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NORTHERN DYNASTY MINERALS LTD  
Form 6-K  
September 12, 2003

FORM 6-K  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

As at June 30, 2003

CIK Number 0001164771

NORTHERN DYNASTY MINERALS LTD.

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1020 - 800 West Pender Street, Vancouver, Canada V6C 2V6  
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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper  
as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper  
of a Form 6-K if submitted solely to provide an attached  
annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper  
as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of  
a Form 6-K if submitted to furnish a report or other  
document that the registrant foreign private issuer must furnish  
and make public under the laws of the jurisdiction in which the  
registrant is incorporated, domiciled or legally organized  
(the registrant's "home country"), or under the rules of the home country  
exchange on which the registrant's securities are traded,  
as long as the report or other document is not a press release, is not  
required to be and has not been distributed to the registrant's  
security holders, and, if discussing a material event, has already  
been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained  
in this Form, the registrant is also thereby furnishing the

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information to the Commission pursuant to Rule 12g3-2(b)  
under the Securities Exchange Act of 1934.

Yes [ ] No [X]

If "Yes" is marked, indicate below the file number assigned to the  
registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934,  
the registrant has duly caused this report to be signed on its  
behalf by the undersigned, thereunto duly authorized.

-----  
(Registrant)

/s/ Jeffrey R. Mason  
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Jeffrey R. Mason  
Director, Chief Financial Officer and Secretary

Date: September 10, 2003

\* Print the name and title of the signing officer under his signature.

NORTHERN DYNASTY MINERALS LTD.  
QUARTERLY REPORT  
JUNE 30, 2003

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MANAGEMENT'S DISCUSSION and ANALYSIS

Northern Dynasty is a mineral exploration company focused on the Pebble Gold-Copper Project, located 380 kilometres southwest of Anchorage, Alaska.

Northern Dynasty is acquiring the Pebble Project via two options from Teck Cominco American Incorporated ("Teck Cominco") by way of an October 2001 assignment agreement with Hunter Dickinson Group Inc. ("HDG"), a non-arms-length party. Northern Dynasty was assigned an 80% interest, with the right to acquire a 100% interest, in the two Teck Cominco options. The first option enables Northern Dynasty to purchase the 36 claims covering the Pebble deposit (the "Resource Lands") by paying Teck Cominco US\$10 million in cash or shares with the same cash equivalency prior to November 30, 2004, and purchasing the 20% HDG interest in shares at its independently appraised value. Northern Dynasty also has the right under a second option to earn a 50% interest in the surrounding "Exploration Lands" by purchasing the Resource Lands under the first option and completing 60,000 feet of drilling (41,294 feet have been completed to date) on the Exploration Lands before November 30, 2004. When the required drilling is completed, Teck Cominco can either elect to match the Company's future expenditures by forming a 50:50 joint venture or sell its 50% interest in the Exploration Lands to Northern Dynasty for US\$4 million and a 5% net profits interest.

The Pebble property hosts a large, northeast-trending mineralized system defined by an 89 square kilometre Induced Polarization ("IP") chargeability anomaly associated with a multi-phase intrusive complex. The billion tonne Pebble porphyry gold-copper-molybdenum deposit is situated in the northeastern part of the sulphide system. A new porphyry copper-gold-molybdenum deposit, a porphyry

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copper zone, a gold-copper skarn and several high-grade gold veins were discovered during Northern Dynasty's 2002 exploration program that tested targets in the Exploration Lands.

In 2002, Northern Dynasty also re-logged 104 holes previously drilled at the Pebble deposit and developed a geological model for the deposit, revealing several priority areas within and adjacent to the deposit that have high potential to host substantial good-grade mineralization. In 2003, Snowden Mining Industry Consultants Inc. estimated an inferred mineral resource of 1.0 billion tonnes grading 0.61% copper-equivalent (0.40 g Au/t, 0.30% Cu, and 0.015% Mo above a cut-off grade of 0.30% Cu-equivalent)<sup>1</sup> for the Pebble deposit, within which there is a significant amount of higher-grade mineralization: 271 million tonnes of 0.86% copper-equivalent (0.59 g Au/t, 0.43% Cu and 0.018% Cu at a cut-off grade of 0.70% Cu-equivalent). Details are provided in a May 2003 technical report filed on [www.sedar.com](http://www.sedar.com).

The Company began its 2003 core drilling program in May, designed to expand and delineate the good-grade gold-copper-molybdenum portions within the Pebble deposit. Initial drilling within and adjacent to the Pebble deposit has been very successful, demonstrating strong continuity and significant extensions to the higher-grade mineralization as well as the discovery of an entirely new higher-grade area adjacent to the Pebble deposit but outside the Snowden resource model.

- Drill holes numbered 3071, 3084, 3085, 3089, 3092 and 3093 successfully extended higher-grade material over 400 metres northeast from a higher-grade area indicated as "A";
- Drill hole 3087 successfully extended higher-grade Area A over 250 metres to the south;
- Drill holes numbered 3082 and 3086 successfully confirmed the continuity of mineralization within higher-grade Area A;
- Drill hole 3072 successfully extended to the west the higher-grade in an area called "B";
- Drill hole 3076 resulted in the discovery of a new higher-grade area, called "D", located southeast and outside of the Pebble deposit; and
- Drill holes 3070, 3078, 3079, 3081 and 3083 successfully confirmed the continuity of the Pebble deposit to the northeast.

Assay results from drilling in each area are tabulated below:

### HIGHER-GRADE AREA A

Drill Hole Number	From (metres)	To (metres)	Intercept (metres)	Intercept (feet)	Au g/t	Cu %	Mo %	Cu	
Holes indicating higher grade in Area A extends to the northeast									
3071		24.1	222.2	198.1	650	0.40	0.59	0.026	0
3071	Incl.	24.1	182.3	158.2	519	0.44	0.65	0.026	1
3071	Incl.	24.1	115.5	91.4	300	0.53	0.81	0.027	1
3084		24.1	293.2	269.1	883	0.46	0.46	0.019	0
3084	Incl.	43.0	170.7	127.7	419	0.58	0.60	0.012	1
3085		24.1	280.1	256.0	840	0.45	0.47	0.020	0

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3085	Incl.	42.2	74.0	31.8	104	0.56	0.65	0.019	1
3085	Incl.	97.7	139.9	42.2	138	0.95	0.49	0.022	1
3089		21.0	353.3	332.2	1090	0.41	0.36	0.019	0
3089	Incl.	21.0	39.3	18.3	60	0.58	0.45	0.018	0
3089	Incl.	121.6	255.7	134.1	440	0.50	0.43	0.020	0
3089	Incl.	151.5	306.8	155.3	509	0.43	0.46	0.023	0
3092		16.0	315.8	299.8	984	0.40	0.45	0.018	0
3092	Incl.	29.7	207.0	177.2	582	0.48	0.56	0.013	0
3092	Incl.	29.7	149.1	119.4	392	0.50	0.60	0.012	0
3093		29.6	115.5	86.0	282	0.38	0.38	0.012	0
3093	Incl.	54.6	100.3	45.7	150	0.47	0.45	0.013	0

Holes indicating higher-grade in Area A extends to the south

3087		8.8	301.5	292.7	960	0.45	0.41	0.025	0
3087	Incl.	161.1	301.5	140.4	461	0.62	0.62	0.036	1
3087	Incl.	164.3	251.0	86.7	285	0.86	0.70	0.048	1
3087	Inc.	216.1	251.0	34.9	115	1.12	0.95	0.052	1

Holes indicating higher-grade in Area A has continuity between holes

3082		32.6	274.0	241.4	792	0.41	0.43	0.039	0
3082	Incl.	100.3	270.5	170.3	559	0.45	0.47	0.045	0
3082	Incl.	195.3	270.5	75.3	247	0.47	0.56	0.053	1
3086		30.2	170.4	140.2	460	0.54	0.41	0.011	0
3086	Incl.	30.2	54.3	24.1	79	0.49	0.50	0.015	0

HIGHER-GRADE AREA B

Drill Hole Number	From (metres)	To (metres)	Intercept (metres)	Intercept (feet)	Au g/t	Cu %	Mo %	Cu
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Holes indicating that higher-grade Area B extends to the west

3072		3.7	188.1	184.4	605	0.47	0.43	0.015	0
3072	Incl.	3.7	139.3	135.6	445	0.52	0.47	0.015	0
3072	Incl.	3.7	90.5	86.9	285	0.55	0.54	0.018	0

NEW HIGHER-GRADE AREA D

Drill Hole Number	From (metres)	To (metres)	Intercept (metres)	Intercept (feet)	Au g/t	Cu %	Mo %	Cu
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Holes that intersected new higher-grade Area D

3069		29.1	264.3	235.2	772	0.40	0.24	0.010	0.
3069	Incl.	166.7	185.0	18.3	60	0.99	0.39	0.012	1.
3076		48.8	355.4	306.6	1006	0.33	0.42	0.024	0.
3076	Incl.	133.8	355.4	221.6	727	0.34	0.48	0.029	0.
3076	Incl.	190.8	355.4	164.6	540	0.37	0.51	0.031	0.
3076	Incl.	234.7	323.1	88.4	290	0.43	0.61	0.038	1.
3080		23.0	120.1	97.1	319	0.54	0.29	0.010	0.
3080	Incl.	82.0	120.1	38.1	125	0.70	0.39	0.015	0.
3080	Incl.	91.1	120.1	29.0	95	0.77	0.41	0.017	0.

CONTINUITY WITHIN PEBBLE DEPOSIT TO NORTHEAST

Drill Hole Number	From (metres)	To (metres)	Intercept (metres)	Intercept (feet)	Au g/t	Cu %	Mo %	Cu
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 Holes showing continuity of grade within the northeastern part of the Pebble deposit  
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3070		18.9	220.7	201.8	662	0.36	0.24	0.003	0
3070	Incl.	147.5	220.7	73.2	240	0.48	0.25	0.005	0
3070	Incl.	184.1	220.7	36.6	120	0.66	0.24	0.004	0
3078		106.4	167.3	61.0	200	0.50	0.44	0.011	0
3079		56.4	179.5	123.1	404	0.40	0.33	0.009	0
3079	Incl.	63.7	106.4	42.7	140	0.51	0.34	0.010	0
3081		33.5	149.4	115.8	380	0.42	0.27	0.004	0
3081	Incl.	118.3	149.4	31.1	102	0.51	0.37	0.005	0
3083		8.8	34.8	25.9	85	0.43	0.43	0.010	0

### Note 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. Copper equivalent estimates have not been adjusted for metallurgical recoveries of gold and copper. Molybdenum recovery is assumed to be 60%. Adjustment factors to account for differences in relative metallurgical recoveries for gold, copper, and molybdenum will depend upon the completion of definitive metallurgical testing.

$$\text{CuEQ} = \text{Cu}(\%) + (\text{Au (g/t)} \times 11.25/17.64) + (\text{Mo}(\%) \times 59.52/17.64)$$

Many of Teck Cominco's 80 widely spaced holes drilled in the Pebble deposit averaged 163 metres deep and bottomed in mineralization, suggesting that the size of the deposit will increase with delineation drilling to depth. It is also expected to extend further along strike. As an indication, Northern Dynasty's new exploration drill hole 3074, located 650 metres northeast of the Pebble deposit, intersected 61 metres of 0.57% copper equivalent (0.50 g/t Au, 0.23% Cu, 0.008% Mo). This intersection is thought to represent either a further extension to the Pebble deposit or the edge of a new porphyry deposit of unknown size.

In addition to the 18 holes drilled in the Pebble deposit area, Northern Dynasty also completed 7 wildcat exploration holes within the surrounding mineralized system. Exploration hole 3075, drilled 3 kilometres southwest of the Pebble deposit, intersected 43 metres grading 0.52 g/t Au and hole 3077 in the same region intersected 6 metres grading 1.01 g/t Au. An exploration hole (3091) was also drilled as a southwest step-out to the new Thirty-Eight gold-copper-molybdenum porphyry discovery. It intersected 82 metres of 0.41% copper equivalent (0.18 g/t Au, 0.27% Cu, 0.008% Mo). Wildcat exploration holes numbered 3088 and 3090 were drilled 300 metres northeast of the new Thirty-Seven gold-copper skarn discovery. Hole 3088 intersected 5 metres grading 0.61 g/t Au and 0.37% Cu while hole 3090 intersected 0.8 metres grading 16.5 g/t Au. These wildcat exploration holes show that the terrain surrounding the Pebble deposit is highly mineralized and that substantial additional drilling is warranted to fully assess these additional discoveries.

With the excellent drill results at the Pebble deposit, Northern Dynasty's first objective will be the delineation of the deposit and its higher-grade portions. The next phase of core drilling, comprising 30,000 feet, began in August 2003.

### Market Trends

Gold prices, although volatile, have continued to improve in 2003, averaging about US\$350/oz for the year to date. Copper is currently trading at about US\$0.80/lb. Prices are projected to increase to about US\$0.90/lb by 2004.

### Financial review

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On June 23, 2003, the Company reached an agreement (the "Agreement") with Shambhala Gold Limited ("Shambhala"), to complete a \$5 million private placement financing. Under the terms of the Agreement, Shambhala subscribed for 6,944,445 Units of Northern Dynasty at a price of \$0.72 per Unit for total proceeds of \$5,000,000. Each Unit is 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. All shares issued pursuant to the private placement and upon exercise of the warrant have a hold period ending on July 31, 2004. The Agreement received shareholder approval subsequent to the end of the quarter at the annual and extraordinary general meeting of shareholders of the Company on July 14, 2003, and the financing was completed subsequent to the quarter end, on July 31, 2003.

On closing of the Offering, Shambhala Mining Corp., a wholly-owned subsidiary of Shambhala, incorporated under the laws of the Yukon, holds approximately 26% of the issued shares of Northern Dynasty. The Agreement provides that Shambhala has the right to participate in any equity financing by the Company to maintain its pro rata interest in the Company as long as Shambhala controls 20% or more (undiluted) of the Company's issued and outstanding shares (the "Cooperative Period"). During the Cooperative Period, Shambhala is also entitled to nominate two directors to Northern Dynasty's board. Shambhala has agreed that it will vote its shares in favour of resolutions recommended by the Company's board of directors. If at any time during the Cooperative Period, Northern Dynasty elects to exercise its right to purchase the area of the Pebble Property known as the Resource Lands, by way of equity financing, Shambhala has a right of first refusal to subscribe for securities of Northern Dynasty to finance all or part of the exercise amount.

At the end of the second fiscal quarter of 2003, Northern Dynasty had working capital of \$584,954, as compared to \$438,155 at the end of the first quarter. Working capital increased due to cash received from the exercise of options and warrants during the period. Northern Dynasty had 20,565,723 common shares issued and outstanding at June 30, 2003.

### Results of Operations

Expenses increased during the second quarter as the Company commenced its 2003 field program on the Pebble Project. Total expenses during the quarter were \$1,750,386, as compared to \$236,848 spent in the prior quarter. The amount is similar to the \$1,729,932 spent in the second quarter of 2002. The main expenditures were on exploration (\$1,363,290), office and administration (\$224,581) and shareholder communications (\$99,175).

The main exploration expenditure in the current quarter was \$652,184 for drilling; 20,693 feet were drilled in the 2003 phase one program that began in May and was completed in June. Other significant exploration costs were \$221,243 for helicopter and fixed wing for transportation to site and drill moves, \$169,902 for site activities that include camp maintenance and preparation and reclamation of drill sites and \$154,835 for geological wages for planning and supervising the drill program and for logging core from the program. Environmental and land fees of \$64,833 were paid during the quarter, and mainly included claim fees and the cost of environmental work at site.

Office and administration costs are slightly increased from the \$205,434 spent in the same period in fiscal 2002. Costs during the current quarter include provisions for stock based compensation. Shareholder communication expenses during the quarter were mainly associated with the cost of developing, printing and distributing a brochure on the Pebble project and other updates to investors, analysts, and other interested parties. Additional costs are related to wages for investor relations representatives and graphics to develop new presentation materials for the project.

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### Related Party Transactions

Hunter Dickinson Inc. ("HDI") of Vancouver, British Columbia is a private company with certain directors in common with the Company that carries out geological, corporate development, shareholder communications, administration and other management activities for, and incurs third party costs on behalf of, the Company under an agreement dated December 1996. HDI is reimbursed on a full cost-recovery basis. In the quarter ending June 30, 2003, Northern Dynasty paid \$394,412 to HDI as compared to \$110,856 in the previous quarter.

### NORTHERN DYNASTY MINERALS LTD. CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2003

(Expressed in Canadian Dollars)

(Unaudited)

### NORTHERN DYNASTY MINERALS LTD. Consolidated Balance Sheets (Expressed in Canadian Dollars)

	June 30, 2003 (unaudited)	December 31, 2002 (audited)
	-----	-----
<b>Assets</b>		
Current assets		
Cash and equivalents .....	\$ 866,288	\$ 424,152
Amounts receivable and prepaids .....	104,650	178,834
Balances receivable from related parties (note 8) .....	-	79,350
	-----	-----
	970,938	682,336
Equipment (note 4) .....	4,836	2,813
	-----	-----
	\$ 975,774	\$ 685,149
	=====	=====

### Liabilities and Shareholders' Equity

#### Current liabilities

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Accounts payable and accrued liabilities .....	\$ 91,542	\$ 174,559
Balances payable to related parties (note 8) ....	294,442	11,729
	-----	-----
	385,984	186,288
	-----	-----
Shareholders' equity		
Share capital (note 7) .....	13,687,351	11,035,977
Subscriptions received (note 7(b)(i)) .....	-	650,000
Contributed surplus (note 7(e)) .....	50,403	13,271
Deficit .....	(13,147,964)	(11,200,387)
	-----	-----
	589,790	498,861
Nature of operations (note 1)		
Commitments (note 11)		
Subsequent events (note 12)		
	-----	-----
	\$ 975,774	\$ 685,149
	=====	=====

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)  
(Unaudited)

	Three months ended June 30		Six months ended J	
	2003	2002	2003	
	-----	-----	-----	-----
Expenses				
Conference and travel .....	\$ 24,179	\$ 12,622	\$ 30,629	\$
Depreciation .....	555	180	698	
Exploration (note 6) .....	1,363,290	1,455,741	1,501,250	2,1
Legal, accounting and audit .....	14,861	23,110	15,471	
Office and administration (note 7(d))	224,581	205,434	280,522	2
Shareholder communication .....	99,175	26,545	127,342	
Trust and filing .....	23,745	6,300	31,322	
	-----	-----	-----	-----
	1,750,386	1,729,932	1,987,234	2,5
	-----	-----	-----	-----



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Other items				
Foreign exchange gain (loss) .....	31,616	(20,187)	35,192	(
Interest income .....	2,319	16,322	4,465	
	-----	-----	-----	-----
	33,935	(3,865)	39,657	
	-----	-----	-----	-----
Loss for the period .....	\$ (1,716,451)	\$ (1,733,797)	\$ (1,947,577)	\$ (2,5
	-----	-----	-----	-----
Weighted average number of common shares outstanding .....	18,283,739	12,705,042	17,634,698	11,2
	-----	-----	-----	-----
Basic and diluted loss per share .....	\$ (0.09)	\$ (0.14)	\$ (0.11)	\$
	=====	=====	=====	=====

Consolidated Statements of Deficit  
(Expressed in Canadian Dollars)

			Six months ended J
			-----
			2003
			-----
Deficit, beginning of period .....		\$ (11,200,387)	\$ (6,0
Loss for the period .....		(1,947,577)	(2,5
		-----	-----
Deficit, end of period .....		\$ (13,147,964)	\$ (8,6
		=====	=====

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)  
(Unaudited)

		Three months ended June 30	Six mon
		-----	-----
		2003	20
		-----	-----
Cash provided by (applied to):			
Operating activities			
Loss for the period .....	\$ (1,716,451)	\$ (1,733,797)	\$ (1,947,5
Items not involving cash			
Depreciation .....	555	180	6

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Stock-based compensation .....	31,947	-	37,1
Shares issued for property option payments .....	-	-	
Changes in non-cash working capital items			
Amounts receivable and prepaids .....	47,618	(56,641)	74,1
Accounts payable and accrued liabilities .....	64,106	173,383	(83,0
Balances receivable from and payable to related parties .....	307,770	(7,419)	362,0
	<u>(1,264,455)</u>	<u>(1,624,294)</u>	<u>(1,556,5</u>
Investing activities			
Purchase of equipment .....	(2,721)	-	(2,7
	<u>(2,721)</u>	<u>-</u>	<u>(2,7</u>
Financing activities			
Common shares issued for cash, net of issue costs ..	1,833,469	970,107	2,651,3
Subscriptions received .....	-	(270,000)	(650,0
	<u>1,833,469</u>	<u>700,107</u>	<u>2,001,3</u>
Increase (decrease) in cash and equivalents .....	566,293	(924,187)	442,1
Cash and equivalents, beginning of period .....	299,995	1,888,693	424,1
	<u>299,995</u>	<u>1,888,693</u>	<u>424,1</u>
Cash and equivalents, end of period .....	<u>\$ 866,288</u>	<u>\$ 964,506</u>	<u>\$ 866,2</u>

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

NORTHERN DYNASTY MINERALS LTD.  
Notes to Consolidated Financial Statements  
For the period ended June 30, 2003  
(Expressed in Canadian Dollars)

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. Its principal mineral property interests are located in Alaska, 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.

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### 2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

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) Equipment

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

#### (c) Mineral property interests

The acquisition costs of mineral properties are deferred until the properties are placed into production, sold or abandoned. These deferred 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 are less than 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.

Exploration costs and option payments are expensed in the period incurred.

Administrative expenditures are expensed in the period incurred.

#### (d) 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 under the agreement terms 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.

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Share issue costs are deducted from share capital.

### (e) Stock-based compensation plan

The Company has a stock-option plan which is described in note 7(d). Effective January 1, 2002, the Company has adopted the new accounting standard of the Canadian Institute of Chartered Accountants ("CICA") for accounting for stock-based compensation.

The Company has adopted the fair market value method of accounting for all stock options granted. Under this method, stock-based compensation on options granted to employees, directors, and consultants is recorded as an expense over the period the options are vested, based on the estimated fair value at the measurement date using a fair value pricing model.

### (f) Foreign currency translation

All of the Company's foreign subsidiaries are considered integrated.

Monetary assets and liabilities of the Company's 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 estimated 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 depreciation, are translated at average exchange rates for the period. Depreciation is translated at the same exchange rates as the assets to which it relates.

Foreign exchange gains or losses are expensed.

### (g) 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 carryforwards 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.

### (h) Loss per share

Basic loss per 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 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 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.

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

(i) 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 Company is not exposed to significant credit risk or interest rate risk.

(j) Change in Accounting Policy - Stock-Based Compensation

Effective January 1, 2002, the Company adopted the new Recommendations of the Canadian Institute of Chartered Accountants relating to the accounting for stock-based compensation and other stock-based payments. Under the new standard, payments to non-employees, and to employees awards that are direct awards of stock, that call for settlement in cash or other assets, or that are stock appreciation rights which call for settlement by the issuance of equity instruments, are accounted for using the fair value method and is included in operations, with an offset to contributed surplus. No compensation expense is recorded for all other non-cash stock-based employee compensation awards; however pro forma disclosure of net income and earnings per share, had the Company used the fair value method, is presented if applicable.

Prior to the adoption of the new standard, no compensation expense was recorded for the Company's stock-based incentive plans when the options were granted. Any consideration paid by those exercising stock options was credited to share capital upon receipt.

The new Recommendations were applied prospectively. The adoption of this new standard resulted in no changes to amounts previously reported.

(k) 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 depreciation 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.

(l) Comparative figures

Certain of the prior periods' comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

#### 4. EQUIPMENT

	Accumulate	Net
	Cost	Book
	Depreciate	Value
-----	-----	-----

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June 30, 2003

Site equipment .....	\$15,387	\$14,926	\$ 461
Vehicles .....	4,335	4,335	-
Computer equipment .....	5,209	834	4,375
	-----	-----	-----
	\$24,931	\$20,095	\$ 4,836
	=====	=====	=====

December 31, 2002

Site equipment .....	\$15,387	\$14,660	\$ 727
Vehicles .....	4,335	4,239	96
Computer equipment .....	2,488	498	1,990
	-----	-----	-----
	\$22,210	\$19,397	\$ 2,813
	=====	=====	=====

### 5. MINERAL PROPERTY INTERESTS

#### (a) Pebble Property

On November 1, 2001, the Company acquired the rights to two options granted by Teck Cominco American Incorporated ("Teck Cominco") respecting its Pebble property in southwestern Alaska.

The two options granted by Teck Cominco were acquired by the Company through an agreement with Hunter Dickinson Group Inc. ("HDGI"), a private company which is related by virtue of certain directors in common. The Company has been assigned, at HDGI's cost, an 80% interest, with the right to acquire a 100% interest, in the two Teck Cominco options. HDGI's costs (\$584,655) include the staking of 134 claims to expand the property along with 30 km of induced polarization surveying over the new claims.

The first option enables the Company to explore the Pebble property for more than 2 years prior to electing to purchase a 100% interest in the Pebble deposit, free from any underlying royalty. This option was extended by one year in an agreement dated December 19, 2002 whereby the Company issued Teck Cominco 200,000 shares for the one year deferral. The Company can elect to (a) purchase the 36 claims covering the Pebble deposit by paying Teck Cominco US\$10 million, in cash or shares with the same cash equivalency, prior to November 30, 2004, and (b) purchase the 20% HDGI interest in shares at its independently appraised value. If the Company elects to issue shares to Teck Cominco in lieu of cash, the Company will manage the sale of any shares that Teck Cominco wishes to sell. Any excess of Teck Cominco's resale proceeds will be credited against future option requirements and any share resale shortfall must be made up by the Company to maintain the option. Interim payments to Teck Cominco were also required, including US\$250,000, in cash or stock with the same cash equivalency, prior to December 31, 2001 (which was paid), plus 500,000 two-year share purchase warrants exercisable at \$0.75 (which were issued on December 31, 2001) and a cumulative total of 1,000,000 shares (500,000 were issued on March 27, 2002 and 500,000 were issued on December 19, 2002) and 750,000 warrants (500,000 were issued on March 27, 2002 exercisable at \$1.15 and 250,000 were issued on December 31, 2002 exercisable at \$0.60) in two tranches before December 31, 2002. If the Company purchases the Resource Lands under the first option, it also has the right under the second option to earn a 50% interest in the adjacent Exploration Lands by completing 60,000 feet (to date 41,294 feet has been completed) of drilling before November 30, 2004, with two one-year extensions available for 100,000 shares each. Upon the Company completing the drilling, Teck Cominco can either match the Company's future expenditures by forming a 50:50 joint

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venture, or sell its 50% interest in the Exploration Lands to the Company for US\$4 million and a 5% net profits interest.

(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 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% NPI interest in the Little Bald Mountain ("LBM") property in Nevada, USA, which may be acquired by Placer Dome U.S. Inc. by annual election for an option payment of \$1,500,000 before December 1995, escalating by \$500,000 for each successive year thereafter. The option expires on December 31, 2003.

### 6. EXPLORATION EXPENSES

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Pebble Property				
Assay and analysis .....	\$ 28,523	\$ (1,269)	\$ 37,420	\$ 17,528
Drilling .....	652,184	564,201	652,184	568,590
Engineering .....	3,800	28,135	35,513	29,400
Environmental and land fees ....	64,833	(12,217)	107,850	(2,173)
Equipment rental .....	3,623	14,684	3,623	14,684
Freight .....	15,251	32,019	15,251	32,019
Geological .....	154,835	218,624	190,058	294,272
Graphics .....	34,106	35,166	41,837	55,232
Helicopter/fixed wing .....	221,243	343,940	221,243	343,940
Options payments .....	-	-	-	575,000
Site activities .....	169,902	217,692	181,281	223,796
Socioeconomic .....	692	3,642	692	3,642
Travel and accommodation .....	14,298	11,124	14,298	11,124
Incurred during the period .....	1,363,290	1,455,741	1,501,250	2,167,054
Cumulative exploration expenses, beginning of period .....	5,636,290	1,879,707	5,498,330	1,168,394
Cumulative exploration expenses, end of period .....	\$ 6,999,580	\$ 3,335,448	\$ 6,999,580	\$ 3,335,448

### 7. SHARE CAPITAL

(a) Authorized share capital

The Company's authorized share capital consists of 100,000,000 common shares, without par value.

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(b) Issued and outstanding common shares

Common shares issued:	Price	Number of shares
	-----	-----
Balance, December 31, 2001 .....		9,292,455
Private placement (net of issue costs) .....	0.34	1,176,470
Private placement (net of issue costs) .....	0.50	2,000,000
Private placement (net of issue costs) .....	1.05	197,548
Share purchase options exercised .....	0.40	310,750
Share purchase options exercised .....	0.55	13,000
Property option payments (note 5(a)) .....	0.60	700,000
Property option payments (note 5(a)) .....	1.15	500,000
Share purchase warrants exercised .....	0.40	1,325,000
		-----
Balance, December 31, 2002 .....		15,515,223
Private placement January 2003, net of issue costs (i) .	0.50	1,700,000
Share purchase options exercised .....	0.40	107,000
Share purchase options exercised .....	0.43	8,000
Share purchase options exercised .....	0.50	7,500
Warrants exercised .....	0.40	575,000
Warrants exercised .....	0.45	769,000
Warrants exercised .....	0.60	870,000
Warrants exercised .....	0.62	514,000
Warrants exercised .....	0.75	500,000
		-----
Balance, June 30, 2003 .....		20,565,723
		=====

(i) On January 14, 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 entitles 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. As at December 31, 2002, the Company had received \$650,000 for the flow-through portion of the private placement (note 11).

(ii) On July 14, 2003, subsequent to the quarter end, the Company received shareholders' approval for the private placement 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. All shares issued pursuant to the private placement financing and upon the exercise of the warrants have a hold period until July 31, 2004. On July 31, 2003, the private placement was completed.

(c) Share purchase warrants

The continuity of share purchase warrants (each warrant exercisable into



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one common share) for the period ended June 30, 2003 is:

Expiry date	Exercise Price	Dec. 31 2002	Issued	Exericised	Expir Cancel
July 16, 2003 .....	\$ 0.40	775,000	-	(575,000)	
December 27, 2003 .....	\$ 1.15	197,548	-	-	
December 31, 2003 .....	\$ 0.75	500,000	-	(500,000)	
February 20, 2004 .....	\$ 0.45	1,176,470	-	(769,000)	
March 27, 2004 .....	\$ 1.15	500,000	-	-	
April 19, 2004 .....	\$ 0.62	2,000,000	-	(514,000)	
December 31, 2004 .....	\$ 0.60	250,000	-	(250,000)	
January 14, 2005 .....	\$ 0.60	-	1,700,000	(620,000)	
		5,399,018	1,700,000	(3,228,000)	
Weighted average exercise price		\$ 0.63	\$ 0.60	\$ 0.56	\$

(i) Subsequent to June 30, 2003, 200,000 share purchase warrants were exercised at \$0.40, 520,000 share purchase warrants were exercised at \$0.60, 822,000 share purchase warrants were exercised at \$0.62, and 11,904 share purchase warrants were exercised at \$1.15.

(d) Share purchase option compensation plan

The Company has a share purchase option compensation plan approved by the shareholders that allows it to grant up to 3,600,000 share purchase options, vesting over up to two years, subject to regulatory terms and approval, to its employees, officers, directors and consultants. 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 on the day prior to the date of the grant of the option, less any allowable discounts. Options have a maximum term of five years and terminate 30 days following the termination of the optionee's employment, except in the case of retirement or death.

The continuity of share purchase options for the period ended June 30, 2003 is:

Expiry date	Exercise Price	Dec. 31 2002	Granted	Exercised	Expired Cancelle
February 12, 2003 .....	\$ 0.43	8,000	-	(8,000)	-
May 15, 2004 (i) .....	\$ 0.40	1,070,250	-	(107,000)	-
December 20, 2004 .....	\$ 0.50	119,000	-	(7,500)	-
May 9, 2005 .....	\$ 0.75	-	107,500	-	-
		1,197,250	107,500	(122,500)	-
Weighted average exercise price		\$ 0.42	\$ 0.75	\$ 0.41	\$ -

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(i) Subsequent to June 30, 2003, 183,500 share purchase options were exercised at \$0.40.

The exercise prices of all share purchase options granted during 2002 were equal to the market price at the grant date. The estimated fair value of all options granted to non-employees during 2003 have been reflected in the statement of operations as follows:

Office and administration .....	\$37,132
	-----
Total stock-based compensation cost recognized in operations, credited to contributed surplus .....	\$37,132
	=====

The weighted-average assumptions used to estimate the fair value of options granted during 2002 were:

Risk-free interest rate .....	3%
Expected option life .....	2 years
Vesting period .....	0-6 months
Expected price volatility .....	40%
Expected dividend yield .....	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 stock options.

The Company did not issue any stock-based compensation to directors, officers or employees during the period. Accordingly, there is no pro forma disclosure required.

(e) Contributed surplus

Balance, December 31, 2001 and 2000 .....	\$ -
Changes during 2002:	
Non-cash stock-based compensation to non-employees .....	13,271
	-----
Contributed surplus, December 31, 2002 .....	\$ 13,271
Changes during 2003:	
Non-cash stock-based compensation to non-employees .....	37,132
	-----
Contributed surplus, June 30, 2003 .....	\$ 50,403
	=====

8. RELATED PARTY TRANSACTIONS AND BALANCES

Six month ended

Year en

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Transactions -----	June 30, 2003 -----	December 31, 2002 -----
Services rendered and expenses reimbursed		
Hunter Dickinson Inc. (a) .....	\$ 505,268	\$ 1,227,268
Hunter Dickinson Group Inc. (b) .....	10,480	28,480
	=====	=====
Balances receivable (payable)		
Hunter Dickinson Inc. (a) .....	\$ (286,652)	\$ 79,652
Hunter Dickinson Group Inc. (b) .....	(7,790)	(11,790)
	-----	-----
	\$ (294,442)	\$ 67,862
	=====	=====

(a) Hunter Dickinson Inc. ("HDI") is a private company with certain directors in common that provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company on a full cost-recovery basis pursuant to an agreement dated December 31, 1996. The balances payable to HDI has resulted 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 provide consulting services at market rates to the Company. The balances payable to HDGI have resulted from the services rendered to, but not yet paid for by the Company.

9. INCOME TAXES

As at December 31, 2002, the Canadian parent company had the following amounts available to reduce future taxable income, the future tax benefits of which have not been reflected in the accounts, as it cannot be considered more likely than not that these amounts will be utilized. The following non-capital and capital losses, approximately, are available to reduce future taxable income:

Expiry Date -----	
2003	\$ 64,000
2004	53,000
2005	54,000
2006	-
2007	-
2008	25,000
2009	306,000
2010	799,000
	-----
Total non-capital losses	1,301,000
Capital loss carried forward	2,091,500
Excess of aggregate tax cost of equipment over net book value	-
	-----
Total losses and excess equipment tax costs available	\$3,392,500
	=====

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### 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. COMMITMENTS

At June 30, 2003, the Company is committed to incur prior to December 31, 2003, on a best-efforts basis, a total of \$650,000 in qualifying Canadian exploration expenditures pursuant to a private placement for which flow-through proceeds were received on December 31, 2002 and renounced to subscribers on that date.

### 12. SUBSEQUENT EVENTS

Subsequent to June 30, 2003, the Company:

- (a) issued 6,944,445 common shares and 6,944,445 common share purchase warrants pursuant a private placement (note 7(b)(ii)),
- (b) issued 1,553,904 common shares pursuant to the exercise of warrants (note 7(c)(i)), and
- (c) issued 183,500 common shares pursuant to the exercise of share purchase options (note 7(d)(i)).