

Yes the parent company is a Canadian-listed publicly traded company. It trades on the Toronto Stock Exchange and the New York Stock Exchange.

Investigator: And the New York as well, right. And this is HDI?
Ronald Thiessen: No this is Northern Dynasty.

I: This is Northern Dynasty, ok. Which you are the head of the company, right?

RT: I'm the CEO of Northern Dynasty.

And we have a couple of Alaskan subsidiaries. And each subsidiary owns one partnership unit of Pebble Limited Partnership. It is a bit funny, I'm a partner with myself.

But originally one of those partnership units was owned by Anglo. They exited. We bought that partnership back from Anglo for \$100,000. So now we end up owning both partnership units, separate, and the Pebble Limited Partnership still intact. And that's because an incorporated partnership in the United States is a very good structure from a liability standpoint but also tax efficiency. I: Oh really? Yea that makes sense. Liability, what do you mean? If there is any risk with the mine this statute would protect you, would protect us? RT: Yes, the liability stop said 'The Alaska Corporation'. I: Oh. RT: Doesn't go beyond. I: So you mean that HDI is completely protected? RT: It is. HDI is not, HDI provides services to Northern Dynasty and Pebble, but it doesn't own any of it. HDI is kind of a private services company. That's where a bunch of employees, we have the Vancouver office, you know. I: Ok. RT: HDI, it's a company we put together, it's like a management company. I: Ok. RT: But it, the only thing it owns is office furniture and office equipment. Then it has employee contracts. It's because, on a mining project like Pebble, in the early days you use a lot of geologists. I: Uh huh. RT: And very few engineers. I: Yes. RT: Then when you finish doing all the drilling then you start shifting to engineers, now where are the geologists gonna

separate, and the Pebble Limited Partnership still intact. And that's because an incorporated partnership in the United States is a very good structure from a liability standpoint

but also tax efficiency.

Yes, the liability stops at the Alaska corporation.

Ronald Thiessen: Doesn't go beyond.

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but it doesn't own any of it. HDI is kind of a private services company.

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But it, the only thing it owns is office furniture and office equipment. Then it has employee contracts. It's because, on a mining project like Pebble,

in the early days you use a lot of geologists. And very few engineers. Then when you finish doing all the drilling then you start shifting to engineers, now where are the geologists gonna go?

So HDI has this, this inventory of skilled people and it sends the geologists, when the geologists are done they come back to HDI and then maybe they go to Poland to work on our Polish project.

Or they go to Arizona to work on the Florence project. And same with the engineers. I mean it's like fisheries biologists. We have one of the best fish biologists in all of North America.

He works here, he works for HDI. But when Pebble needs him he's working on Pebble. When Taseko needs him for Gibraltar or New Prosperity or Yellowhead, then he goes and works there.

Investigator: And so you were saying, what you were saying is that liabilities, risk wouldn't go beyond Pebble Limited? It would not touch Northern Dynasty?

Correct, correct. Just like, it was the same with Anglo.

under a limited liability partnership there's the general partner and the liability partners.

So the general partner, which is called Pebble Mines Corp,

takes most of the liability but only has one percent of the asset. And the limited liability partners have 99% of the assets and none of the liability.

Investigator: So the HDI, they're not total strangers right?

Ronald Thiessen: Oh I'm the CEO of HDI as well.

Investigator: As well, ok. So it's all part of you guys?

Ronald Thiessen: It's a private company.

There's only six partners, or six shareholders.

Investigator: So in our case our investment would be with Northern Dynasty?

Ronald Thiessen: Yes, yes. Under the terms that we talked about, yes.

Investigator: Exactly so somehow protected for any, any sort of liabilities regarding the mine, the future, the tailing, the water, the salmon, you know what I mean.

Yes absolutely.

Ronald Thiessen: Oh you mean if there was a tailings disaster or something like that?

I: Yea, something like that.

RT: There would be no liability to you at that the Northern Dynasty level shareholder.

The actual liability is captured at the operating company level, which is under US terms it's called a limited liability partnership.

So there are partner companies and then there's the general partner. A general partner already exists, it's called Pebble Mines Corp. and there are two partners.

Now we, Northern Dynasty, happen to have both partnership units because we bought Anglo's unit back. When we find our final partners,

you know with one of the major mining companies in the world, they will then acquire that partnership unit from us and we'll go back to being two partners, two limited liability partners,

with a Pebble Mines Corp. And so you will be a shareholder of Northern Dynasty, which owns 50 percent of the project when the major mining company, or consortium companies, come in

and they will bring the capital to build the project.

Yea, you'd be several levels removed from the liability. The liability would be at the limited liability partnership level and there would be insurance on it plus the assets at that level.

You'd be two levels up because there's a US-based company that owns the share

– the units of the partnership and the shares of Pebble Mines Corp.

and then there's Northern Dynasty, the Canadian company.

I can send you a corporate organization chart.

Yes – we put a lot of thought into this overall corporate structure,

from a tax standpoint, from a liability standpoint, all those features.