



North American **Palladium** Ltd.

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## News Release

Website: [www.napalladium.com](http://www.napalladium.com)

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FOR IMMEDIATE RELEASE

Trading Symbol TSE - PDL  
AMEX - PAL

### **North American Palladium Ltd. – Elects Not To Extend Palladium Sales Contract**

**North American Palladium Ltd.** has elected not to extend the current long-term palladium sales agreement with a major automotive manufacturer beyond June 30, 2005. The current contract provides a floor price of US\$325/oz on 100% of palladium production and a cap of US\$550/oz on 50% of palladium production until June 30, 2005. The terms of the existing contract will remain in effect until June 30, 2005. To augment the palladium sales contract, the Company has sold forward 122,900 ounces of palladium through 2003 at an average price of US\$927/oz.

The original contract was required as a condition to the US\$90 million bank term loan which was used to fund the current expansion project. The September 30, 2006 maturity date for the term loan will be accelerated to June 30, 2005 as a result of not extending the contract. At prevailing palladium prices the Company expects to repay the loan prior to June 30, 2005. The repayment of this facility will provide the Company with greater financial flexibility and the option but not the obligation to enter into further palladium hedging contracts.

The terms under the original contract will continue to ensure floor price protection at US\$325/oz. of palladium, however in the context of the current palladium market, the original terms are not sufficiently attractive to further extend the contract. North American Palladium will continue to seek opportunities to strategically hedge palladium production, which secures profitable operating margins, provides cash flow stability and allows for greater shareholder participation to the upside in the palladium price.

**North American Palladium's Lac des Iles Mine** is Canada's only primary producer of platinum group metals and is one of the largest open pit bulk mineable palladium reserves in the world. **Palladium** use in the auto industry continued to increase in 2000 and future demand prospects are robust and supported by more stringent hydrocarbon emissions standards for cars, particularly in the United States, Europe and Japan.

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Forward-Looking Statements - Some statements contained in this release are forward-looking and, therefore, involve uncertainties or risks that could cause actual results to differ materially. Such forward-looking statements include comments regarding geological resource and mining reserve statements and exploration program performance. Factors that could cause actual results to differ materially include metal price volatility, economic and political events affecting metal supply and demand, fluctuations in ore grade, ore tons milled, geological, technical, mining or processing problems, exploration programs and future results of exploration programs at the Lac des Iles Mine, future profitability and production. The Company disclaims any obligation to update forward-looking statements.