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THE NORTHERN MINER

THE GLOBAL
MINING
NEWSPAPER

• JULY 7-13, 2006 • VOL. 92, NO. 20 • SINCE 1915

Rio Tinto snaps up 9.9% stake in Northern Dynasty

VANCOUVER — **Rio Tinto** (RTP-N) subsidiary Kennecott Canada Exploration is taking a 9.9% interest in Hunter Dickinson group company **Northern Dynasty Minerals** (NDM-V, NAK-X), which is developing the Pebble copper-gold-molybdenum deposit in southwestern Alaska.

Kennecott will purchase 8,745,845 Northern Dynasty shares at \$10 apiece for proceeds of about \$87.5 million. The major also retains a right of first refusal to participate in up to 50% of any future equity financings by Northern Dynasty, until its ownership reaches 19.9%. The senior can also choose up to three technical advisors to Northern Dynasty's Pebble project management team.

Northern Dynasty recently issued just over 14 million shares to the seven principals of privately held Hunter Dickinson Group for the company and its 20% carried

interest in the Pebble copper-gold-molybdenum deposit in southwestern Alaska.

The project, one of the world's largest copper-gold resources, is now held 100% by Northern Dynasty.

Pebble West hosts a measured and indicated resource of 3 billion tonnes grading 0.28% copper, 0.32 gram gold and 0.015% molybdenum (0.56% copper equivalent) using a 0.3% copper-equivalent cutoff. Raising the cutoff to 0.5% nearly halves the resource tonnage at 1.6 billion tonnes at 0.35% copper, 0.39 gram gold and 0.018% molybdenum (0.69% copper equivalent).

Earlier this year, the company also reviewed a preliminary estimate for the Pebble East zone with an inferred resource of 1.8 billion tonnes grading 0.6% copper, 0.37 gram gold per tonne and 0.038% molybdenum (or a 1.05% copper-equivalent grade) using a 0.6% copper-equivalent

cutoff. Boosting the cutoff to 1% copper equivalent lowers the inferred tonnage estimate to 947 million tonnes, albeit at higher grades of 0.77% copper, 0.48 gram gold and 0.04% molybdenum (1.28% copper equivalent).

Northern Dynasty has tabled a US\$20-million, 30,000-metre drill program on Pebble East aimed at expanding and upgrading the deep resource. Permitting and feasibility studies at Pebble West model proposed open-pit operations on the shallower, lower-grade deposit.

In late 2004, Northern Dynasty exercised a purchase option to acquire its initial 80% interest in the project from **Teck Cominco** (TEK.B-T, TCKBF-O).

With 79.5 million shares outstanding, the company posts a \$787-million market capitalization based on its recent \$9.90 trading level.