

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1            Name and Address of Company**

Northern Dynasty Minerals Ltd. (the “**Company**”)  
14th Floor - 1040 West Georgia Street  
Vancouver, British Columbia  
V6E 4H1

**Item 2            Date of Material Change**

December 20, 2023

**Item 3            News Release**

The news release with respect to the material changes referred to in this report was issued by the Company and distributed through the facilities of IssuerDirect/Accesswire on December 21, 2023. The news release was filed on SEDAR and is available at [www.sedarplus.ca](http://www.sedarplus.ca).

**Item 4            Summary of Material Change**

The Company completed on December 20, 2023 a non-brokered private placement of unsecured convertible notes (the “**Convertible Notes**” or “**Notes**”) in the aggregate principal amount of USD\$15,000,000 (the “**Offering**”) pursuant to an investment agreement dated December 8, 2023 (the “**Investment Agreement**”) between the Company and Kopernik Global Investors, LLC (the “**Investor**”).

**Item 5            Full Description of Material Change**

**5.1                Full Description of Material Change**

On December 20, 2023, the Company completed the issuance of an aggregate of USD\$15,000,000 Convertible Notes to certain investment funds managed by the Investor pursuant to the Investment Agreement.

**Material Terms of the Convertible Notes**

The material terms of the Convertible Notes are summarized below:

- **Investors:** The purchasers of the Convertible Notes include five investment funds designated by the Investor (the “**Holders**”).
- **Principal Amount:** An aggregate of USD\$15,000,000 million of Convertible Notes have been issued to the Holders.
- **Maturity Date:** The Convertible Notes will mature on December 18, 2033.
- **Interest:** The Convertible Notes will bear interest at the rate of 2.0% per annum. Interest will be payable in cash every six months, with the first payment of interest due on June 30, 2024.

- **Conversion:** The Convertible Notes will be convertible into common shares of the Company (“**Conversion Shares**”) at a fixed conversion price of US\$0.3557 per share (the “**Conversion Price**”), subject to adjustment in accordance with the terms of the Convertible Notes. The Convertible Notes are convertible only at the option of the Holders, and not at the option of the Company.
- **Exemptions from Prospectus/ Registration Requirements:** The Convertible Notes have been issued further to available prospectus exemptions and exemptions from the U.S. Securities Act, and, accordingly, the Convertible Notes and Conversion Shares are subject to applicable private placement hold periods. No registration rights have been provided to the Holders.
- **Financing Redemption:** If the Company completes an Equity Financing during the term of the Convertible Notes, the Holders will be provided with the option to redeem the Convertible Notes at a price equal to 150% of the outstanding principal, plus interest (a “**Financing Redemption**”). The term “**Equity Financing**” will include any issuance of common shares, preferred shares, or any securities convertible into common shares or preferred shares but is defined to exclude (i) normal course equity compensation grants, (ii) issuances under existing convertible securities, (iii) the current Unit Offering announced on December 21, 2023, and (iv) equity issuances in connection with mergers, acquisitions and other comparable transactions that are not completed for capital raising purposes.
- **Change of Control Conversion:** in the event of a Change of Control, the Company will give the Holders the right to convert concurrent with the completion of the Change of Control at the lower of (i) the Conversion Price calculated on issuance of the Note, and (ii) the price per Common Share implied under the transaction resulting in the Change of Control. If the Holders do not elect to convert at the time of the Change of Control, the Company will be required to offer to repurchase the Convertible Notes (a “**Change of Control Offer**”) at 101% of the outstanding principal amount, plus interest (a “**Change of Control Payment**”). The Change of Control Offer must be made within 30 days of the completion of the Change of Control. In the event of a reduction to the Conversion Price in connection with a Change of Control, the maximum number of Conversion Shares issuable upon conversion of the Convertible Notes will be 132,480,752 Conversion Shares (the “**Maximum Conversion Share Amount**”), subject to adjustment. If the number of Common Shares issuable upon conversion of the Convertible Notes upon a Change of Control exceeds 132,480,752 Conversion Shares as a result of a reduced Conversion Price, then the Company will be required to use commercially reasonable efforts to obtain both approval of the Toronto Stock Exchange (the “**TSX**”) and approval of the Company’s shareholders to issue such excess Common Shares. To the extent that the required approvals cannot be obtained by the date of the Change of Control, each Holder will only be entitled to convert the principal amount of their Note to the extent that to the extent that the number of Conversion Shares to be issued to the Holder, together with the number of Conversion Shares to be issued to all other Holders of Notes exercising their right to convert on a Change of Control, will be equal to the Maximum Conversion Share Amount in effect at the time of the Change of Control.

A “**Change of Control**” is defined in the Convertibles Notes as the occurrence of any of the following:

- the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation, statutory plan of arrangement, consolidation or similar

transaction), in one or a series of related transactions, of all or substantially all of the Company's assets and the assets of the Company's subsidiaries taken as a whole to any "person" or "group", as such terms are used in Sections 13(d) and 14(d) of the United States *Securities Exchange Act of 1934* (the "**Exchange Act**") other than to the Company or one or more of its subsidiaries;

- the consummation of any transaction (including, without limitation, any merger, amalgamation, statutory plan of arrangement, consolidation or similar transaction) the result of which is that any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the Company's common shares or other common shares into which the Company's common shares are reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares, other than a transaction to which sub-paragraph (iii) of this definition of Change of Control applies and that is deemed not to be a Change of Control pursuant to the provisions thereof; and
  - the Company consolidates, amalgamates, or enters into a statutory plan of arrangement with, or merges with or into, any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), or any person consolidates, amalgamates, or enters into a statutory plan of arrangement with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the Company's outstanding common shares or the common shares of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the common shares of the outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, common shares representing more than 50% of the combined voting power of the surviving or amalgamated person (or the entity that acquires the Company's common shares) immediately after giving effect to such transaction.
- **Adjustments:** The Convertible Notes are subject to customary anti-dilution provisions and adjustments to the Conversion Price in the event of share reorganizations, distributions and capital reorganizations, subject to TSX approval where applicable.
  - **Amalgamations, Mergers and Sale of Assets, etc.:** The Company has covenanted and agreed that, for so long as the Notes remain outstanding, the Company shall not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other Person (herein called a "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:
    - prior to or contemporaneously with the consummation of such transaction the Company and the Successor shall have executed such instruments and done such things as, in the opinion of qualified counsel to the Holder, are necessary or advisable to establish that upon the consummation of such transaction:
      - the Successor will have assumed all the covenants and obligations of the Company under the Notes;

- the Note will be a valid and binding obligation of the Successor entitling the Holder, as against the Successor, to all the rights of the Holder under the Notes; and
    - in the case of an entity organized otherwise than under the laws of the Province of British Columbia, shall attorn to the jurisdiction of the courts of the Province of British Columbia;
  - such transaction, in the opinion of the board of directors of the Company, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Holder under the Notes; and
  - no condition or event shall exist as to the Company (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal moneys, premium, if any, interest and other moneys due or which may become due hereunder, which constitutes or would constitute an Event of Default under the Notes.
- **Events of Default:** The Notes include customary events of default, which include the failure to pay the Principal Amount or the amount due on the Maturity Date, a Financing Redemption or a Change of Control Payment and the failure to make a Change of Control Offer when required. The Holders of not less than a 66 2/3% majority in aggregate principal amount of the outstanding Notes may from time to time waive an event of default, absolutely or for a limited time and subject to such terms and conditions as the Holders waiving such default may specify.
- **Amendments.** Other than in respect of certain fundamental changes, including changes related to the principal amount, interest and the maturity date. the Company may, when authorized by resolution of the board of directors of the Company and with the written consent of the Holders of at least 66 2/3% in the aggregate principal amount of the Notes then outstanding, amend, modify or supplement the terms of this Note, subject to TSX approval.

## **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**

Ronald W. Thiessen  
 President & CEO  
 Tel: 604-684-6365

**Item 9            Date of Report**

December 29, 2023