FRAMEWORK AGREEMENT

THIS AGREEMENT made effective as of the 15th day of December, 2017 ("**Effective Date**").

Between:

> **NORTHERN DYNASTY MINERALS LTD.**, a corporation existing under the laws of British Columbia and having an office at 1500 - 1040 West Georgia Street, Vancouver, B.C., Canada, V7W 1P5
>
> ("**NDM**")

and:

> **FIRST QUANTUM MINERALS LTD.** a corporation existing under the laws of British Columbia and having an office at 14th Floor - 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8
>
> ("**FQL**")

INTRODUCTION:

A. Prior to the Effective Date, the Parties have been engaged in negotiations in respect of a potential transaction by which a United States Affiliate of FQL ("**US Affiliate**") will have an option to earn:

(1) a 49.95% interest in the Pebble Limited Partnership, which directly or indirectly owns 100% of the Mineral Rights and other assets which comprise the Pebble Project located in the State of Alaska ("**Project**"); and

(2) a 50% interest in the capital of Pebble Mines Corp. ("**PMC**"), the general partner of the Pebble Limited Partnership,

(collectively, the "**Transaction**").

B. As the Effective Date the Parties are continuing to negotiate in good faith in respect of the Transaction including in respect of the definitive agreements that will record the agreed terms of the Transaction.

C. Each Party acknowledges that it would be beneficial to the progress of the Project if PMC commenced or continued (as the case may be) performance of permitting and related activities in respect of the Project ("**Permitting**") as soon as reasonably possible after the Effective Date even if performance of such Permitting precedes the execution of the definitive agreements that will record the agreed terms of the Transaction.

D. In the expectation the Parties will successfully conclude their negotiations and finalize, execute and deliver the definitive agreements that will record the agreed terms of the Transaction, FQL will, subject to the terms and conditions of this Agreement, cause the US Affiliate to make an early payment on account of the PLP Option Price to enable members of the PLP Group to fund expenditures incurred or to be incurred in respect of the Permitting.

E. This Agreement records the terms and conditions on which FQL will cause the US Affiliate to make the early payment on account of the PLP Option Price referred to in Recital D and other terms and conditions related to the Transaction.

IN CONSIDERATION OF, among other things, the mutual promises contained in this Agreement, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the context otherwise expressly requires, in this Agreement:

(1) "**Affiliate**" means any person which directly or indirectly Controls, is Controlled by, or is under common Control with a person;

(2) "**Agreement**" means this document, including any annexure or schedule to it;

(3) "**Assets**" means all property or assets of any kind or nature, whether real or personal, tangible or intangible, corporeal or incorporeal, held by or on behalf of any member of the PLP Group;

(4) "**Business Day**" means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

(5) "**Confidential Information**" has the meaning given in section 9.1;

(6) "**Control**" and inflexions of "**Control**" means, in relation to any person, possession, directly or indirectly, of the power to direct or cause direction of management and policies of that person through ownership of voting securities, contract, voting trust or otherwise;

(7) "**Early Option Price Installment**" has the meaning given in section 4.1;

(8) "**Effective Date**" has the meaning given at the commencement of this Agreement;

(9) "**Encumbrance**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, option, earn-in, licence or licence fee, royalty, production payment including any payment pursuant to a streaming agreement, forward sale agreement, back-in right, claw-back right, restrictive covenant or other encumbrance of any nature or any agreement to give or create any of the foregoing, whether registerable or not;

(10) "**EPA**" means the United States Environmental Protection Agency;

(11) "**Expiration Date**" means the earlier of:

(a) the date on which the Option Agreement is duly executed and delivered by each party to the Option Agreement; and

(b) April 6, 2018;

(12) "**Intercompany Debt**" means any indebtedness (whether actual or contingent) owing by any member of the PLP Group to NDM or any Affiliate of NDM (other than any member of the PLP Group);

(13) "**LP Agreement**" has the meaning given in section 3.1(2);

(14) "**Market Price**" means the VWAP on the NYSE American stock exchange for the twenty (20) trading days immediately preceding the relevant date;

(15) "**Mineral Rights**" means mineral licences, prospecting licences, mining leases, mineral concessions, mining and millsite claims, mineral property and other forms of tenure (including any application for the grant or issue of any of the foregoing) or other rights to minerals or to work upon land for the purpose of searching for, developing or extracting minerals under any form of title recognized under applicable laws in the State of Alaska, whether contractual, statutory or otherwise, or any interest in any Mineral Rights;

(16) "**NDM Shares**" means fully paid common shares without par value in the capital of NDM;

(17) "**Notice**" or "**notice**" has the meaning given in section 13.1;

(18) "**Option Agreement**" has the meaning given in section 3.1(1);

(19) "**Option Price Installment**" has the meaning given in section 3.2(2);

(20) "**Parties**" means NDM and FQL and "**Party**" means NDM or FQL, as the context dictates;

(21) "**Pebble Limited Partnership**" means the limited partnership formed under the laws of the State of Alaska, which directly or indirectly owns one hundred percent (100%) of the Pebble Project;

(22) "**Permit**" means any applicable permit, consent, authorisation, registration, filing, lodgement, notarisation, certificate, endorsement, permission, licence, approval, authority or exemption (including any application for the grant or issue of any of the foregoing) by or with a governmental authority or other person or body having jurisdiction or authority in any way over the subject matter of the Project or the Permitting;

(23) "**Permit Application**" has the meaning given in section 6.2(1)(a);

(24) "**Permit Terms**" has the meaning given in section 6.2(1)(b);

(25) "**Permit Timeline**" has the meaning given in section 6.2(1)(a);

(26) "**Permitting**" has the meaning given in Recital C;

(27) "**PLP Group**" means PMC, the Pebble Limited Partnership and the Title Companies;

(28) "**PLP Option Price**" has the meaning given in section 3.1(1)(a);

(29) "**PMC**" has the meaning given in Recital A(2);

(30) "**Project**" has the meaning given in Recital A(1);

(31) "**Representative**" means, in relation to a Party, its Affiliates and its and their respective directors, officers, employees, professional advisers and consultants, contractors and agents;

(32) "**Relevant Steptoe Matters**" has the meaning given in section 3.2(10);

(33) "**Standstill**" has the meaning given in section 10;

(34) "**Steptoe**" means Steptoe & Johnson LLP;

(35) "**Subscription Option**" has the meaning given in section 3.2(3);

(36) "**Term**" means the term of this Agreement specified in section 2 and where the context permits or requires includes any extension or renewal of it;

(37) "**Title Companies**" means Pebble East Claims Corporation and Pebble West Claims Corporation;

(38) "**Transfer**" when used as a verb, means to sell, transfer, grant (including of a right, title or interest), assign, convey, encumber, hypothecate, pledge or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sales or spin-out transactions. When used as a noun, "**Transfer**" means a sale, transfer, grant, assignment, conveyance, encumbrance, hypothecation, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, arrangements, amalgamations, consolidations, asset sales or spin-out transactions;

(39) "**Transaction**" has the meaning given in Recital A;

(40) "**US Affiliate**" has the meaning given in Recital A; and

(41) "**VWAP**" means the volume weighted average trading price of the respective NDM Shares, calculated by dividing the total value by the total volume of the NDM Shares traded in the relevant period.

1.2 Interpretation

Unless the context otherwise expressly requires, in this Agreement:

(1) the singular includes the plural and conversely;

(2) a gender includes all genders;

(3) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(4) a reference to a person (including a Party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or governmental authority;

(5) a reference to a section, schedule or annexure is a reference to a section of or a schedule or annexure to this Agreement;

(6) a reference to any Party includes that Party's executors, administrators, substitutes (including, but not limited to, persons taking by novation), successors and permitted assigns;

(7) a reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document;

(8) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation, code, by-law, ordinance or statutory instrument issued under it;

(9) a reference to "dollars", "$" or "USD" is to the currency of the United States of America;

(10) the word "*including*" means "*including without limitation*" and "*include*" and, "*includes*" will be construed similarly;

(11) headings and any table of contents or index are for convenience only and do not form part of this Agreement or affect its interpretation;

(12) a provision of this Agreement must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement;

(13) if an act is prescribed to be done on a specified day which is not a Business Day, it must be done instead on the next Business Day; and

(14) a reference to a thing (including a right, obligation or concept) includes a part of that thing but nothing in this section 1.2(14) implies that performance of part of an obligation constitutes performance of the obligation.

2. TERM

2.1 Term

The Term will commence on the Effective Date and, subject to any prior termination under section 11.2 or extension by express written agreement of the Parties, will expire on the Expiration Date.

2.2 Extension

(1) Any extension of the Term under section 2.1 will be on the terms and conditions of this Agreement.

(2) Any extension of the Term will result in a revised Expiration Date that will supersede the Expiration Date referred to in section 1.1(11)(b).

3. TRANSACTION AND DEFINITIVE AGREEMENTS

3.1 Definitive Agreements

As at the Effective Date, the Parties contemplate that the Transaction will consist of, among others, the following agreements:

(1) an option agreement ("**Option Agreement**") pursuant to which the US Affiliate will have the option to:

(a) earn and acquire a 49.95% limited partner interest (subject to making the investment specified in section 3.1(2)) in the Pebble Limited Partnership by paying to the Pebble Limited Partnership an amount equal to $150,000,000 ("**PLP Option Price**"), less any amounts paid to NDM under the Subscription Option; and

(b) subscribe for a 50% shareholding in PMC by paying to PMC an amount equal to $1,000,

each on the terms and subject to the conditions to be set out in the Option Agreement; and

(2) a limited partnership agreement that will, following the exercise by the US Affiliate of the option pursuant to the Option Agreement, govern the Parties (or their Affiliates') obligations as limited partners under the Pebble Limited Partnership and pursuant to which the US Affiliate will agree, among other things, to invest in the Pebble Limited Partnership an amount equal to $1,350,000,000 ("**LP Agreement**").

3.2 Terms of Option Agreement and LP Agreement

The Option Agreement and the LP Agreement (as applicable) will contain, among others, terms to

the following effect:

(1) the Early Option Price Installment will be credited against the PLP Option Price such that upon execution of the Option Agreement, the remaining outstanding PLP Option Price will be equal to $112,500,000;

(2) subject to section 3.2(3), the PLP Option Price will be payable to the Pebble Limited Partnership in cash in equal installments of $37,500,000 (each, an "**Option Price Installment**"), with the first Option Price Installment being due and payable on the date of execution of the Option Agreement and thereafter the remaining Option Price Installments will be payable in accordance with a payment schedule set out in the Option Agreement;

(3) FQL may exercise the option under the Option Agreement at any time prior to the expiry of the term of the option by written notice to the Pebble Limited Partnership and by making full payment of any unpaid Option Price Installments;

(4) FQL may terminate the option under the Option Agreement at any time prior to the expiry of the term of the option by written notice to the Pebble Limited Partnership and, except in the case of certain prescribed exceptions, by making full payment of any unpaid Option Price Installments;

(5) in lieu of making payment of one (1) Option Price Installment to the Pebble Limited Partnership in the manner specified in section 3.2(2), the US Affiliate or its nominee will have the option to:

(a) subscribe for and purchase, and NDM will issue and sell to the US Affiliate or its nominee up to 12,500,000 NDM Shares ("**Subscription Option**"), at the Market Price (determined as at the date of exercise of the Subscription Option); and

(b) the balance of the Option Price Installment, if the consideration paid for the NDM Shares pursuant to the Subscription Option is less than $37,500,000, will be paid in cash to PLP;

(6) all of the subscription proceeds obtained by NDM as a consequence of the exercise of the Subscription Option will be applied by NDM strictly in accordance with the Option Agreement as if such subscription proceeds were an Option Price Installment paid in the manner specified in section 3.2(2);

(7) no member of the PLP Group (including, for certainty, NDM acting or purporting to act on behalf of any member of the PLP Group) will enter into any agreement, contract, arrangement or understanding in respect of the Project or the business or operations of any member of the PLP Group by, under or through which any person will be entitled to be paid any success fee or reward, bonus, incentive or performance related payment or other payment that is outside the ordinary course in excess of $100,000, unless the prior written approval of FQL has first been obtained (which approval may be refused, withheld or conditioned at the absolute discretion of FQL);

(8) any Intercompany Debt will not be repayable to NDM or its Affiliates (other than to a member of the PLP Group) by any member of the PLP Group until the Project achieves the commencement of commercial production;

(9) no interest will be payable in cash by any member of the PLP Group in respect of any Intercompany Debt unless required by any governmental authority or applicable law and the Intercompany Debt and any accrued interest will be subordinated to any third party financing obtained for the Project and any security granted by any NDM Affiliate (which is a partner in the Pebble Limited Partnership) to the US Affiliate under the LP Agreement;

(10) NDM will assume, be solely responsible for and will pay (as and when required) on behalf of each member of the PLP Group without recourse to any such member all amounts payable or which at any time in the future become payable by any member of the PLP Group to Steptoe in respect of the settlement of the EPA pre-emptive veto matter (more particularly known as the EPA's 2014 Proposed Determination Pursuant to Section 404c of the Clean Water Act for Pebble Deposit Area, Southwest Alaska) or in respect of any termination fee payable to Steptoe arising solely as a result of the termination of Steptoe's engagement on Permitting (Relevant Steptoe Matters") under any agreement, contract, arrangement or understanding between Steptoe and any member of the PLP Group and NDM must indemnify and keep indemnified each member of the PLP Group from and against any claim to or liability for any such payment.

3.3 Conditions to Closing of Transaction

Notwithstanding any provision of this Agreement to the contrary, NDM acknowledges and agrees that nothing in this Agreement obliges FQL to execute the Option Agreement and, without limiting the foregoing, FQL will not, except where FQL expressly agrees otherwise, execute the Option Agreement unless and until:

(1) FQL is satisfied (in its sole and absolute discretion) with the results of its due diligence review of the Project (including the Mineral Rights and other assets that comprise the Project) and NDM and its Affiliates, and delivering written notice of same to NDM on or before the Expiration Date;

(2) the Parties have negotiated and agreed the terms of the Option Agreement, the LP Agreement and any other agreements expressly contemplated by either the Option Agreement or the LP Agreement; and

(3) on or before the date of execution of the Option Agreement, U5 Resources Inc. (an Affiliate of NDM) transfers the Mineral Rights held by it to PMC or another member of the PLP Group so that after such transfer those Mineral Rights comprise part of the Project and 100% of all of the right, title and interest in and to those Mineral Rights are directly or indirectly owned by the Pebble Limited Partnership free and clear of any Encumbrance.

3.4 Closing of Transaction

Subject to this Agreement including the rights of FQL under section 11.2, each Party agrees to proceed diligently and in good faith to negotiate the Option Agreement, the LP Agreement and any other agreements expressly contemplated by either the Option Agreement or the LP Agreement and will use commercially reasonable efforts to finalize and, in the case of the Option Agreement, execute and deliver the Option Agreement, on or before the Expiration Date (as specified in section 1.1(11)(b)).

3.5 Effect of Execution of Option Agreement

Upon the execution and delivery of the Option Agreement by each party to the Option Agreement the Parties agree that:

(1) the Option Agreement will exclusively govern the subject matter of this Agreement as if the Option Agreement had been in full force and force effect as at the Effective Date;

(2) without limiting section 3.5(1) of this Letter, the rights, remedies, entitlements and obligations of the Parties in respect of the subject matter of this Agreement will be determined as if the Option Agreement had been in full force and force effect as at the Effective Date;

(3) the rights, remedies, entitlements and obligations of a Party in respect of the subject matter of this Agreement will cease and be extinguished; and

(4) nothing in this Agreement will abrogate, prejudice, discharge, limit or affect in any way a Party's or its Affiliates' duties, obligations and liabilities under the Option Agreement.

4. EARLY OPTION PRICE INSTALLMENT ON ACCOUNT OF PLP OPTION PRICE

4.1 Payment

Subject to this Agreement, on or within five (5) Business Days after the Effective Date FQL will cause the US Affiliate to pay to the Pebble Limited Partnership $37,500,000 ("**Early Option Price Installment**").

4.2 Manner of Payment

The Early Option Price Installment will be paid by way of direct transfer of immediately available funds, without deduction or set off, to the Pebble Limited Partnership bank account nominated by NDM under section 4.3.

4.3 Nominated Bank Account

On or within two (2) Business Days after the Effective Date NDM must give notice to FQL (signed by 2 duly authorised representatives of NDM) by which NDM nominates the bank account of the Pebble Limited Partnership to which the US Affiliate is to make payment of the Early Option Price Installment in accordance with section 4.2.

5. APPLICATION OF EARLY OPTION PRICE INSTALLMENT

5.1 Application

Unless otherwise expressly agreed in writing by FQL, all of the Early Option Price Installment must be applied solely in funding the expenditure incurred or to be incurred by any member of the PLP Group in undertaking Permitting. Without limiting the foregoing and except expressly agreed otherwise in writing by FQL, no part of the Early Option Price Installment (whether in cash or other form or thing to which any part of the Early Option Price Installment may be converted) may be paid, transferred or applied (either directly or indirectly) for the benefit of NDM, any Affiliate of NDM (other than a member of the PLP Group) or any director, officer, consultant or adviser of NDM except as payment, reimbursement or pre-payment of the expenditures incurred or to be incurred by or on behalf of a member of the PLP Group in undertaking activities which directly form part of Permitting.

5.2 Operation of Section 5.1

For certainty, if the Term expires without being extended pursuant to section 2.2 or FQL terminates this Agreement pursuant to section 11.2 then the restrictions in section 5.1 will be of no further force or effect and will not restrict NDM or any of its Affiliates from the use of any remaining balance of the Early Option Price Installment at their sole discretion at any time after the date of expiration of the Term or termination of this Agreement (as the case may be).

6. ACTIVITIES DURING THE TERM

6.1 Representative of FQL

(1) At all times during the Term, FQL may place one of its own Representatives ("**FQL Representative**") within the offices of NDM or its Affiliates to directly participate in the activities carried on by NDM and its Affiliates from time to time as part of the Permitting.

(2) NDM and its Representatives must directly involve the FQL Representative in, and must provide to the FQL Representative all material documentation and correspondence relating to, among other things, the Permitting and other related activities including the preparation of plans, programs, budgets and permitting applications.

6.2 Permit Applications and Permits

(1) Subject to section 6.2(5), during the Term if any part of the Permitting relates or pertains to development of or planning for a mine or mining operations on or in respect of the Project, then:

(a) NDM and any member of the PLP Group must at least thirty (30) days or such shorter period of time that may apply as required by a governmental authority ("**Permit Timeline**") prior to making or submitting any application (or similar document) and associated documentation to any governmental authority in connection with or for the purposes of development of or planning for a mine or mining operations on or in respect of the Project as part of the Permitting ("**Permit Application**"), consult and agree with FQL the terms and content of any such Permit Application; and

(b) upon receipt by NDM or any member of the PLP Group of any proposed terms, conditions, covenants or commitments which are to be contained in or prescribed by any Permit that relates or pertains to development of or planning for a mine or mining operations on or in respect of the Project ("**Permit Terms**"), NDM or PMC (or both, as the case may be) must, prior to accepting (whether conditionally or otherwise) any such Permit Terms, consult and agree with FQL the Permit Terms within the Permit Timeline.

For certainty, where a Permit Timeline is less than thirty (30) days NDM and each other applicable member of the PLP Group must use all reasonable efforts to ensure that FQL has the longest period reasonably possible in the circumstances in which to consult and agree the Permit Application with NDM and each other applicable member of the PLP Group.

(2) Each Party must not unreasonably withhold, condition or delay its agreement under section 6.2(1).

(3) If within thirty (30) days of receipt by FQL of any Permit Application or of any Permit Terms, FQL fails or neglects to provide any substantive response to NDM or any member of the PLP Group (or both, as the case may be) then neither NDM or any member of the PLP Group will be required to obtain the agreement of FQL before taking any further action with respect to any such Permit Application or Permit Terms.

(4) If the Parties fail to agree any matter relating to a Permit Application or Permit Terms under section 6.2(1) within thirty (30) days after any Permit Application or Permit Terms have been provided by NDM or any member of the PLP Group to FQL, then each Party must promptly refer such matters to its then chief executive officer. The chief executive officer of each Party must promptly meet (either in person or by electronic means) and use genuine and reasonable efforts to agree any such yet to be agreed matters.

(5) FQL acknowledges and agrees that the thirty (30) day notice period specified in section 6.2(1) will not apply in relation to the Project description and the Permit application intended to be filed on or about December 20, 2017 and which the Parties have already been discussing prior to the Effective Date.

6.3 Reporting

During the Term NDM must provide FQL with:

(1) a regular progress report in respect of the progress of the Permitting with the information required by FQL (acting reasonably); and

(2) such other reports as FQL may from time to time reasonably request.

6.4 Costs of Representative

The costs of maintaining the FQL Representative pursuant to section 6.1 will be borne by PMC but may be treated as expenditure against which the Early Option Price Installment can be applied pursuant to section 5.1.

6.5 FQL Indemnity

FQL must indemnify NDM and each member of the PLP Group against and save them harmless from any loss, damage, action, suit, cost, claim or other liability that NDM or any member of the PLP Group may incur or suffer as a result or arising out of, arising out of or in connection with any injury (including injury causing death) to the FQL Representative while at any premises of NDM or any member of the PLP Group or on the Project area, except to the extent caused by the gross negligence or willful misconduct of NDM or its Representatives.

6.6 Prohibition on Certain Terms of Agreements

During the Term NDM must ensure that each member of the PLP Group (including, for certainty, NDM acting or purporting to act on behalf of any member of the PLP Group) does not, enter into any agreement, contract, arrangement or understanding in respect of the Project or the business or operations of any member of the PLP Group by, under or through which any person will be entitled to be paid any success fee or reward, bonus, incentive or performance related payment unless expressly approved in writing by FQL (which approval may be refused, withheld or conditioned at the absolute discretion of FQL).

6.7 Intercompany Debt

During the Term NDM must ensure that no Intercompany Debt is repaid to NDM or its Affiliates (other than to a member of the PLP Group) by any member of the PLP Group.

6.8 Steptoe

(1) Subject to section 6.8(2), NDM must assume and pay (as and when required) on behalf of each member of the PLP Group any amount which becomes payable during the Term by any member of the PLP Group to Steptoe under any agreement, contract, arrangement or understanding between Steptoe and any member of the PLP Group in respect of the Relevant Steptoe Matters.

(2) NDM acknowledges and agrees that any payment made by it pursuant to section 6.8(1) will not be repayable or reimbursable by any member of the PLP Group to NDM if the Option Agreement is subsequently executed and delivered by the parties to the Option Agreement.

7. EXCLUSIVITY

7.1 Obligations

For the Term, each Party must, and must procure that its Affiliates will, exclusively negotiate with each other with a view to concluding legally binding agreements in respect of the Transaction and the Project and NDM, further, undertakes to FQL as follows:

(1) it will immediately terminate all discussions or negotiations with third persons relating to the acquisition of an interest or the making of an investment in the Project (or any rights to or interest in the Project) or any matters which could adversely affect the ability of the Parties to conclude the Transaction and must procure that its Representatives will do likewise. In particular but without limitation, NDM will procure that unless it first obtains the written consent of FQL, none of its Representatives will make available during the Term information of any nature whatsoever to third persons with whom it or its Representatives may have previously had discussions or other contact in relation to a proposed transaction regarding the acquisition of any rights to or interest, direct or indirect, in the Project; and

(2) neither it nor any of its Representatives will, directly or indirectly, solicit or initiate the submission of any proposal or offer from any other person relating to a possible transaction similar to the Transaction or otherwise concerning the acquisition of any rights to or interest, direct or indirect, in the Project, or respond to any proposal or offer from any other person relating to the same (whether unsolicited or solicited prior to the Term), or discuss with or give to any other person any information (not being information publicly available) concerning the Transaction or the Project, or directly or indirectly enter into any agreement or arrangement with any person with respect to such a proposal or offer (whether or not such proposal or offer would take place during or after the Term), or enter into or continue negotiations with any other person with a view to a transaction taking place which would preclude or materially restrict or delay the Transaction.

8. RESPONSIBILITY FOR AFFILIATES AND REPRESENTATIVES

8.1 Responsibility

(1) Each Party must procure the compliance by each of its Affiliates with the provisions of this Agreement.

(2) Each Party must ensure that those of its Representatives to whom the existence of the potential Transaction or the discussions or negotiations between the Parties in relation to such potential Transaction is made known are made aware of the terms of this Agreement and are instructed to observe the obligations contained in this Agreement.

8.2 Liability

Each Party will be liable for any breach of the terms of this Agreement caused by any material act or omission of any of its Representatives.

9. CONFIDENTIAL INFORMATION

9.1 Confidentiality

The Parties agree that this Agreement (including any drafts of it), all information (whether in tangible or electronic form) exchanged between the Parties or their Affiliates under this Agreement and all information concerning or relating to the Transaction of which it becomes

aware ("**Confidential Information**") is confidential and must be kept confidential and must not be disclosed to any person at any time or in any manner except:

(1) to another Party;

(2) with the prior written consent of the other Party;

(3) disclosure of Confidential Information by a Party to its Affiliates;

(4) to the extent that the Confidential Information was publicly available at the Effective Date or becomes publicly available subsequent to the Effective Date without breach of this Agreement;

(5) by a Party to legal, financial and other professional or technical advisers, auditors and other consultants, officers and employees of:

(a) that Party; or

(b) that Party's Affiliates,

in any case requiring the information for the purposes of this Agreement (or any transactions contemplated by this Agreement), or for the purpose of advising that Party in relation to this Agreement;

(6) to the extent required by law or by a lawful requirement of any governmental authority or stock exchange having jurisdiction over a Party or its Affiliates (and the Parties expressly acknowledge that this Agreement may be required to be filed under each Party's SEDAR profile at www.sedar.com, subject to such redactions permitted under such law or lawful requirements as a Party may require);

(7) if required in connection with legal proceedings relating to this Agreement or for the purpose of advising a Party in relation to legal proceedings; or

(8) to a stock exchange (including any regulator or securities commission having jurisdiction over a stock exchange) or similar public market for trading shares upon which securities of a Party or of an Affiliate of a Party are quoted after the reasonable prior consultation, if practicable, with the other Party taking place as to the nature and form of the disclosure (which does not imply that the consent or approval, of the other Party must or need be obtained). Notwithstanding the foregoing, any disclosure must be to the standards required by the applicable stock exchange, regulator, securities commission or applicable law.

9.2 Public Announcements

(1) Any initial public announcement of the subject matter of this Agreement will be in the form agreed between the Parties prior to the Effective Date.

(2) Subject to section 9.2(1), a Party may not make any public announcement in relation to this Agreement or any matter arising under this Agreement unless:

(a) the wording of the announcement is agreed between the Parties, such agreement not to be unreasonably withheld; or

(b) the announcement is otherwise permitted under section 9.2(3).

(3) A Party is entitled to make announcements only to the extent necessary to comply with the listing rules of an applicable stock exchange on which its shares (or that of its Affiliate) are listed or the requirements of a regulator, securities commission or Law. The

Party proposing to make such an announcement will endeavour to give the other Party as much notice as is possible (and in any event will endeavour to give at least 48 hours' notice) of its intention to make the announcement, and will take into account the reasonable requests of the other Party in relation to the wording of the announcement.

10. STANDSTILL

Notwithstanding that the standstill restriction ("**Standstill**") described in section 13 of the Confidentiality and Nondisclosure Agreement entered into between NDM and FQL, dated as of [redacted] ("**CA**"), has, in accordance with its terms expired, the Parties hereby agree that the Standstill will, from the Effective Date again apply and be of full force and effect and will, unless expressly agreed otherwise in writing by the Parties, expire on the Expiration Date but if the Option Agreement has not been executed on or before the Expiration Date then the operation of the Standstill will be deemed to be further extended until the first anniversary of the Expiration Date.

11. TERMINATION

11.1 Termination by execution of Option Agreement

The Parties agree that upon execution of the Option Agreement by each party to the Option Agreement this Agreement will, without the need for notice by either Party, automatically terminate and section 3.5 will thereafter apply.

11.2 Termination by FQL

(1) FQL may at any time prior to the Expiration Date elect to terminate this Agreement by delivering notice to that effect to NDM. If, at any time FQL determines that it is not satisfied with the results of its due diligence investigations conducted in accordance with section 3.3(1) such that it no longer wishes to proceed with and complete the Transaction, FQL must with reasonable promptness deliver written notice to NDM of any such determination, and the giving of such notice will constitute notice of termination by FQL under this section 11.2(1).

(2) NDM acknowledges and agrees that FQL and its Representatives will have no liability whatsoever to NDM and its Representatives arising out of or in connection with the termination of this Agreement by FQL pursuant to this section 11.2.

11.3 Events of default

A Party may terminate this Agreement by notice in writing to the other Party if:

(1) the other Party commits a material breach of any provision of this Agreement and:

(a) the breach is incapable of remedy; or

(b) the breach is capable of remedy and:

(i) a Party has given notice to other Party specifying the breach and requesting that it be remedied; and

(ii) the other Party has failed to remedy that breach within ten (10) Business Days of receiving that notice;

(2) any one of the following occurs:

(a) a Party becomes, or informs the other Party, creditors of a Party generally or any particular creditor of a Party that it is, insolvent or unable to pay its debts as and when they fall due;

(b) a liquidator, provisional liquidator or trustee in bankruptcy is appointed in respect of a Party;

(c) a receiver or receiver and manager or an analogous person is appointed to a Party or any of its property;

(d) a Party has a mortgagee seeking to exercise a right of possession or control over the whole or a part of its property;

(e) a Party enters into, or calls a meeting of its members or creditors with a view to entering into, a composition, compromise or arrangement with, or an assignment for the benefit of, any of its members or creditors, or a Court orders that a meeting be convened in respect of a proposed composition, compromise or arrangement between a Party and its creditors or any class of its creditors, other than for the purpose of reconstruction or amalgamation;

(f) a Party has any execution, writ of execution, mareva injunction or similar order, attachment or other process made, levied or issued against it or in relation to any of its assets;

(g) any application is made or other process commenced (not being an application or process withdrawn, discontinued or dismissed within 30 days of being filed) seeking an order for the appointment of a provisional liquidator, a liquidator, a receiver or a receiver and manager to a Party;

(h) a Party is declared bankrupt or has filed for some form of protection from its creditors under applicable law relating to or governing bankruptcy;

(i) there is a resolution of creditors or members, or an order of a court, to place in liquidation or bankruptcy or wind up a Party; or

(j) an event happens analogous to an event specified in sections 11.3(2)(a) to 11.3(2)(i) (inclusive) to which the law of another jurisdiction applies and the event has an effect in that jurisdiction similar to the effect which the event would have had if the law of Canada applied.

11.4 Consequences of termination

The right of a Party to terminate this Agreement under section 11.3 is without prejudice to any other rights or remedies under any applicable law that the Party may have against the other Party. Notwithstanding the termination of this Agreement, sections 9 to 11 (inclusive) and sections 13 and 14 will continue in full force and effect or will continue in full force and effect until the operation of any of such sections expires in accordance with its terms (as the case may be).

12. ASSIGNMENT

12.1 Transfer by NDM

Each Party must not Transfer the whole or any part of its rights and obligations under this Agreement except with the prior written consent of the other Party.

12.2 Transfer by NDM

(1) Subject to section 12.2(2) and unless expressly approved in writing by FQL (which approval may be refused, withheld or conditioned at the absolute discretion of FQL), at all times during the Term of this Agreement NDM must Control each member of the Pebble Group.

(2) For greater certainty:

(a) nothing in this Agreement will prohibit or restrict in any manner any Transfer of securities in the capital of NDM or the issuance of new securities in the capital of NDM, including a change of Control of NDM, or any action taken by NDM in relation to the foregoing, and no such Transfer of securities in the capital of NDM nor a change of Control of NDM will be, nor will be deemed to be, a breach of any obligation of NDM under this Agreement; and

(b) except to the extent that applicable law (including the fiduciary duties of the directors or officers of NDM) requires otherwise, nothing in section 12.2(2)(a) will lessen, prejudice, diminish or otherwise affect the rights and obligations of the Parties under section 7.

12.3 Transfer of Assets

During the Term NDM must not, and must not allow or permit any of its Representatives to, Transfer any material Assets (including for certainty any shares of PMC), other than the transfer of the Mineral Rights held by U5 Resources Inc. to an Affiliate of the Pebble Limited Partnership, without the express written consent of FQL first being obtained (which approval may not be unreasonably withheld, conditioned or delayed to the extent required for the prudent operation of the business of the PLP Group in the ordinary course).

12.4 Encumbrances

Except for Encumbrances which exist as at the Effective Date, during the Term NDM must not, and must not allow or permit any of its Representatives to, create, or if created, permit to remain, any Encumbrance on, against or over the Assets, any member of the PLP Group or the shares in PMC without the express prior written approval of FQL being first obtained (which approval may be refused, withheld or conditioned at the absolute discretion of FQL except where a member of the PLP Group is required to give, grant or create an Encumbrance for the Permitting in the ordinary course, in which case approval must not be unreasonably withheld or conditioned).

13. NOTICE

13.1 Notices

A notice, demand, consent or other communication required, given or made under this Agreement ("**Notice**") must be in writing, signed by the sender and either left at the delivery address or sent to the addressee by mail or email. If it is sent by mail, it is taken to have been received five (5) Business Days after it is posted. If it is sent by email it is taken to have been received only when acknowledged by an addressee. Each Party's delivery address and email address will be as specified in section 13.2 or as notified in writing from time to time.

13.2 Address for Notice

(1) FQL's delivery address and electronic mail address are:

4th Floor — 543 Granville Street
Vancouver, British Columbia

Canada V6C 1X8

Attention: Group Manager - Commercial Projects
Email: angus.kennedy-perkins@fqml.com

With a copy to:

Fasken Martineau DuMoulin LLP
Suite 2900 - 550 Burrard Street
Vancouver, British Columbia
Canada V6C 0A3

Attention: Andrew Gabrielson
Email: agabrielson@fasken.com

(2) NDM's delivery address and electronic mail address are:

Suite 1500, 1040 West Georgia Street
Vancouver, British Columbia
Canada V6E 4H1

Attention: Chief Executive Officer
Email: ronthiessen@hdimining.com

With a copy to:

McCarthy Tetrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, British Columbia
Canada V6E 005

Attention: Roger Taplin
Email: rtaplin@mccarthy.ca

14. GENERAL

14.1 Governing Law

(1) This Agreement and any dispute arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes) will be governed by, construed and take effect in accordance with the law in force in British Columbia (excluding its conflict of laws rules) and the laws of Canada applicable in British Columbia.

(2) Each Party:

(a) irrevocably and unconditionally submits to the exclusive jurisdiction of the courts exercising jurisdiction in British Columbia, and any court that may hear appeals from any of those courts, for any proceeding in connection with this Agreement, subject only to the right to enforce a judgment obtained in any of those courts in any other jurisdiction; and

(b) waives any objection to the venue of any legal process commenced in the courts of British Columbia on any basis including that the process has been brought in an inconvenient forum.

14.2 Severability

If anything in this Agreement is unenforceable, illegal or void then it is severed and the rest of this Agreement remains in force.

14.3 Further Assurances

Each Party must promptly at its own cost do all things (including executing and if necessary delivering all documents) reasonably necessary or desirable to give full effect to this Agreement.

14.4 Amendment and Variation

An amendment or variation to this Agreement is not effective unless it is in writing and signed by the Parties.

14.5 Waiver

A Party's failure or delay to exercise a power or right does not operate as a waiver of that power or right. The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right. A waiver is not effective unless it is in writing. Waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

14.6 Counterparts

This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart constitutes an original of this Agreement, all of which together constitute one agreement. The exchange of duly executed counterparts of this Agreement by the Parties using facsimile transmission (whether by fax machine, email or other electronic means of exchanging facsimile copies) will be effective to create a binding agreement as between the Parties.

EXECUTED AS AN AGREEMENT

NORTHERN DYNASTY MINERALS LTD.

Per: (signed) "*Ron Thiessen*"
Authorized Signatory

FIRST QUANTUM MINERALS LTD.

Per: (signed) "*Angus Kennedy-Perkins*"
Authorized Signatory