

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Northern Dynasty Minerals Ltd. (the “Company”)
15th Floor – 1040 West Georgia Street
Vancouver, British Columbia
V6E 4H1

Item 2 Date of Material Change

December 15, 2017

Item 3 News Release

A news release (the “News Release”) with respect to the material change referred to in this report was issued by the Company on December 18, 2017 and distributed through the facilities of CNW. The News Release was filed on the System for Electronic Document Analysis and Retrieval and is available at www.sedar.com.

Item 4 Summary of Material Change

The Company announced on December 18, 2017, that it has entered into a framework agreement with First Quantum Minerals Ltd. (TSX: FM) which contemplates that an affiliate of First Quantum will, subject to certain conditions, subsequently execute an option agreement with the Company. The option agreement contemplates an option payment of US\$150 million staged over four years which option will entitle First Quantum to acquire the right to earn a 50% interest in the Pebble Limited Partnership for US\$1.35 billion.

Item 5 Full Description of Material Change

5.1 Full Disclosure of Material Change

The Company announced that it has entered into a framework agreement with First Quantum Minerals Ltd. (“First Quantum”) (TSX: FM) which contemplates that an affiliate of First Quantum will subsequently execute an option agreement with the Company. The option agreement contemplates an option payment of US\$150 million staged over four years which option will entitle First Quantum to acquire the right to earn a 50% interest in the Pebble Limited Partnership (the “Pebble Partnership”) for US\$1.35 billion. The option period may be extended for up to 2 years by First Quantum making payments to be agreed which amounts will be offset against the \$1.35 billion additional investment amount. Within five business days of the execution of the framework agreement, First Quantum will make an early option payment of US\$37.5 million (“Early Option Price Installment”) to the Company. The Early Option Price Installment will be applied solely for the purpose of progressing the permitting of the Pebble Project.

The entry by First Quantum into the option agreement is contingent upon the completion of due diligence, necessary regulatory approvals being obtained and the successful negotiation of the final form of the option agreement and associated commercial agreements. Finalization and execution of the option agreement and associated commercial agreements is expected early in the second quarter of 2018. Investors are cautioned there is no assurance that a transaction will be entered into at the end of the process.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The name and business number of the executive officer of the Company who is knowledgeable of the material change and this report is:

Trevor Thomas
Secretary and General Counsel
Telephone: 604-684-6365

Item 9 Date of Report

December 22, 2017

Forward Looking Information and other Cautionary Factors

This report includes certain statements that may be deemed "forward-looking statements". All statements in this report, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in its forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of the ultimate size, quality or commercial feasibility of the Pebble Project or of the Company's future performance or the outcome of litigation.

Assumptions used by the Company to develop forward-looking statements include the following: the Pebble Project will obtain all required environmental and other permits and all land use and other licenses, studies and development of the Pebble Project will continue to be positive, and no geological or technical problems will occur. The likelihood of a partnering transaction is subject to risks related to the satisfactory completion of due diligence and negotiations, including finalization of definitive agreements and fulfilment of conditions precedent therein, including receipt of all necessary approvals. Such process may not be successfully completed or completed on terms satisfactory to the Company. The likelihood of future mining at the Pebble Project is subject to a large number of risks and will require achievement of a number of technical, economic and legal objectives, including obtaining necessary mining and

construction permits, approvals, licenses and title on a timely basis and delays due to third party opposition, changes in government policies regarding mining and natural resource exploration and exploitation, the final outcome of any litigation, completion of pre-feasibility and final feasibility studies, preparation of all necessary engineering for surface or underground mining and processing facilities as well as receipt of significant additional financing to fund these objectives as well as funding mine construction. Such funding may not be available to the Company on acceptable terms or on any terms at all. There is no known ore at the Pebble Project and there is no assurance that the mineralization at the Pebble Project will ever be classified as ore. The need for compliance with extensive environmental and socio-economic rules and practices and the requirement for the Company to obtain government permitting can cause a delay or even abandonment of a mineral project. The Company is also subject to the specific risks inherent in the mining business as well as general economic and business conditions. For more information on the Company, Investors should review the Company's filings with the United States Securities and Exchange Commission and its home jurisdiction filings that are available at www.sedar.com.