing gold recovery. The initial tranche of tests was completed during the fourth quarter with promising results. Accordingly, the remaining portion of the variability program (approximately 25% of the total program) was deferred while a new series of batch and locked cycle tests were completed to test the alternate flowsheets. This work is expected to be complete during the first quarter of 2006. An economic analysis will be completed to test the results and select the preferred alternative. Following that selection, the variability work will be completed to form the basis of the Pebble West process design for the IDP.

Mining

During the quarter, the study team updated the mine plan to incorporate the new grinding data, the in-pit crushing alternative, and revisions to the tailings structure design. The study base case incorporating only measured and indicated resources.

As part of the preparatory work for the IDP, a series of analyses will be completed on the mine plan to evaluate the impact of varying the cutoff grade and plant throughput. These results will be tested in the project's financial model to determine the starting point for the IDP.

Tailings and Water Management

The tailings facility feasibility design was reviewed during the quarter and the general concepts in the current design (Mine Development Concept 25) were endorsed. Some minor revisions were made, particularly to sequencing of certain components. This latter work will be included in the current phase of the study and will continue through 2006 as part of the IDP.

Infrastructure

During the fourth quarter, the Company and Homer Electric Association ("HEA") continued their joint study of power supply alternatives. HEA is currently assessing alternative fuel source for the proposed power plant. HEA anticipates that the results of this review will be available to the Company during the first quarter of 2006.

Northern Dynasty continued to liaise with representatives of the State of Alaska regarding the latter's continuing design of the road and port system that would service southwestern Alaska. The Company also completed its independent designs for both the road and the port.

The concentrate pipeline design was updated during the quarter. With this design, the alternative of utilizing the pipeline to pump, rather than truck, lime from the port to the mine site will form the base case.

A trade-off study of other transportation opportunities was also completed during the quarter. Several alternatives were identified that merit further analysis during 2006.

Environmental, Cultural and Socio-Economic Studies

The 2005 environmental, cultural and socioeconomic programs were completed as planned with all targets for data collection and stakeholder communications being met.

Water

- Surface Water Monitoring
  The thirty-one (31) monitoring stations, established in the project area were visited ten times. Seven (7) of these stations were continuously recorded and of these, three (3) were operated by the US Geological Survey. Data from other stations was read instantaneously during each visit, and used to update the rating curve for that station. Also, twenty-four (24) of these groundwater seeps were sampled for flow characteristics to determine how the groundwater in the area contributes to the surface water flow through out the different seasons.

- Ground Water Monitoring
  Thirty-two (32) new well clusters were developed this year, bringing the total number of well clusters to forty-six (46). Each cluster is comprised of two or three wells, depending on the depth of overburden, such that different aquifer depths can now be sample. The deepest well is generally targeted to reach bedrock. The wells have been pump tested, so that the scientists can determine the rates of any groundwater flow. These groundwater studies will be used to aid in the design of the project.

- Quality
  Water quality was tested at the thirty-one (31) surface water stations, at 24 of the seeps and at all the groundwater wells for up to 10 times during the year. A suite of 21 different analyses (or pieces of analytical data) is acquired from testing each water sample taken.

Mine Rock and Tailings Characterization

The data collected from all core holes was evaluated to determine which holes to use to ensure representative samples to determine mine rock characterization for mining and in the development of a closure plan. Sixty-four core holes were sampled and analyzed for these specific purposes.

Fish and Aquatics

Sampling for the presence of fish and aquatic plants and animals were conducted ten (10) times during the year at the same sites (31) that water parameters are collected, occurring monthly during the open water period and twice during the winter for fish and twice a year for aquatic plants and invertebrates.

Wetlands

Wetlands studies continued throughout the non-winter months. Studies this year focused on the validation of variations in certain terrain and plant species that could not be determined using the existing aerial photography. In addition, a mini-wetland study was started to enable the scientists to better characterize the differences between what could be classified as jurisdictional and non-jurisdictional wetlands. This characterization is important when determining any potential project effects as they might relate to mitigation requirements set out by the US Clean Waters Act.

Wildlife

Studies of birds, mammals and habitats were completed this year at the project site and along the road corridor. Song birds, shore birds, water fowl, and raptors were observed and details of their habits and habitats were recorded. Habitat mapping was also started during the year.

Marine

Information, specific to the port site and adjacent to the proposed road to Williamsport, was collected this year. This involved the use of a specialized research vessel anchored in adjacent waters and from which zodiac style boats were used as study platforms. Studies included observations of the foreshore, intertidal and subtidal habitats and the flora and fauna that use them.

Lake Iliamna Studies

These studies were carried out so that any potential effects of construction phase transportation infrastructure can be assessed. Additional information was collected to allow for assessment and monitoring during the operational phase. These studies focused on salmon spawning and migration, water quality in the lake where key streams flow into it, and the analyses of tissue samples taken from clams that live in the sediments of the lake.

Subsistence

Extensive research was carried out in partnership with the State of Alaska's Department of Fish and Game. Information was collected through a detailed interview process that involves many participants in over 20 local villages. This data will be transferred into a GIS framework from which any potential effects of the project development activities on subsistence resources (wildlife and plants) and their use can be evaluated. All the information collected will be carefully guarded by the consultant and will ultimately be the property of those interviewed. The 2005 activity will continue through the winter and early spring of 2006.

Cultural

Archaeological studies have been carried out on all areas that might be disturbed by the project with the exception of the road and port. The latter studies, not expected until 2006, will be implemented once a decision is made regarding the exact location of these project features.

Stakeholder Relations

Northern Dynasty continued with its communication efforts with the stakeholders in Alaska. Meetings covering the entire range of stakeholders, from the citizens of the local villages to representatives of Alaska's Legislature and others who seek information about the Pebble Project. In all, the Company has conducted over 310 meetings and site tours for stakeholders and hosted two community leaders seminars. During these sessions the Company shared its information regarding project planning and data acquired from the environmental studies. The leaders provided Northern Dynasty with valuable insights regarding issues that concern them and their desire to consider the economic opportunities and regional stability that could be provided by the Pebble Project. This community engagement effort is consistent with Northern Dynasty's stakeholder relations commitment, and already it can be shown that individuals now have a greater understanding of the project concept.

Plans for 2006

The 2006 program is focused on thoroughly assessing the Pebble East Deposit through drilling and engineering studies in order to integrate this exceptional discovery into the overall mine plan for the project. The drilling component of the program consists of 100,000 ft (30,500 meters) at a budgeted cost of $22 million.

Comprehensive engineering, environmental, and socioeconomic programs, designed for the advancement of a feasibility study for a long life mining operation, will continue in parallel with the drilling program. Work on the IDP will commence in 2006 and extend through 2007.

Other Properties

Northern Dynasty holds a 37.5% participating joint venture interest, subject to a 2.5% net profits interest ("NPI") held by the original owners, in certain mineral properties in northwestern Ontario under the Pickle Lake Joint Venture. The Company is searching for additional joint venture partners to fund further exploration on these properties, and maintains the claims in good standing.

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

Market Trends

Copper prices have been increasing since late 2003. Copper prices averaged US$1.30/lb in 2004 and have averaged US$1.59/lb in 2005. Copper prices have continued to increase in 2006, averaging US$2.09/lb in January.

Molybdenum prices increased from US$7.60/lb to US$34/lb in 2004. The average molybdenum price in 2005 was US$33/lb. Prices have decreased since December 2005, but appear to be stabilizing. The average price for January 2006 was US$24/lb.

Gold prices have been increasing over the past two years, and this uptrend has accelerated since September 2005. Overall, the gold price increased from US$410/oz in 2004 to US$445/oz in 2005. The gold price has also increased in 2006, averaging US$549/oz in January.

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars.

	As at December 31 2005	As at December 31 2004	As at December 31 2003
Current assets	$ 14,177,877	$ 13,254,219	$ 3,670,609
Mineral properties	16,706,930	11,788,621	–
Other assets	411,205	398,101	12,037
Total assets	**31,296,012**	**25,440,941**	**3,682,646**
Current liabilities	3,161,012	3,025,155	429,722
Shareholders' equity	28,135,000	22,415,786	3,252,924
Total shareholders' equity & liabilities	**31,296,012**	**25,440,941**	**3,682,646**
Working capital	11,016,865	10,229,064	3,240,887
Expenses			
Amortization	93,179	45,994	3,832
Conference and travel	700,718	351,201	80,019
Exploration	43,066,417	32,594,900	5,501,729
Legal, accounting and audit	312,507	143,916	29,977
Office and administration	2,361,520	1,382,986	521,557
Shareholder communication	367,134	471,032	578,476
Trust and filing	192,662	85,438	39,125
Foreign exchange loss (gain)	(281,639)	251,135	(62,206)
Gain on disposal of equipment	–	–	(3,403)
Interest income	(584,562)	(357,926)	(64,709)
Write down of marketable securities	–	351,094	–
Stock-based compensation – exploration	1,787,506	3,111,302	426,178
Stock-based compensation – administration	2,302,389	3,267,575	1,248,886
Loss for the period	**$ 50,317,831**	**$ 41,698,647**	**$ 8,299,461**
Basic and diluted loss per share	$ (0.90)	$ (1.04)	$ (0.35)
Weighted average number of common shares outstanding	55,845,791	39,926,335	23,386,208

1.4 Summary of Quarterly Results

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

	Dec 31 2005	Sep 30 2005	June 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004	June 30 2004	Mar 31 2004
Current assets	$ 14,178	$ 18,646	$ 28,265	$ 39,262	$ 13,254	$ 20,535	$ 24,741	$ 24,781
Mineral properties	16,707	16,707	16,707	16,707	11,789	–	–	–
Other assets	411	431	450	405	398	264	147	33
Total assets	**31,296**	**35,784**	**45,422**	**56,374**	**25,441**	**20,799**	**24,888**	**24,814**
Current liabilities	3,161	4,718	4,812	3,892	3,025	7,087	2,303	631
Shareholders' equity	28,135	31,066	40,610	52,482	22,416	13,712	22,585	24,183
Total shareholders' equity and liabilities	**31,296**	**35,784**	**45,422**	**56,374**	**25,441**	**20,799**	**24,888**	**24,814**
Working capital	11,017	13,928	23,453	35,370	10,229	13,448	22,438	24,150
Expenses								
Amortization	24	24	25	19	26	12	6	2
Conference and travel	210	147	261	83	78	139	102	32
Exploration	10,483	15,335	11,666	5,582	6,315	17,809	7,163	1,308
Legal, accounting and audit	128	62	74	50	102	32	7	3
Office and administration	469	695	705	493	415	610	222	136
Shareholder communication	77	116	85	89	81	122	76	193
Trust and filing	59	38	29	67	42	5	26	13
Subtotal	11,450	16,417	12,845	6,383	7,059	18,729	7,601	1,686
Fair value adjustment on price protection	(634)	634	–	–	–	–	–	–
Foreign exchange loss (gain)	(55)	(199)	(47)	20	45	103	94	10
Interest income	(113)	(152)	(201)	(118)	(78)	(102)	(110)	(68)
Write down of marketable securities	–	–	–	–	–	–	351	–
Subtotal	10,648	16,700	12,597	6,285	7,026	18,730	7,936	1,628
Stock-based compensation	442	1,497	759	1,391	2,344	1,555	44	2,437
Loss for the period	**11,090**	**18,197**	**13,356**	**7,676**	**9,370**	**20,285**	**7,980**	**4,065**
Basic and diluted loss per share	$ (0.18)	$ (0.32)	$ (0.24)	$ (0.16)	$ (0.23)	$ (0.46)	$ (0.22)	$ (0.13)
Weighted average number of common shares outstanding YTD (thousands)	59,309	57,189	56,670	49,351	46,296	44,417	36,918	32,359

1.5 Results of Operations

Loss for the year ended December 31, 2005 increased to $50,317,831, compared to a loss of $41,698,647 in the previous fiscal year. Included in the loss for the current year was a non-cash stock-based compensation expense of $4,089,895.

Expenses excluding stock-based compensation, write-down of marketable securities, foreign exchange, and interest, increased to $47,094,137 from $35,075,467 in the previous year.

Exploration costs increased to $43,066,417 from $32,594,900 in the previous year. The main exploration expenditure during the year was for environmental (2005 – $13,081,142; 2004 – $9,806,864) planning and testing. Other significant exploration costs were for:

- engineering (2005 – $9,338,697; 2004 – $3,886,839) for work on the feasibility study;
- drilling (2005 – $5,742,305; 2004 – $7,689,138),
- site activities (2005 – $5,052,487; 2004 – $3,715,240) and
- helicopter transportation for geological, environmental and drill crews (2005 – $4,669,476; 2004 – $3,823,073).

Office and administration costs increased to $2,361,520 from $1,382,986 in the previous year as additional administrative activities were required to support work at the Pebble site. Shareholder communication expenses decreased from $471,032 spent in the previous year to $367,134 in fiscal 2005.

Stock-based compensation of $4,089,895 was charged to operations during 2005 fiscal year, compared to $6,378,877 in the previous year, due to a decrease in the number of stock options granted during the current year compared to the prior year.

1.6 Liquidity

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

At December 31, 2005, the Company had working capital of approximately $11 million. During the year ended December 31, 2005, the Company completed a $30.8 million private placement equity financing, which consisted of 7,247,000 units. Each unit consists of one common share and one warrant convertible into one common share.

The Company will need to raise additional funds in order to execute and complete its 2006 work programs.

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

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

1.7 Capital Resources

At December 31, 2005, Northern Dynasty had working capital of approximately $11 million, as compared to $10.2 million at December 31, 2004, and has no long-term debt. Northern Dynasty had 60,092,607 common shares issued and outstanding at December 31, 2005, with a commitment to issue a further 14,002,268 common shares in respect of the Company's acquisition of the remaining 20% interest in the Pebble property held by HDGI.

The Company had no commitments for material capital expenditures as of December 31, 2005.

During the period November 2004 to March 2005, the Company exercised its options for an 80% interest in the Pebble property, subject to fulfillment of certain conditions (see Item 1.2 of this MD&A). The TSX Venture Exchange and the American Stock Exchange accepted the acquisition transaction in May and June 2005, respectively. NDM is currently finalizing its March 2005 agreement with HDGI to complete the acquisition of the balance of the interests in the Pebble property (see item 1.2 of this MD&A).

The Company will use its capital resources primarily to continue to conduct an exploration and development program on the Pebble property.

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

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

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

Costs for services rendered by HDI to the Company were $2,286,249 for the year ended December 31, 2005 as compared to $2,002,148 for the year ended December 31 2004. In the fourth quarter of fiscal 2005, the Company paid HDI $353,302, as compared to $505,998 in the fourth quarter of the previous year. The variance between the current year and the 2004 fiscal year is due to the increased level of activity of the Company.

In October 2001, the Company was assigned an 80% interest in two options granted by Teck Cominco to HDGI in respect of Teck Cominco's "Pebble" gold-copper-molybdenum property in southwestern Alaska (see note 6(a) of the accompanying financial statements). In March 2005, the Company announced it had reached an agreement to acquire the 20% remaining contractual interest in the Pebble Property from HDGI but has not finalized nor closed the transaction.

During the year ended December 31, 2005, the Company paid

- $nil (2004 – $112,000) to a private company controlled by Brian Mountford, a director, for engineering and project management services.
- $124,998 (2004 – $nil) to Shambhala Gold plc, a wholly owned subsidiary of Galahad Gold plc, for engineering and project management services provided to the Company by Brian Mountford, a director of the Company and a consultant to Galahad Gold plc.
- $203,225 (2004 – $148,567) to a private company controlled by Bruce Jenkins, the Chief Operating Officer of the Company's main subsidiary, for project management services.
- $47,421 (2004 – $nil) by Galahad Gold plc, a significant shareholder of the Company, for travel expenses.
- $11,835 (2004 – $nil) to a private company controlled by Morris Beattie, a director, for engineering services.

Refer also to item 1.2 for further discussion of the Pebble option agreements.

1.10 Fourth Quarter

The loss for the fourth quarter of 2005 decreased to $11,089,257 from $18,197,228 in the third quarter of the year due to seasonal exploration activity at the Pebble site and less stock based compensation in the fourth quarter of 2005 compared to the third quarter of 2005.

Exploration expenses decreased in the fourth quarter of the year to $10,482,894 from $15,334,997 in the third quarter of the year due to the timing of project expenditures and exploration activity.

Office and administration decreased by $242,375 in the fourth quarter of the year to $468,739 from $695,103 in the third quarter due to the seasonal decrease in exploration activities.

Stock-based compensation of $442,000 was charged to operations during fourth quarter of fiscal 2005, compared to $1,497,000 in the third quarter, due to a decrease in the number of stock options granted.

1.11 Proposed Transactions

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course or as described in items 1.6 or 1.7 above, before the board of directors for consideration.

1.12 Critical Accounting Estimates

The Company's accounting policies are presented in note 3 of the accompanying financial statements. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. These include:

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

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

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

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

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

Stock-based compensation expense

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

Asset retirement obligations

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

1.13 Changes in Accounting Policies including Initial Adoption

Variable interest entities

Effective January 1, 2005, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Accounting Guideline 15, "Consolidation of Variable Interest Entities" ("AcG15") on a prospective basis. AcG15 prescribes the application of consolidation principles for entities that meet the definition of a variable interest entity (“VIE”). An enterprise holding other than a voting interest in a VIE could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary whereby it would absorb the majority of the VIE’s expected losses, receive the majority of its expected residual returns, or both. The adoption of this new standard had no effect on the consolidated financial statements as management has determined the Company does not have any variable interest entities.

1.14 Financial Instruments and Other Instruments

None.

1.15 Other MD&A Requirements

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

1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue

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

1.15.2 Disclosure of Outstanding Share Data

The following details the share capital structure as of March 21, 2006, the date of this MD&A, subject to minor accounting adjustments.

	Expiry date	Exercise price	Number	Number
Common shares				61,128,836
Share purchase options	November 30, 2006	$ 4.65	100,000	
	November 30, 2006	$ 5.00	1,570,734	
	September 28, 2007	$ 5.40	150,000	
	November 30, 2007	$ 4.50	160,034	
	November 30, 2007	$ 5.31	620,366	
	December 14, 2007	$ 5.37	15,000	2,616,134
Warrants	September 18, 2006	$ 5.00	6,297,147	6,297,147

On March 15, 2005, the Company announced it had reached an agreement to acquire the 20% remaining carried contractual interests in the Resource Lands and the Exploration Lands for a purchase price consisting of 14,002,268 Northern Dynasty common shares. These 14,002,268 shares are **not** reflected in the above-noted figures (see note 6(a) of the accompanying financial statements).

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-X

APPOINTMENT OF AGENT FOR SERVICE OF PROCESS AND UNDERTAKING

A. Name of issuer or person filing ("Filer"): **NORTHERN DYNASTY MINERALS LTD.**

B. (1) This is:

[x] an original filing for the Filer

[ ] an amended filing for the Filer

(2) Check the following box if you are filing the Form F-X in paper in accordance with Regulation S-T Rule 101(b)(9) [ ]

C. Identify the filing in conjunction with which this Form is being filed:

Name of registrant:	**Northern Dynasty Minerals Ltd.**
Form type:	**Annual Report on Form 40-F**
File Number (if known):	**001-32210**
Filed by:	**Northern Dynasty Minerals Ltd.**
Date Filed (if filed concurrently, so indicate):	**Filed concurrently**

D. The Filer is incorporated or organized under the laws of the Province of British Columbia, Canada and has its principal place of business at Suite 1020, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V8, telephone number (604) 684-6365.

E. The Filer designates and appoints Corporation Service Company (“Agent”) located at Suite 400, 2711 Centerville Road, Wilmington, Delaware, USA 19808, telephone number 1-800-927-9800, as the agent of the Filer upon whom may be served any process, pleadings, subpoenas, or other papers in:

(a) any investigation or administrative proceeding conducted by the Commission; and

(b) any civil suit or action brought against the Filer or to which the Filer has been joined as defendant or respondent, in any appropriate court in any place subject to the jurisdiction of any state or of the United States or of any of its territories or possessions or of the District of Columbia, where the investigation, proceeding or cause of action arises out of or relates to or concerns the securities in relation to which the obligation to file an annual report on Form 40-F arises, or any purchases or sales of such securities. The Filer stipulates and agrees that any such civil suit or action or administrative proceeding may be commenced by the service of process upon, and that service of an administrative subpoena shall be effected by service upon such agent for service of process, and that service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

F. The Filer stipulates and agrees to appoint a successor agent for service of process and file an amended Form F-X if the Filer discharges the Agent or the Agent is unwilling or unable to accept service on behalf of the Filer at any time until six years have elapsed from the date the Filer has ceased reporting under the Exchange Act.

The Filer further undertakes to advise the Commission promptly of any change to the Agent's name or address during the applicable period by amendment of this Form, referencing the file number of the Form 40-F in conjunction with which the amendment is being filed.

G.

The Filer undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the Form 40-F, the securities to which the Form 40-F relates, and the transactions in such securities.

The Filer certifies that it has duly caused this power of attorney, consent, stipulation and agreement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Vancouver, Province of British Columbia, Country of Canada this 31 day of March, 2006.

NORTHERN DYNASTY MINERALS LTD.

By: */s/ JEFFREY R. MASON*
Name: **JEFFREY R. MASON**
Title: **Chief Financial Officer**

This statement has been signed by the following persons in the capacities and on the dates indicated.

CORPORATION SERVICE COMPANY

By: */s/ CAROL DOLOR*
Name: Carol Dolor
Title: Assistant Secretary
Date: **March 29, 2006**



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2005

This annual information form ("AIF") is prepared as of March 21, 2006

ITEM 1. TABLE OF CONTENTS

Page

ITEM 1. TABLE OF CONTENTS 2

ITEM 2. PRELIMINARY NOTES 3

INCORPORATION OF CONTINUOUS DISCLOSURE DOCUMENTS BY REFERENCE 3
GLOSSARY 4
RESOURCE CATEGORY (CLASSIFICATION) DEFINITIONS 4

ITEM 3. CORPORATE STRUCTURE 5

ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS 6

THREE YEAR HISTORY 6
SIGNIFICANT ACQUISITIONS AND SIGNIFICANT DISPOSITIONS 6

ITEM 5. DESCRIPTION OF BUSINESS 6

THE PEBBLE PROJECT 6
Summary 6
Property Agreements 8
Location, Access and Property Description 9
Topography and Climate 10
Exploration History 11
Property Geology 12
Mineralization 12
Estimates of Mineralization 13
Sampling, Analysis, Security and Quality Assurance/Quality Control Procedures 15
Recent work – 2005 Program 15
Plan of Operation – Fiscal 2006 17
RISK FACTORS 18

ITEM 6. DIVIDENDS 22

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE 22

ITEM 8. MARKET FOR SECURITIES 23

ITEM 9. ESCROWED SECURITIES 23

ITEM 10. DIRECTORS AND OFFICERS 23

ITEM 11. PROMOTERS 33

ITEM 12. LEGAL PROCEEDINGS 33

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 33

ITEM 14. TRANSFER AGENT AND REGISTRAR 34

ITEM 15. MATERIAL CONTRACTS 34

ITEM 16. INTERESTS OF EXPERTS 34

ITEM 17. ADDITIONAL INFORMATION 34

ITEM 18. DISCLOSURE FOR COMPANIES NOT SENDING INFORMATION CIRCULARS 35

ITEM 19. CONTROLS AND PROCEDURES 35

ITEM 20. AUDIT COMMITTEE, CODE OF ETHICS, ACCOUNTANT FEES AND EXEMPTIONS 36

ITEM 21. OFF BALANCE SHEET ARRANGEMENTS 36

ITEM 22. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS 37

ITEM 2. PRELIMINARY NOTES

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

Incorporation of Continuous Disclosure Documents by Reference

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

Incorporated by reference into this AIF are the audited consolidated financial statements and Management’s Discussion and Analysis for Northern Dynasty for the fiscal year ended December 31, 2005 together with the auditor’s report thereon. These documents are available for review on the SEDAR website located at www.sedar.com. All financial information in this AIF is prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

Documents incorporated by reference in this AIF include all audited and interim financial statements, proxy circulars, news releases and other continuous disclosure documents filed by Northern Dynasty, copies of which are available on request from the offices of Northern Dynasty or on the SEDAR web site (www.sedar.com).

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

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

Currency and Metric Equivalents

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. The Company’s accounts are maintained in Canadian dollars. The business activities of the Company, carried out through its subsidiary in Alaska, U.S.A. are conducted primarily with United States dollars. The rate of exchange

on December 31, 2005 as reported by the Bank of Canada, for the conversion of one United States dollar into one Canadian dollar was 1.1630.

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

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

Glossary

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

Composite Hydrothermal System

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

Hydrothermal Alteration

Alteration of rocks or minerals by the reaction of hot, or hydrothermal, water with pre-existing (or host) rocks or minerals. The products of this reaction may also be a hydrothermal mineral deposit, that is, gangue and ore minerals that have been deposited in fractures, faults, breccia openings, etc., by replacement or open-space filling from watery fluids of 50-700 degrees C temperature and of 1-3 kilobars pressure.

Induced Polarization ("IP") Survey

A geophysical survey used to identify a feature that appears to be different from the typical or background survey results when tested for levels of electro- conductivity; IP detects both chargeable, pyrite-bearing rock and non- conductive rock that has a high content of quartz. It is commonly used to explore for mineralization associated with porphyry copper deposits.

Mineral Symbols

Au - Gold; Ag - Silver; Al - Aluminum; Cu - Copper; Fe - Iron; Mo - Molybdenum; Na - Sodium; O - Oxygen; Pb - Lead; S - Sulphur; Zn - Zinc.

Porphyry deposit

A type of mineral deposit in which ore minerals are widely disseminated, generally of low grade but large tonnage.

Resource Category (Classification) Definitions

The discussion of mineral deposit classifications in this AIF adheres to the resource/reserve definitions and classification criteria developed in 2000 by the Canadian Institute of Mining. Estimated mineral resources fall into two broad categories dependent on whether the economic viability of them has been established and these are namely "resources" (potential for economic viability) and ore "reserves" (viable economic production is feasible). Resources are sub-divided into categories depending on the confidence level of the estimate based on level of detail of sampling and geological understanding of the deposit.

The categories, from lowest confidence to highest confidence, are inferred resource, indicated resource and measured resource. Reserves are similarly sub-divided by order of confidence into probable (lowest) and proven (highest). These classifications can be more particularly described as follows:

"**Mineral Resource**" means a deposit or concentration of natural, solid, inorganic or fossilized organic substance in such quantity and at such greater quality that extraction of the material at a profit is currently or potentially possible. "**Inferred Resource**" means the estimated quantity and grade of a deposit, or a part thereof, that is determined on the basis of limited sampling, but for which there is sufficient geological information and a reasonable understanding of the continuity and distribution of metals values to outline a deposit of potential economic merit. "**Indicated Resource**" means the estimated quantity and grade of a part of a deposit for which the continuity of grade, together with the extent and shape, are so well-established that a reliable grade and tonnage estimate can be made. "**Measured Resource**" means the estimated quantity and grade of that part of a deposit for which the size, configuration and grade have been very well established by observation and sampling of outcrops, drill holes, trenches and mine workings.

"**Mineral Reserve**" is that part of a resource which can be mined legally and at a profit under economic conditions that are specified and which are generally accepted as reasonable. Economic viability must be demonstrated by at least a preliminary feasibility study based on Indicated and Measured Resources. "**Probable Reserve**" means the estimated quantity and grade of that part of an Indicated Resource for which the economic viability has been demonstrated by adequate information and engineering, operating, economic and legal factors, at a confidence level that will allow positive decisions on major expenditures. "**Proven reserve**" is the estimated quantity and grade of that part of a Measured Resource for which the size, grade and distribution of values, together with technical and economic factors, are so well-established that there is the highest degree of confidence in the estimate. The term should be restricted to that part of a deposit being mined, or being developed and for which there is a mining plan.

ITEM 3. CORPORATE STRUCTURE

Northern Dynasty Minerals Ltd. is a mineral exploration company incorporated on May 11, 1983 pursuant to the *Company Act* of the Province of British Columbia (predecessor to the *British Columbia Corporations Act* currently in force), 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 by having a receipt issued for its initial prospectus offering by the British Columbia Securities Commission. Northern Dynasty was formerly listed on the Vancouver Stock Exchange (now the TSX Venture Exchange and herein generally "TSX Venture") from 1984-1987, interlisted on the Toronto Stock Exchange from 1987-1993, and unlisted but remained in good standing with all securities commissions from 1993 to 1994, and thereupon listed on TSX Venture from 1994 to present. In November 2004, the common shares of Northern Dynasty were also listed on the American Stock Exchange ("AMEX").

The head office of Northern Dynasty is located at Suite 1020, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6, telephone (604) 684-6365, facsimile (604) 684-8092. The Company's legal registered office is in care of its Canadian attorneys Lang Michener, Barristers & Solicitors, at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7, telephone (604) 689-9111, facsimile (604) 685-7084. Its wholly owned subsidiary, Northern Dynasty Mines Inc., is located 3201 C Street, Suite 604, Anchorage, Alaska, USA 99503.

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

ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Northern Dynasty is in the business of acquiring and exploring base and precious metal natural resource properties. For the past three years, Northern Dynasty has been focused on exploring the "Pebble Project" located in Alaska USA, which comprises of 1,331 mineral claims totaling approximately 39,600 hectares. The area comprising the Pebble Project hosts several copper, gold and molybdenum deposits, including the Pebble West and Pebble East deposits for which mineral resources have been outlined.

To December 31, 2005, Northern Dynasty's aggregate exploration expenditures on the Pebble Project total approximately $87 million with acquisition costs of approximately $17 million, bringing the total invested in the property to approximately $104 million. Northern Dynasty does not have any operating revenue, although historically it has had annual interest revenue as a consequence of investing surplus funds pending the completion of exploration programs. During fiscal 2006, Northern Dynasty plans to continue its exploration and development of the Pebble Project.

Significant Acquisitions and Significant Dispositions

During the year ended December 31, 2005, the Company negotiated the acquisition of HDGI's carried 20% interest in the Pebble Project for 14 million shares.

ITEM 5. DESCRIPTION OF BUSINESS

The Pebble Project

The following is a description of the Pebble Project at December 31, 2005.

Summary

Pursuant to an Assignment Agreement dated October 29, 2001 between Northern Dynasty and Hunter Dickinson Group Inc., ("HDGI"), a related party to the Company, the Company was assigned an 80% interest in two options, which had been granted by Teck Cominco American Incorporated ("Teck Cominco") under a single agreement to HDGI in respect of Teck Cominco's Pebble Property, which hosts a large copper-gold-molybdenum porphyry deposit and is located on state land in the State of Alaska.

The first of the two options permitted Northern Dynasty to purchase the previously drilled (by Teck Cominco) portions of the Pebble Property on which the majority of the known copper and gold mineralization was known to exist (the "Resource Lands"). The Resource Lands option required the payment of cash or shares during the three year term of the option (as extended by one year) and a balloon option payment at the end of the third year of approximately US$10 million (prior to November 30, 2004) at which time Northern Dynasty would own 80% of the Resource Lands (and HDGI, 20%).

The second part of the Teck Cominco option permitted Northern Dynasty to earn a 80% (and up to 100%, subject to HDGI's carried interest of 20%) interest in the remainder of the Pebble Property which was the

area outside of the known mineralization (the “Exploration Lands”) by doing 60,000 feet of exploration drilling by November 30, 2004.

As of November 30, 2004 Northern Dynasty had completed its option requirements and had exercised the option to acquire 80% of the Resource Lands and by February 2005, 80% of the Exploration Lands was acquired by exercise of the second option. Northern Dynasty thus currently controls 80% of the Pebble Property and is finalizing the acquisition of 100% of HDGI, which controls the remaining 20% of the Pebble Property. Northern Dynasty and HDGI will shortly be acquiring beneficial ownership of the Pebble Property from Teck Cominco American Inc. with registered title to the mining claims comprising the Pebble Property to be held and administered through their Alaska incorporated affiliate. Upon completion of the acquisition of the final 20% working interest, Northern Dynasty will own a 100% working interest in the Pebble project subject only to a nets profits royalty (4-5% of net profits after project debt payback) held by Teck Cominco on the Exploration Lands.

Northern Dynasty’s program in fiscal 2005 involved exploration drilling of the Pebble East Deposit on the eastern flank of the Pebble West (formerly Pebble) Deposit, and the continued collection of environmental and socioeconomic data and ongoing engineering studies towards a feasibility study and initiation of the permitting process.

The 2006 program is focused on thoroughly assessing the Pebble East Deposit through drilling and engineering studies to integrate it into the overall mine plan for the project. The drilling component of the program consists of 100,000 ft (30,500 m). Comprehensive engineering, environmental, and socioeconomic programs, designed to collect input for a feasibility study for a long life mining operation, will continue in parallel with the drilling program. Work on the Integrated Development Plan for the overall project would commence in 2006 and extend through 2007.

Northern Dynasty does not have any operating revenue, although historically it has had annual interest revenue as a consequence of investing surplus exploration funds pending the completion of exploration programs. Metals prices have traditionally seen multi-year cycles of higher and lower prices, which often impact the availability of exploration and development funds in years with depressed prices.

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

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

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

The Company completed a private placement financing for gross proceeds of C$30.5 million in March 2005 and at December 31, 2005, had working capital of $11.0 million and approximately 6.9 million in-the-money warrants (exercisable at $5.00) and 2.9 million in-the-money share purchase options (exercisable at an average weighted price of $5.05). However, it will likely have to raise additional funds to carry on the planned 2006 exploration program. If the equity markets for resource issuers are not receptive to additional financings, Northern Dynasty would likely have to reduce the planned expenditures.

Property Agreements

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

The Company was assigned the 80% interest together with the right to acquire the remaining 20% contractual interests in these option agreements from HDGI in consideration of the Company reimbursing HDGI's costs of $584,655 in connection with the options, which included the staking of 134 claims to expand the property and 30 kilometers of induced polarization surveying over the new claims, and agreeing to "carry"(i.e. pay for) HDGI's 20% share of costs in connection with the exercise requirements under the Options.

The Resource Lands Option was extended by one year in an agreement dated December 19, 2002 under which the Company issued to Teck Cominco 200,000 shares for the extension. Pursuant to the Resource Lands Option the Company had the right to purchase the 36 claims of the Resource Lands, subject to HDGI's 20% carried interests, by paying Teck Cominco US$10 million in cash or shares prior to November 30, 2004, which it did on November 23, 2004 by the issuance of 1,772,775 shares to Teck Cominco (total value of $11,788,621). Teck Cominco had the right for 180 days to elect whether to require the Company to manage the resale of these shares in a manner where Teck Cominco would be guaranteed the US$10 million in resale proceeds net of any excess or deficiency adjustments from resales of other blocks of shares which the Company managed. The actual adjusted amount was US$9,938,600 based on previous excess proceeds of resale. On May 9, 2005, Teck Cominco elected for the Company to guarantee the adjusted amount of US$9,938,600 in resale proceeds of the 1,772,775 shares. Teck Cominco's resale proceeds are to be credited against the guaranteed amount; any share resale surplus shares are to be returned to the Company's treasury, and any share resale proceeds shortfall below the US$9,938,600 are to be made up by the Company in cash or through the issuance of additional shares. Under the agreement, the Company is to ensure proceeds totalling US$9,938,600 by May 22, 2006. Additionally, the Company is required to manage the sale of at least US$1 million in each 3 month period commencing May 22, 2005. In the event that the proceeds are less than US$9,938,600, the Company is required to pay 110% of the shortfall, prior to May 22, 2007.

At December 31, 2005, 473,700 of the 1,772,775 shares had been sold for proceeds of US$2,039,902. Subsequent to the year end and to February 28, 2006, the Company managed the sale of an additional 1,276,414 shares for proceeds paid to Teck Cominco of US$7,893,984. At February 28, 2006, the Company is required to manage the resale of the remaining shares where Teck Cominco would be guaranteed resale proceeds of US$4,715.

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

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

Teck Cominco had the right, until August 24, 2005, to elect whether to require the Company to manage the resale of these shares in a manner where Teck Cominco would be guaranteed US$4 million in resale proceeds by August 24, 2006. On July 18, 2005, Teck Cominco elected for the Company to guarantee the US$4 million in resale proceeds. Teck Cominco's resale proceeds will be credited with any share resale surplus returned to the Company's treasury, and should the share resale shortfall below the US$4 million required amount, the shortfall must be made up by the Company in cash or through the issuance of additional shares. At December 31, 2005, none of the original 977,795 shares had been sold and the surplus on the price protection guarantee for the Resource and Exploration Lands Options was $252,047.

Subsequent to the year end and to February 28, 2006, the Company managed the sale of 653,686 shares for proceeds paid to Teck Cominco of approximately US$3,994,028. The Company is required to manage the resale of the remaining shares where Teck Cominco would be guaranteed resale proceeds of US$5,972.

Upon payment in full by the Company of the guaranteed amount of the combined US$14 million of resale proceeds to Teck Cominco, the exercise of the Exploration Lands Option and the Resource Lands Option will be completed and the Company will vest its interest and take registered title to the claims comprising them, subject to acquisition of HDGI's interest.

As a consequence of electing to exercise the Options, the Company was entitled under the Assignment Agreement with HDGI to elect to acquire HDGI's 20% carried contractual interests in the Options for cash or share consideration equal to the independently appraised value of the carried interests. The valuation was required to be acceptable to the TSX Venture Exchange. No commissions or finders' fees were payable in respect of the acquisition of the carried interests in the Options. On March 15, 2005, the Company announced it had reached an agreement with HDGI to acquire the 20% carried contractual interests for a purchase price of 14,002,268 common shares. The agreed number of shares was based on negotiations between the Company and HDGI with reference to an independent valuation of the carried interests performed by Ross Glanville & Associates Ltd; the valuation was publicly filed at www.sedar.com. The TSX Venture Exchange and the American Stock Exchange accepted the acquisition transaction in May and June 2005, respectively. The transaction to acquire HDGI's carried interests will be completed by way of an acquisition of the corporation, HDGI.

HDGI and NDM are finalizing the acquisition of the 20% carried interest. On completion of the acquisition of HDGI and the discharge of Teck Cominco's share resale guarantees, Northern Dynasty, together with one or more 100% subsidiaries, will own a 100% right title and interest in the entire Pebble property (subject only to the Teck Cominco net profits interest in the Exploration Lands portion of the property).

Other interim option payments to Teck Cominco were made during 2001 to 2004, including US$250,000 in cash plus 500,000 two-year share purchase warrants (exercisable at $0.75) prior to December 31, 2001 and 500,000 shares and 500,000 two-year share purchase warrants (exercisable at $1.15) prior to March 31, 2002 and a further 500,000 shares and 250,000 warrants before December 31, 2002. Pursuant to an agreement to extend the deadline to purchase the Resource Lands from November 30, 2003 to November 30, 2004 an additional 200,000 shares were issued to Teck Cominco on December 19, 2002.

Location, Access and Property Description

The Pebble Property is located in the Iliamna region of southwestern Alaska. It is approximately 236 mi (380 km) southwest of Anchorage and 17 mi (27 km) northwest of the village of Iliamna (Figure 1).

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

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

The property forms a continuous block consisting of 1,331 located Alaska State mineral claims totaling 39,600 hectares (98,000 acres). Annual rental fees are US$160,295 and annual assessment work obligations are US$245,000.

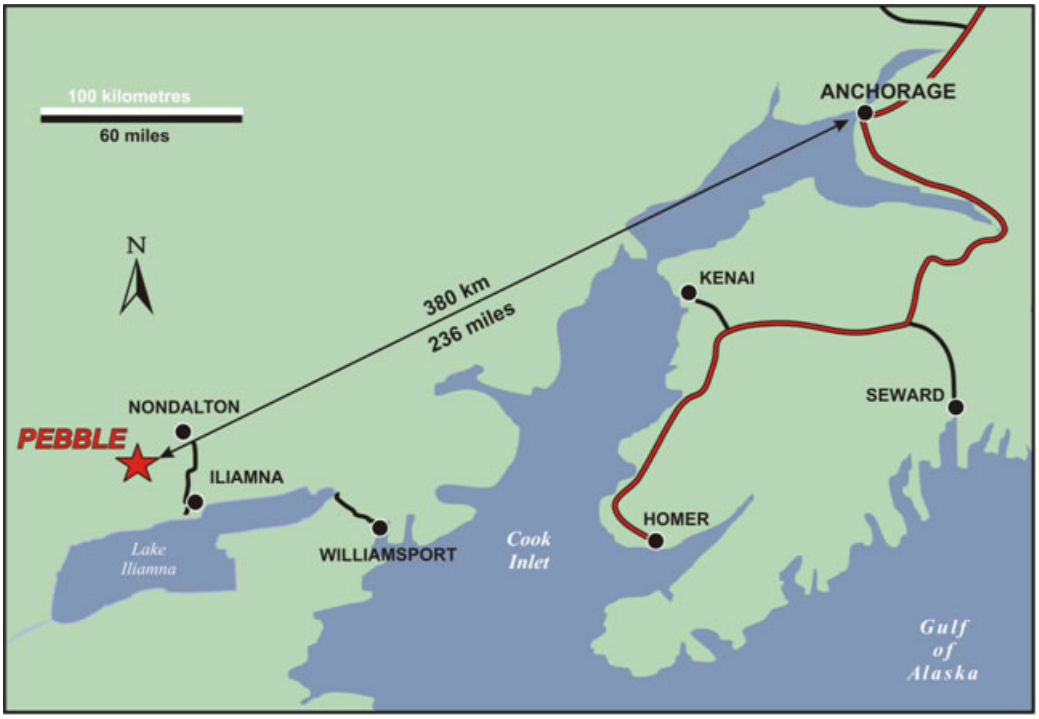


Figure 1 Location

Topography and Climate

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

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

Exploration History

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

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

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

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

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

In November, 2004, a preliminary economic assessment of the Pebble project was done based on the early 2004 resource estimate for the Pebble Deposit, now know as the Pebble West Deposit. The technical report, entitled "Preliminary Assessment of the Pebble Gold-Copper-Molybdenum Project, Iliamna Area, Alaska, USA" was completed in November 2004 by qualified persons Derek J. Barratt, P.Eng., and Peter G. Beaudoin, P.Eng., and is filed on www.sedar.com. The Preliminary Assessment was

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

prepared in order to provide guidance for the ongoing engineering work that will ultimately define the optimal scale of production.

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

Drilling identified a significant, new porphyry centre on the eastern side of the Pebble West Deposit beneath a cover of Tertiary rocks that apparently thickens to the east. Additional drilling in this area in 2005 expanded the Pebble East Deposit laterally and to the west (see Property Geology and Estimates of Mineralization below for further details).

Property Geology

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

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

The Pebble East Deposit, discovered in 2005, occurs in a large mineralized intrusion under a cover of younger and unmineralized rocks. The dimensions of Pebble East Deposit are not yet fully defined, but results from 16 holes drilled so far indicate the new porphyry system hosts a substantial volume of mineralized material with excellent copper, gold and molybdenum grades. The area influenced by the widely spaced drill holes measures about 4,000 ft by 4,000 ft (1,200 m by 1,200 m). The work indicates that the mineralized intrusive rock is up to 4,000 ft (1,200 m) from north to south, 4,000 ft (1,200 m) from east to west and extends up to 2,400 ft (730 m) vertically, with grades higher than the adjoining Pebble West Deposit.

Mineralization

Mineralization, consisting principally of pyrite, chalcopyrite and molybdenite, occurs in zones of strong potassium-silicate alteration in and disseminated adjacent to quartz-vein stockworks in all rock types. It is strongest in and near the upper parts of the granodiorite stocks, especially in diorite sills, and in a major granodiorite sill. In the Pebble West Deposit, the copper/gold ratio is about 1% copper to 1.2 g/t gold. The copper/molybdenum ratio is about 20/1. In the Pebble East Deposit, the gold/copper ratio is more variable, generally being between 0.5 and 1.0 with some zones much lower than this and a few 33-ft (10-m) intervals with gold values from 30-65 g/t and copper values less than 1%. The copper/molybdenum ratio ranges widely and decreases strongly below 3000 ft (915 m) beneath the surface.

In the Pebble West and East Deposits, copper-gold-molybdenum mineralization extends over a known area of 9,800 ft (3 km) by 7,220 ft (2.2 km) and to a depth of 1,970 ft (600 m) in the Pebble West deposit, and to a depth of 3,940 ft (1,200 m) in the Pebble East deposit.

Estimates of Mineralization

Cautionary Note to U.S. Investors Concerning Estimates of Measured and Indicated Resources

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

Detailed drilling on the Pebble West Deposit in 2004 led to an updated resource estimate that was announced in March 2005. In January 2006, the Company announced the results of an initial resource estimate for the new Pebble East Deposit. The resource estimate is based upon drill core assay results from 68,500 ft (20,890 m) of drilling in 22 holes completed by Northern Dynasty.

Pebble West Deposit – Measured Plus Indicated Mineral Resources [2,3]								
Cut-Off	Size	Grade				Contained Metal		
CuEQ[6] %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ[7] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	**3,026**	**0.28**	**0.32**	**0.015**	**0.56**	**18.8**	**31.3**	**993**
0.50	1,628	0.35	0.39	0.018	0.69	12.7	20.5	629
0.70	**569**	**0.46**	**0.50**	**0.021**	**0.88**	**5.8**	**9.1**	**265**

Cautionary Note to U.S. Investors Concerning Estimates of Inferred Resources

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

Pebble West Deposit – Inferred Mineral Resources [4,5]								
Cut-Off	Size	Grade				Contained Metal		
CuEQ[6] %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ[7] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	**1,130**	**0.24**	**0.30**	**0.014**	**0.50**	**5.9**	**10.8**	**361**
0.50	417	0.31	0.42	0.018	0.67	2.9	5.6	168
0.70	**143**	**0.40**	**0.56**	**0.020**	**0.85**	**1.3**	**2.6**	**62**

[2] The resource estimate was completed under the direction of David W. Rennie, P. Eng. of Roscoe Postle Associates Inc., and R. Mohan Srivastava, M.Sc., P.Geo., of FSS Canada Consultants Inc., independent Qualified Persons as defined by Canadian regulatory policy NI 43-101.

Pebble East Deposit – Inferred Mineral Resources[3,4,5]								
Cut-Off	Size	Grade				Contained Metal		
CuEQ[6] %	Million Tonnes	Copper %	Gold g/t	Molybdenum %	CuEQ[7] %	Copper B lb	Gold M oz	Molybdenum M lb
0.30	2,126	0.55	0.34	0.037	0.97	25.9	23.5	1,717
0.60	1,832	0.60	0.37	0.038	1.05	24.3	22.1	1,547
0.70	1,611	0.64	0.40	0.039	1.10	22.6	20.5	1,398
1.00	947	0.77	0.48	0.040	1.28	16.0	14.5	830

Note 4

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

Note 5

An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity.

Note 6

A 0.30% CuEQ cut-off is considered to be comparable to that used for porphyry deposit operations in the Americas, but is subject to completion of a feasibility study. For bulk underground mining, higher cut-offs such as 0.60% CuEQ are typically used. For the above resource estimates, cut-off grades were established by the following method:

Note 7

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

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

Breakeven operating costs:

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

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

CuEQ%	= Cu% + (Au g/t * Au$/g / Cu$/%) + (Mo% * Mo$/% / Cu$/%)
where:	Cu$/% = $1.00*22.046 = $22.06
	Au$/g = $400/31.1035 = $12.86
	Mo$/% = $6.00*22.046 = $132.28

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

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

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

Pebble East (Underground Bulk Mining Scenario)

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

[3] Prepared by the technical staff of Northern Dynasty and audited by consultants at Roscoe Postle Associates Inc., under the direction of David W. Rennie, P. Eng., an independent Qualified Person as defined by National Instrument 43-101. A technical report detailing the resource estimate has been filed on www.sedar.com.

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

For details on the sampling and analytical procedures at Pebble, see Northern Dynasty's Annual Information Form or Form on 20F for the 2004 fiscal year.

Recent work – 2005 Program

Drilling

The 2005 drilling program began on April 1, and to December 31 comprised 75,880 ft (23,128 m) in 43 holes focused on metallurgical drilling to obtain samples for testing, exploration drilling focused on determining the extent and potential of higher grade mineralization located in what is now known as the Pebble East Deposit, and soils engineering drilling for testing sites for mill buildings and tailing storage areas.

Feasibility Study

The feasibility study continued to advance in 2005, but at the end of the year plans for its completion were under review to assess the effect of the inclusion of the Pebble East Deposit. The current concept is to continue the analysis of the open pit case for the Pebble West Deposit, which will then serve as a basis for a final study of the overall project. The study, incorporating Pebble East into the overall project plan, would be completed as an Integrated Development Plan (IDP). Work on the IDP would commence in 2006 and extend through 2007.

Optimization opportunities are also being considered. Two of these – in-pit crushing and revisions to the crushed ore stockpile – have been incorporated into the Pebble West study plans. The optimization work will continue in parallel with the completion of the current phase of the study. In addition, data collection will commence to support the study of Pebble East.

Metallurgy and Process Plant Design

Late in the year, the study team completed their analysis of the grinding characteristics of the Pebble West mineralization. This work included completion of the testwork, collection of corroborative grinding data, and reconciliation of the two data sets. As a result, a rigorous model has been developed to support the Pebble West study plans. The data were then incorporated into a grindability model for use by the mine planners. Additional grinding data will be collected during 2006 to support the Pebble East study.

Flotation testwork for Pebble West included a large scale program to produce sufficient samples for additional specific tests (e.g. tailings analysis, concentrate quality, filtration, etc.). The locked cycle program, designed to formulate the process flowsheet, was completed and variability testwork commenced.

In the fourth quarter, the study team completed further analysis of the testwork results, then initiated work to assess alternate flowsheets focused on enhancing gold recovery. The initial tranche of tests was completed during the fourth quarter with promising results. Accordingly, the remaining portion of the variability program (approximately 25% of the total program) was deferred while a new series of batch and locked cycle tests were completed to test the alternate flowsheets. This work is expected to be complete during the first quarter of 2006. An economic analysis will be completed to test the results and select the preferred alternative. Following that selection, the variability work will be completed to form the basis of the Pebble West process design for the IDP.

Mining

The Pebble West mine plan has been updated to incorporate the new grinding data, the in-pit crushing alternative, and revisions to the tailings structure design. The study base case is incorporating only measured and indicated resources.

As part of the preparatory work for the IDP, a series of analyses will be completed on the mine plan to evaluate the impact of varying the cutoff grade and plant throughput. These results will be tested in the project's financial model to determine the starting point for the IDP.

Tailings and Water Management

The tailings facility feasibility design was developed and reviewed. General concepts in the current design (Mine Development Concept 25) were endorsed. Some minor revisions were made, particularly to sequencing of certain components. This latter work will be included in the current phase of the study and this work will continue through 2006 as part of the IDP.

Infrastructure

Homer Electric Association ("HEA") continued the joint study of power supply alternatives late in 2005. HEA currently assessing alternative fuel sources for the proposed power plant. HEA anticipates that the results of this review will be available to the Company during the first quarter of 2006.

Northern Dynasty continued to liaise with representatives of the State of Alaska regarding the latter's continuing design of the road and port system that would service southwestern Alaska. The Company also completed its independent designs for both the road and the port.

A concentrate pipeline design has been developed. With this design, the alternative of utilizing the pipeline to pump, rather than truck, lime from the port to the mine site will form the base case.

A trade-off study of other transportation opportunities was also completed near year end. Several alternatives were identified that merit further analysis during 2006.

Environmental, Cultural and Socio-Economic

The 2005 environmental, cultural and socio-economic programs were completed as planned with all targets for data collection and stakeholder communications being met.

The environmental program included surface, ground and water quality monitoring and testing; collection of samples and testing for min rock characterization studies; wildlife and fish aquatics studies (both freshwater and marine studies [at port site]); wetland plant studies to assess any project affects as they might relate to the mitigation requirements under the US Clean Waters Act; and studies of Lake Iliamna to assess any potential impacts from infrastructure development.

In addition, extensive research was carried out in partnership with the State of Alaska's Department of Fish and Game. Information was collected through a detailed interview process that involves many participants in over 20 local villages. This data will be transferred into a GIS framework from which the potential effects of the project development activities on subsistence resources (wildlife and plants) and their use can be evaluated. All the information collected will be carefully guarded by the consultant and will, ultimately, be the property of those interviewed. The 2005 activity will continue through the winter and early spring of 2006.

Archaeological studies have been carried out on all areas that might be disturbed by the project with the exception of the road and port. The latter studies, not expected until 2006, will be implemented once a decision is made regarding the exact location of these project features.

Stakeholder Relations

Northern Dynasty continued with its communication efforts with the stakeholders in Alaska. Meetings include the entire range of stakeholders, from the citizens of the local villages to representatives of Alaska's Legislature and others who seek information about the Pebble Project. In all, the Company has conducted over 310 meetings and site tours for stakeholders and hosted two community leaders seminars. During these sessions the Company shared its information regarding project planning and data acquired from the environmental studies. The leaders provided Northern Dynasty with valuable insights regarding issues that concern them and their desire to consider the economic opportunities and regional stability that could be provided by the Pebble Project. This community engagement effort is consistent with Northern Dynasty's stakeholder relations commitment, and already it can be shown that individuals now have a greater understanding of the project concept.

Plan of Operation – Fiscal 2006

The 2006 program is focused on thoroughly assessing the Pebble East Deposit through drilling and engineering studies in order to integrate this new discovery into the overall mine plan for the project. The drilling component of the program consists of 100,000 ft (30,500 m), in the first of a two-stage program. Stage 2 is contingent on the results of stage 1.

Comprehensive engineering, environmental, and socioeconomic programs toward a feasibility study for a long life mining operation, will continue in parallel with the drilling program. Work on the IDP would commence in 2006 and extend through 2007.

The planned expenditures are:

Drilling	CDN$ 15.0 million
Engineering (testing, feasibility studies and Integrated development plan work)	7.1 million
Environmental and Socioeconomic (continued baselines studies and reports; stakeholder engagement)	17.1 million
Administration (Vancouver)	3.6 million
Administration (Anchorage)	0.9 million
TOTAL	**CDN$ 43.7 million**

Risk Factors

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

The risks associated with Northern Dynasty's business include:

As Northern Dynasty's mineral properties do not contain any reserves or any known body of economic mineralization, Northern Dynasty may not discover commercially exploitable quantities of ore on its mineral properties that would enable it enter into commercial production, achieve revenues and recover the money it spends on exploration.

Although there are known bodies of mineralization on the Pebble Property, and Northern Dynasty has completed a core drilling programs within, and adjacent to, the deposits to determine measured and indicated resources to allow for completion of planned feasibility studies, there are currently no known reserves or body of commercially viable ore and the Pebble Property must be considered an exploration prospect only. Extensive additional work is required before Northern Dynasty can ascertain if any mineralization may be economic and hence constitute 'ore". Engineering, socioeconomic and environmental studies are ongoing. Additional drilling is planned to further define the Pebble East Deposit. Exploration for minerals is a speculative venture necessarily involving substantial risk. If the expenditures Northern Dynasty makes on the Pebble Property do not result in discovery and development of commercial quantities of ore, the value of exploration and acquisition expenditures will be totally lost and the value of Northern Dynasty stock negatively impacted.

The Mineral Resources estimates presented by Northern Dynasty for the Pebble Property are estimates only and there is no assurance that these resources represent economically recoverable mineralization.

Northern Dynasty has included mineral resource estimates that have been made in accordance with Canadian National Instrument 43-101. These resources estimates are classified as "measured resources", "indicated resources" and "inferred resources". Northern Dynasty advises investors that while these terms are recognized and required by Canadian securities regulations, 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 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 pre-feasibility 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 Property or any other identified mineral deposit will ever qualify as a commercially mineable (or viable) orebody 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.

Northern Dynasty will require significant additional financing in order to continue its exploration activities and its assessment of the commercial viability of the Pebble Property.

Northern Dynasty will need to raise additional financing to complete feasibility studies for the Pebble Property. If the costs of Northern Dynasty's planned exploration programs are greater than anticipated, Northern Dynasty may have to seek additional funds through public and private share offerings, arrangements with corporate partners, or debt financing. There can be no assurance that Northern Dynasty will be successful in its efforts to raise these required funds, or on terms satisfactory to it. The continued exploration of the Pebble Property and the development of Northern Dynasty's business will depend upon Northern Dynasty's ability to establish the commercial viability of the Pebble Property and to ultimately develop its cash flow from operations and reach profitable operations. Northern Dynasty is currently in the exploration stage and has no revenue from operations and is experiencing significant negative cash flow. Accordingly, the only other sources of funds presently available to Northern Dynasty are through the sale of equity and debt capital. Alternatively, Northern Dynasty may finance its business by offering an interest in its mineral properties to be earned by another party or parties carrying out further exploration and development thereof or to obtain project or operating financing from financial institutions. If Northern Dynasty is unable to obtain this additional financing, Northern Dynasty will not be able to continue its exploration activities and its assessment of the commercial viability of the Pebble Property.

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

Northern Dynasty has a long history of losses and there can be no assurance that Northern Dynasty will ever be profitable. Northern Dynasty has paid no dividends on its shares since incorporation. Northern Dynasty presently has no ability to generate earnings as its mineral properties are in the exploration stage. If Northern Dynasty is successful in developing the Pebble Property, Northern Dynasty anticipates that it will retain future earnings and other cash resources for the future operation and development of its business. Northern Dynasty does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends is solely at the discretion of Northern Dynasty's board of directors, which will take into account many factors including Northern Dynasty's operating results, financial conditions and anticipated cash needs. For these reasons, Northern Dynasty may never achieve profitability or pay dividends.

Northern Dynasty's consolidated financial statements have been prepared assuming Northern Dynasty will continue on a going concern basis, but there can be no assurance that the Company will continue as a going concern.

Northern Dynasty's consolidated financial statements have been prepared on the basis that Northern Dynasty will continue as a going concern. At December 31, 2005, Northern Dynasty had working capital of approximately $11 million, which may not be sufficient to meet its planned business objectives. Management recognizes that Northern Dynasty will need to generate additional financial resources in order to meet its planned business objectives. There can be no assurances that Northern Dynasty will continue to obtain additional financial resources and/or achieve profitability or positive cash flows. If Northern Dynasty is unable to obtain adequate additional financing, Northern Dynasty will be required to curtail operations and exploration activities. 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 differ significantly from the going concern basis.

As the Pebble Property is Northern Dynasty's principal mineral property, the failure of Northern Dynasty to establish that the Pebble Property possesses commercially viable deposits of ore will cause a significant decline in the trading price of Northern Dynasty's common shares and reduce its ability to obtain new financing.

The Pebble Property is Northern Dynasty's principal mineral property. Northern Dynasty's principal business objective is to carry out further exploration activities to establish whether the Pebble Property possess commercially viable deposits of ore. If Northern Dynasty in not successful in this plan of operations, Northern Dynasty may have to seek a new mineral property to explore or acquire an interest in a new mineral property or project. Northern Dynasty anticipates that such an outcome would result in a significant decline in the trading price of Northern Dynasty's common shares. Further, 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 Property.

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

The ability of Northern Dynasty to raise financing to fund its exploration activities and, if warranted, development of the Pebble Property, will be significantly affected by changes in the market price of the metals it mines or explores for. The prices of copper, gold and molybdenum are volatile, and are affected by numerous factors beyond Northern Dynasty's control. The level of interest rates, the rate of inflation, the world supplies of and demands for copper, gold and molybdenum and the stability of exchange rates can all cause fluctuations in these prices. Such external economic factors are influenced by changes in international investment patterns and monetary systems and political developments. The prices of copper, gold and molybdenum have fluctuated in recent years, and future significant price declines could cause investors to be unprepared to finance exploration of copper, gold and molybdenum, with the result that Northern Dynasty may not have sufficient financing with which to funds its exploration activities. In this event, Northern Dynasty may not be able to carry out planned exploration activities and, if warranted, development of the Pebble Property with the result that Northern Dynasty may not be able to continue its plan of operations.

The exercise of outstanding options and share purchase warrants issued by Northern Dynasty will result in the issuance by Northern Dynasty of additional common shares and the unrestricted resale of these additional common shares may have a depressing effect on the current trading price of Northern Dynasty's common shares.

At March 21, 2006, Northern Dynasty had 61,128,836 common shares and 2,616,134 share purchase options and 6,297,147 warrants outstanding. The Company has also reached an agreement to acquire through the purchase of Hunter Dickinson Group Inc., the 20% remaining carried contractual interests in the Resource Lands and Exploration Lands for a purchase price consisting of 14,002,268 Northern Dynasty common shares, which have yet to be issued as at the date of this AIF. The resale of outstanding shares from the exercise of dilutive securities and issuance of common shares for the Resource and Exploration Lands property acquisitions could have a depressing effect on the market for Northern Dynasty's common shares.

Northern Dynasty competes with larger, better capitalized competitors in the mining industry.

The mining industry is competitive in all of its phases, including financing, technical resources, personnel and property acquisition. It requires significant capital, technical resources, personnel and operational experience to effectively compete in the mining industry. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over Northern Dynasty. Northern Dynasty faces strong competition from other mining companies, some with greater

financial resources, operational experience and technical capabilities than Northern Dynasty does. As a result of this competition, Northern Dynasty may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms Northern Dynasty considers acceptable or at all.

The adoption of new or additional environmental legislation governing the Pebble Property could increase the costs to Northern Dynasty of exploring and, if warranted, developing the Pebble Property and could delay these activities.

Northern Dynasty must comply with applicable environmental legislation in carrying out is exploration and, if warranted, development of the Pebble Property. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Changes in environmental legislation could increase the cost to Northern Dynasty of carrying out its exploration and, if warranted, development of the Pebble Property. Further, compliance with new or additional environmental legislation may result in delays to Northern Dynasty's exploration and, if warranted, development activities.

Changes in government regulations and the presence of unknown environmental hazards on Northern Dynasty's mineral properties may result in significant unanticipated compliance and reclamation costs that may increase the costs to Northern Dynasty of exploring and developing the Pebble Property.

Government regulations relating to mineral rights tenure, permission to disturb areas and the right to operate and export minerals can adversely affect Northern Dynasty. Northern Dynasty may not be able to obtain all necessary licenses and permits that may be required to carry out exploration at our projects. Environmental hazards may exist on the properties in which Northern Dynasty holds interests which are unknown to Northern Dynasty at present and which have been caused by previous or existing owners or operators of the properties. The presence of such environmental hazards may result in Northern Dynasty being required to comply with environmental reclamation, closure and other requirements that may involve significant costs and other liabilities. Any changes in regulations or shift in political attitude are beyond the control of Northern Dynasty and may adversely affect its business.

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

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. Northern Dynasty may become subject to liability for pollution, cave-ins or hazards against which it cannot insure. The payment of such liabilities would result in increase in Northern Dynasty's operating expenses which would, in turn, have a material adverse effect on Northern Dynasty's financial position and its results of operations. Although Northern Dynasty maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or Northern Dynasty might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event Northern Dynasty could incur significant liabilities and costs that could materially increase Northern Dynasty's operating expenses.

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

The market price of a publicly traded stock, especially a resource issuer like Northern Dynasty, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of market for resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Company's common shares

suggests Northern Dynasty's shares will continue to be volatile. Therefore, investors could suffer significant losses if Northern Dynasty's shares are depressed or illiquid when an investor seeks liquidity and needs to sell Northern Dynasty shares.

If Northern Dynasty loses the services of the independent contractors that it engages to undertake its exploration, then Northern Dynasty's plan of operations may be delayed or be more expensive to undertake than anticipated.

Northern Dynasty's success depends to a significant extent on the performance and continued service of certain independent contractors, including Hunter Dickinson Inc ("HDI"). The Company has access to the full resources of HDI, an experienced exploration and development firm with in-house geologists, engineers and environmental specialists, to assist in its technical review of the various opportunities; however the Company does not have the right to require HDI to bring to the Company all corporate opportunities that come to HDI's attention. Northern Dynasty has contracted the services of professional drillers and other contractors for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could result in the exploration activities planned to be undertaken by Northern Dynasty being delayed or being more expensive to undertake than anticipated.

Potential Conflicts of Interest.

Directors of Northern Dynasty also serve as directors of other similar companies involved in natural resource development. Accordingly, it may occur that new exploration properties will be offered to such other companies. Furthermore, those other companies may participate in the same properties as those in which Northern Dynasty has an interest. As a result, there may be situations which involve a conflict of interest. In that event, the conflicted directors would not be entitled to vote at meetings of directors which evoke any such conflict. The directors will attempt to avoid dealing with such other companies in situations where conflicts might arise and will at all times use their best efforts to act in the best interests of Northern Dynasty.

ITEM 6. DIVIDENDS

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

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

Northern Dynasty's share capital consists of one class only, namely common shares without par value, of which an unlimited number of shares are authorized and 60,092,607 common shares without par value were issued and outstanding as fully paid and non-assessable as of December 31, 2005. As of March 21, 2006, there were 61,128,836 common shares issued and outstanding as fully paid and non-assessable. The accompanying audited consolidated financial statements provide details of all share issuances effected by Northern Dynasty in the issue price per share since January 1, 2003.

There are approximately 3.6 million shares of Northern Dynasty which are held by or on behalf of Northern Dynasty by non-Canadians.

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

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

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

ITEM 8. MARKET FOR SECURITIES

The following table shows the progression in high and low trading prices of the common shares of Northern Dynasty on the TSX Venture Exchange and AMEX for the periods listed.

	TSX Venture			AMEX		
			Average Daily			Average Daily
	High (Cdn$)	Low (Cdn$)	Trading Volume	High (US$)	Low (US$)	Trading Volume
Monthly						
December 2005	6.15	5.00	95,365	5.32	4.31	136,586
November 2005	5.59	5.00	93,809	4.70	4.31	66,567
October 2005	5.72	4.85	94,910	4.90	4.14	101,591
September 2005	5.75	4.25	88,567	4.97	3.56	117,929
August 2005	4.50	4.05	52,595	3.73	3.40	54,304
July 2005	4.66	4.30	65,805	3.87	3.49	48,865
June 2005	5.10	4.62	18,504	4.09	3.71	64,932
May 2005	5.20	4.60	28,033	4.17	3.64	66,192
April 2005	5.65	4.80	38,171	4.44	4.22	57,976
March 2005	6.75	4.95	176,895	5.47	4.03	200,291
February 2005	5.25	4.62	56,950	4.26	3.68	74,721
January 2005	5.51	4.27	49,515	4.60	3.43	70,075

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

ITEM 9. ESCROWED SECURITIES

There are no shares of Northern Dynasty held in escrow.

ITEM 10. DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and officers of the Company, their principal occupations during the past five years, and the period of time they have served as directors or officers of Northern Dynasty are as follows. Except where indicated, each director and senior officer of Northern Dynasty has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years, and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at March 21, 2006

Name, Position and Country of Residence	Period a Director of Northern Dynasty	Securities Beneficially Owned or Controlled
Morris Beattie Director Vancouver, British Columbia	Since August 2005	10,000 Common Shares 40,000 Options (1)
David J. Copeland Director Vancouver, British Columbia	Since June 1996	46,100 Common Shares 115,000 Options (3)
Scott D. Cousens Director Vancouver, British Columbia	Since June 1996	6,000 Common Shares 115,000 Options (3)
Robert A. Dickinson Chairman of the Board and Director Lions Bay, British Columbia	Since June 1995	1,115,000 Common Shares (6) 115,000 Options (3)
David Elliott Director Vancouver, British Columbia	Since July 2004	100,000 Options (2)
Gordon J. Fretwell Director West Vancouver, British Columbia	Since July 2004	100,000 Options (2)
Wayne Kirk Director San Rafael, California	Since July 2004	100,000 Options (2)
Jeffrey R. Mason Secretary, Chief Financial Officer and Director Vancouver, British Columbia	Since June 1996	38,400 Options (5)
Walter T. Segsworth Director West Vancouver, British Columbia	Since September 2004	100,000 Options (4)
Ronald W. Thiessen President, CEO and Director West Vancouver, British Columbia	Since November 1995	1,000 Common Shares 115,000 Options (2)
Ian Watson(7) Director London, England	Since July 2003	115,000 Options (2)

Notes:

1. Mr. Beattie holds options to purchase 40,000 common shares at an exercise price of $5.31 per share expiring on November 30, 2007.

2. Mr. Elliott, Mr. Fretwell, and Mr. Kirk each hold options to purchase 100,000 common shares at $5.00 per share expiring on November 30, 2006.

3. Mr. Copeland, Mr. Cousens, Mr. Dickinson, Mr. Thiessen and Mr. Watson each hold options to purchase 115,000 Common Shares at an exercise price of $5.00 per share expiring on November 30, 2006.

4. Mr. Segsworth holds options to purchase 100,000 common shares at $4.65 expiring on November 30, 2006.

5. Mr. Mason holds options to purchase 38,400 common shares at $5.00 expiring on November 30, 2006.

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

7. Mr. Watson is Chairman and Managing Director of Galahad Gold plc, which controls, directly and through subsidiaries, 16,564,140 shares of Northern Dynasty. Certain of these Shares are registered in the names of Galahad Gold plc, Shambhala Gold Limited ("Shambhala"), and Ludgate 341 Limited. Ludgate 341 Limited also holds 1,176,500 warrants (at exercise prices of $5.00) and each warrant is exercisable to purchase one additional share. Mr. Watson may hold all or a portion of his options for the benefit of Galahad as they may agree.

8. Hunter Dickinson Group Inc. ("HDGI") is a private company with certain directors in common that provides consulting services to the Company. In March 2005, Northern Dynasty reached an agreement to acquire the 20% remaining contractual interest in the Pebble Property from HDGI for a purchase price of 14,002,268 common shares of Northern Dynasty. As at March 21, 2006, none of these common shares have been issued.

At the annual general meeting of the Company held in July 2005, directors listed above except Morris Beattie were re-elected to a one-year term of office expiring at the next annual general meeting of Northern Dynasty, which is expected to be held in June 2006. Several of the directors serve together on a number of boards of directors of other publicly listed companies. A cost sharing arrangement exists between a number of these companies pursuant to administrative and geological service agreements with Hunter Dickinson Inc. ("HDI"), a private company owned equally by nine public companies, one of which is Northern Dynasty. HDI provides extensive engineering, geological and administrative services to, and incurs costs on behalf of, these companies and allocates the full costs to them. All officers have a term of office lasting until their removal or replacement by the Board of Directors.

Based on insider reports filed on www.sedi.ca, as at March 21, 2006, the above directors and officers beneficially owned, directly or indirectly, or exercised control or direction over 17,748,040 common shares of the Company (29%), or 34,130,208 common shares on a fully diluted basis (44 %).

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

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

The mandate of each of these committees is more particularly described in Northern Dynasty's management information circular.

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

MORRIS J.V. BEATTIE, Ph.D., P.Eng. – Director

Dr. Beattie holds a Ph.D. in Mining and Mineral Process Engineering from the University of British Columbia. He is a Professional Engineer in the Province of British Columbia, a Chartered Engineer in the United Kingdom and is also a member of the Canadian Institute of Mining and Metallurgy and a Fellow of the Institution of Mining and Metallurgy in the United Kingdom.

With over 30 years in the mining industry, Dr. Beattie's experience has encompassed work in base and precious metals and industrial minerals deposits. He spent the early phase of his career in extractive metallurgy at Bacon, Donaldson & Associates Ltd. More recently Dr. Beattie's scope of activities has

included due diligence studies, audits and economic evaluation of mining projects as well as contributions to project feasibility studies. He has held senior management roles with several technology and exploration companies, and presently holds a senior position with Galahad Gold plc, which is a significant shareholder of the Company. He has also served as a director of various exploration and development stage mining companies.

Dr. Beattie currently is, or has been an officer and/or director, within the past five years of the following public companies:

Company	**Positions Held**	**From**	**To**
Northern Dynasty Minerals Ltd	Director	August 2005	Present
Galahad Gold plc	Director	January 2004	Present
Skaergaard Minerals Corp (subsidiary of Galahad Gold plc)	President	January 2004	Present
International Molybdenum plc	Director Executive Vice President	April 2005	Present
Aldridge Resources Ltd	Director	Feb. 1997	Nov. 2004
Sur American Gold Corp	Director	April 1997	Dec. 2003

DAVID J. COPELAND, P.Eng. - Director

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

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

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
Amarc Resources Ltd.	Director	September 1995	Present
Anooraq Resources Corporation	Director	September 1996	September 2004
Casamiro Resource Corp.	Director	February 1995	August 2002
Continental Minerals Corporation	Director	November 1995	Present
Farallon Resources Ltd.	Director	December 1995	Present
Great Basin Gold Ltd.	Director	February 1994	Present
Taseko Mines Limited	Director	January 1994	Present

SCOTT D. COUSENS - Director

Scott D. Cousens provides management, technical and financial services to a number of publicly traded companies. Mr. Cousens' focus since 1991 has been the development of relationships within the international investment community. Substantial financings and subsequent corporate success has established strong ties with North American, European and Asian investors. In addition to financing initiatives he also oversees the corporate communications programs for the public companies to which Hunter Dickinson Inc. provides services.

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

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
Amarc Resources Ltd.	Director	September 1995	Present
Anooraq Resources Corporation	Director	March 1994	September 1994
	Director	September 1996	Present
Continental Minerals Corporation	Director	June 1994	Present
Farallon Resources Ltd.	Director	December 1995	Present
Great Basin Gold Ltd.	Director	March 1993	Present
Rockwell Ventures Inc.	Director	November 2000	Present
Taseko Mines Limited	Director	October 1992	Present

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

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

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

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1994	Present
	Co-Chairman	November 2001	April 2004
	Chairman	April 2004	Present
Amarc Resources Ltd.	Director	April 1993	Present
	Co-Chairman	September 2000	April 2004
	Chairman	April 2004	Present
Anooraq Resources Corporation	Chairman	November 1990	September 2004
	Director	October 2004	Present
	Co-Chairman	October 2004	Present
Continental Minerals Corporation	Director	June 2004	Present
	Chairman	June 2004	January 2006
	Co-Chairman	January 2006	Present
Farallon Resources Ltd.	Director	July 1991	Present
	Chairman	April 2004	September 2004

Company	Positions Held	From	To
	Co-Chairman	September 2004	Present
Great Basin Gold Ltd.	Director	May 1986	Present
	Co-Chairman	September 2000	April 2004
	Chairman	April 2004	December 2005
	Co-Chairman	December 2005	Present
Rockwell Ventures Inc.	Director	November 2000	Present
	Chairman	November 2000	Present
Taseko Mines Limited	Director	January 1991	Present
	Chairman	April 2004	July 2005
	Co-Chairman	July 2005	Present

DAVID ELLIOTT, B. Comm, CA – Director

David Elliott graduated from the University of British Columbia with a Bachelor of Commerce degree and then acquired a Chartered Accountant designation with KPMG LLP. Mr. Elliott joined BC Sugar Company in 1976, working in a number of senior positions before becoming President and Chief Operating Officer of the operating subsidiary, Rogers Sugar. In 1997, he joined Lantic Sugar in Toronto as Executive Vice President. He also served as Chairman of the Canadian Sugar Institute. He became President and Chief Operating Officer of the International Group based in St Louis, Missouri in 1999, a company involved with food distribution as well as manufacturing and distribution of pet and animal feed. For several years, he worked with companies developing e-mail and data management services. Mr. Elliott also serves on the boards of the BC Cancer Foundation and the University of BC Alumni Association.

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

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

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

Gordon J. Fretwell holds a B.Comm, degree and graduated from the University of British Columbia in 1979 with his Bachelor of Law degree. Formerly a partner in a large Vancouver law firm, Mr. Fretwell has, since 1991, been a self-employed solicitor (Gordon Fretwell Law Corporation) in Vancouver practicing primarily in the areas of corporate and securities law. Mr. Fretwell is, or was within the past five years, an officer and/or director of the following public companies:

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

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

H. WAYNE KIRK, LLB - Director

Wayne Kirk is a retired California State Attorney and Professional Consultant. With over 30 years professional experience Mr. Kirk also has over 10 years senior executive experience in the mining industry.

Mr. Kirk is a citizen of the United States and is a resident of California. A Harvard University graduate, Mr. Kirk received his law degree in 1968. From 1992 to 2002 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.

During the past five years, Mr. Kirk is, or has been, a director of the following public companies:

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

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

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

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

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
	Secretary	June 1996	Present
	Chief Financial Officer	June 1998	Present
Amarc Resources Ltd.	Director	September 1995	Present
	Secretary	September 1995	Present
	Chief Financial Officer	September 1998	Present
Anooraq Resources Corporation	Director	April 1996	September 2004
	Secretary	September 1996	Present
	Chief Financial Officer	February 1999	Present
Continental Minerals Corporation	Director	June 1995	Present
	Secretary	November 1995	Present
	Chief Financial Officer	June 1998	Present
Farallon Resources Ltd.	Director	August 1994	Present
	Secretary	December 1995	Present
	Chief Financial Officer	December 1997	Present
Great Basin Gold Ltd.	Director	February 1994	Present
	Secretary	February 1994	Present
	Chief Financial Officer	June 1998	Present
Quartz Mountain Resources Ltd.	Principal Accounting Officer	January 2005	Present
Rockwell Ventures Inc.	Director	November 2000	Present
	Chief Financial Officer	November 2000	Present
Taseko Mines Limited	Director	February 1994	Present
	Secretary	February 1994	Present
	Chief Financial Officer	November 1998	Present

WALTER T. SEGSWORTH, P.Eng. – Director

Walter T. Segsworth has been an active and respected member of the international mining industry for over 30 years. He has an excellent track record in employee safety, environmental excellence and turn around production situations. During Mr. Segsworth's tenure as President, Chief Operating Officer and Director at Homestake Mining Company, the Company set a 125 year gold production record and its operating costs reached 25 year lows. Mr. Segsworth is a past Director and Chairman of the Mining Associations of Canada and British Columbia, and was voted British Columbia Mining Industry Person of the Year in 1996. He is a member of the Canadian Institute of Mining, Metallurgy and Petroleum and until recently, was part of the Mining Curriculum Advisory Board of the Michigan Technological University, from which he earned his degree in Mining Engineering.

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

Company	**Positions Held**	**From**	**To**
Northern Dynasty Minerals Ltd.	Director	September 2004	Present
Anooraq Resources Corporation	Director	March 2004	Present
Great Basin Gold Ltd.	Director	January 2003	Present
Cumberland Resources	Director	May 2002	Present
Expatriate Resources Ltd.	Director	February 2001	Present
Homestake Mining Company	President and Chief Operating Officer	April 1999	February 2002
	Director	February 2001	December 2001
Novagold Resources Inc.	Director	May 2002	November 2002
UEX Corporation	Director	March 2002	Present

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

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

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

Company	**Positions Held**	**From**	**To**
Northern Dynasty Minerals Ltd.	Director	November 1995	Present
	President and Chief Executive Officer	November 2001	Present
Amarc Resources Ltd.	Director	September 1995	Present
	President and Chief	September 2000	Present

Company	Positions Held	From	To
	Executive Officer		
Anooraq Resources Corporation	Director	April 1996	Present
	President and Chief Executive Officer	September 2000	Present
Casamiro Resource Corp.	Director and President	February 1990	August 2002
Continental Minerals Corporation	Director	November 1995	Present
	President and Chief Executive Officer	September 2000	January 2006
	Co-Chairman	January 2006	Present
Farallon Resources Ltd.	Director	August 1994	Present
	President and Chief Executive Officer	September 2000	September 2004
	Co-Chairman	September 2004	Present
Great Basin Gold Ltd.	Director	October 1993	Present
	President and Chief Executive Officer	September 2000	December 2005
	Co-Chairman	December 2005	Present
Rockwell Ventures Inc.	Director	November 2000	Present
	President and Chief Executive Officer	November 2000	Present
Taseko Mines Limited	Director	October 1993	Present
	President and Chief Executive Officer	September 2000	July 2005
	Co-Chairman	July 2005	Present
Tri-Gold Resources Corp.	Director	July 1992	Present

IAN WATSON – Director

Mr. Watson is a financier with a background in mining finance and investment banking. His principal occupation is Chairman and Managing Director of Galahad Gold plc. Galahad is quoted on the AIM Market of the London Stock Exchange and is the largest single shareholder in Northern Dynasty Minerals Ltd. Previously, he was a consultant to American Barrick, now Barrick Gold Corporation and was one of the founders of Centennial Minerals Ltd. and was its Chairman until 1985. Three years after it started, Centennial's success was reflected in a friendly, recommended take-over by Pegasus Gold PLC.

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

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	July 2003	Present
Galahad Gold plc	Chairman and Managing Director	September 2002	Present
Highpoint Telecommunications Inc.	Chairman and Chief Executive Officer	April 1998	May 2002

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

Potential Conflicts of Interest

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

ITEM 11. PROMOTERS

Not applicable.

ITEM 12. LEGAL PROCEEDINGS

Nil

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

Private placement

On March 18, 2005, the Company completed a private placement of 7,247,000 units at Cdn$4.25 per unit. Each unit consisted of one common share and one 18 month warrant to purchase an additional common share exercisable at a price of Cdn$5.00 until September 18, 2006.

Director and officer participation

(a) Ian Watson, a director who is Chairman of Galahad Gold who is the largest single shareholder of Northern Dynasty, and (b) Galahad Gold participated in this placement to the extent of 1,176,500 units.

ITEM 14. TRANSFER AGENT AND REGISTRAR

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

ITEM 15. MATERIAL CONTRACTS

The Company did not enter into any material contracts during the fiscal year ended December 31, 2005.

ITEM 16. INTERESTS OF EXPERTS

David Rennie, P.Eng., Mohan Srivastava, M.Sc., P.Geo., Mark Rebagliati, P.Eng., and John Payne, Ph.D., P.Geo.:

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

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

Each of Messrs. Rennie, Srivastava, Rebagliati and Payne interests in the common shares of the Company, directly or indirectly, or through stock options, represent less than 1% of the Company's outstanding share capital.

ITEM 17. ADDITIONAL INFORMATION

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

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

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

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

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

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

ITEM 18. DISCLOSURE FOR COMPANIES NOT SENDING INFORMATION CIRCULARS

Not applicable.

ITEM 19. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2005. This evaluation was carried out under the supervision and with the participation of the Company's Chief Executive Officer, Ronald W. Thiessen, and the Company's Chief Financial Officer, Jeffrey R. Mason. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting management to material information relating to the Company required to be included in the Company's periodic SEC filings. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

During the Company's most recently completed fiscal year ended December 31, 2005, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to affect, its internal control over financial reporting.

The term "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the registrant's principal executive and principal financial officers, or persons performing similar functions, and effected by the registrant's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the registrant;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the registrant are being made only in accordance with authorizations of management and directors of the registrant; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the registrant's assets that could have a material effect on the financial statements.

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

A. AUDIT COMMITTEE FINANCIAL EXPERT

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

B. CODE OF ETHICS

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

C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

	Year ended December 31	Year ended December 31
Services:	2005	2004
Audit Fees	$ 15,000	$ 15,000
Audit-Related Fees(1)	–	–
Tax Fees	1,000	1,000
All Other Fees	–	–
	$ 16,000	$ 16,000

Note:

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

From time to time, management of the Company recommends to and requests approval from the audit committee for non-audit services to be provided by the Company's auditors. The audit committee routinely considers such requests at committee meetings, and if acceptable to a majority of the audit committee members, pre-approves such non-audit services by a resolution authorizing management to engage the Company's auditors for such non-audit services, with set maximum dollar amounts for each itemized service. During such deliberations, the audit committee assesses, among other factors, whether the services requested would be considered "prohibited services" as contemplated by the US Securities and Exchange Commission, and whether the services requested and the fees related to such services could impair the independence of the auditors.

ITEM 21. OFF BALANCE SHEET ARRANGEMENTS

None.

ITEM 22. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

	Payments due by period				
	Total	Less than one year	1 to 3 years	3-5 years	More than 5 years
Contractual obligation	Nil	Nil	Nil	Nil	Nil
Long term debt obligations	Nil	Nil	Nil	Nil	Nil
Operating lease obligations	Nil	Nil	Nil	Nil	Nil
Purchase obligations	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

The term purchase obligation means an agreement to purchase goods or services that is enforceable and legally binding on the registrant that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

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

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

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

Consent of Independent Registered Public Accounting Firm

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

Dear Sirs

We consent to the use of our report on the financial statements of the Company, as at and for the fiscal year ended December 31, 2005, dated March 13, 2006 and included in this annual report on Form 40-F.

Yours very truly,

“De Visser Gray”

Chartered Accountants

Vancouver, Canada
March 13, 2006

CONSENT OF AUTHOR

David W. Rennie, P.Eng.,
Roscoe Postle Associates Inc.,
595 Howe Street, Suite 304,
P.O. Box 19,
Vancouver, British Columbia
CANADA V6C 2T5
drennie@rpcan.com

US Securities and Exchange Commission

I, David W. Rennie, P.Eng., certify that I have read the written disclosure being filed and I do not have any reason to believe that there are any misrepresentations in the information derived from the Technical Report or that the written disclosure in the Form 40F of Northern Dynasty Minerals Ltd. contains any misrepresentation of the information contained in “Technical Report on the Pebble Deposit, Alaska, USA” dated April 1, 2005 and “Technical Report on the Mineral Resources Estimate for the Pebble East Deposit, Alaska, USA” dated March 9, 2006.

I do hereby consent to the filing with the regulatory authorities.

Dated this 31 day of March, 2006.

/s/ David W. Rennie
David W. Rennie, P.Eng.



CONSENT OF AUTHOR

R. Mohan Srivastava
42 Morton Road, Toronto, Ontario, Canada M4C 4N8
MoSrivastava@compuserve.com

US Securities and Exchange Commission

I, R. Mohan Srivastava, P.Geo., certify that I have read the written disclosure being filed and I do not have any reason to believe that there are any misrepresentations in the information derived from the Technical Report or that the written disclosure in the Form 40F of Northern Dynasty Minerals Ltd. contains any misrepresentation of the information contained in “Technical Report on the Pebble Deposit, Alaska, USA” dated April 1, 2005.

I do hereby consent to the filing with the regulatory authorities.

Dated this 29th day of March, 2006.

R. Mohan Srivastava

R. Mohan Srivastava, P.Geo.



CONSENT OF AUTHOR

Peter Beaudoin
1020-800 West Pender Street
Vancouver BC V6C 2V6
Email: peterb@hdgold.com

US Securities and Exchange Commission

I, Peter Beaudoin, P.Eng., certify that I have read the written disclosure being filed and I do not have any reason to believe that there are any misrepresentations in the information derived from the Technical Report or that the written disclosure in the Form 40F of Northern Dynasty Minerals Ltd. contains any misrepresentation of the information contained in Technical Report on the “Preliminary Assessment of the Pebble Gold-Copper-Molybdenum Project, Alaska, USA” dated November 2004.

I do hereby consent to the filing with the regulatory authorities.

Dated this 30th day of March, 2006.

/s/ Peter Beaudoin

Peter Beaudoin, P.Eng.

CONSENT OF AUTHOR

Derek J. Barratt, P.Eng.
427 Silverdale Place
North Vancouver, BC
V7N 2Z6
Email: ddbarratt@uniserve.com

US Securities and Exchange Commission

I, Derek Barratt, P.Eng., certify that I have read the written disclosure being filed and I do not have any reason to believe that there are any misrepresentations in the information derived from the Technical Report or that the written disclosure in the Form 40F of Northern Dynasty Minerals Ltd. contains any misrepresentation of the information contained in Technical Report on the “Preliminary Assessment of the Pebble Gold-Copper-Molybdenum Project, Alaska, USA” dated November 2004.

I do hereby consent to the filing with the regulatory authorities.

Dated this 30th day of March, 2006.

/s/ Derek Barratt
Derek Barratt, P.Eng.