North American Palladium Ltd.

130 Adelaide St. West
Suite 2116
Toronto, ON
M5H 3P5

News Release

Website: www.napalladium.com

May 24, 2001

FOR IMMEDIATE RELEASE

Trading Symbol TSE - PDL
AMEX - PAL

North American Palladium Ltd. Announces First Quarter 2001 Results

North American Palladium Ltd. announces results for first quarter ended March 31, 2001.

Highlights

- Proven and probable reserves increased by 17% to 4.8 million ounces palladium.
- Mine Life extended to 17 years.
- Major mine expansion proceeding on schedule for second quarter 2001 commissioning.

Results of Operations

The Company achieved a net income for the three months ended March 31, 2001 of $3,735,000 or $0.07 per share (fully diluted) on revenues of $20,203,000 compared to a net income of $9,092,000 or $0.35 per share (fully diluted) on revenue from metal sales of $23,302,000 for the corresponding period a year earlier. The decrease in revenue reflects the revaluation of the net realizable value of concentrate awaiting settlement combined with an 8% reduction in palladium production.

The concentrator processed 223,107 tonnes of ore during the first quarter at a palladium grade of 3.622 g/t, producing 18,838 ounces of palladium. In the first quarter 2000, 219,705 tonnes of ore grading 3.906 g/t were processed, producing 20,372 ounces palladium. Mill palladium recoveries in the first quarter 2001 were 72.5% compared to 73.8% in the first quarter 2000. To facilitate employee training at the new mill facility while maintaining operations, contractors were hired to operate the existing 2,400 tonne per day mill until the new 15,000 tonne per day mill is commissioned in the second quarter.

Production costs including overhead were $10,374,000 during the first quarter 2001 compared to $6,983,000 during the first quarter 2000. The 49% increase in costs during the quarter was due to the much higher volumes of waste stripping (2001-5,929,666 tonnes vs. 2000-1,003,711 tonnes) compared to the volume of ore extracted and processed, as well as the impact of increased fuel and energy costs. Ore mined during the quarter was 290,205 tonnes compared to 331,663 tonnes in the first quarter 2000. Ore mined in the quarter was behind schedule due to a delay in the commissioning of the second shovel and the additional volume of pre-stripping. It is anticipated that the shortfall in ore mined will be made up during the next three quarters. It is important to note that the broken ore stockpile at the end of the quarter was 3.2 million tonnes grading 1.8 g/t palladium, sufficient to meet the new mill processing requirements.

Cash costs to produce palladium, net of other metal credits and royalties, increased to US$330 per ounce in the first quarter 2001 compared to US$209 per ounce in the first quarter 2000. The increase in unit cash costs resulted from producing 8% less palladium combined with higher costs for waste stripping and diesel and electricity. These items were offset in part by higher production quantities for the other metals. As the volume of ore processed in the new mill ramps up to full design throughput of 15,000 tonnes per day by the end of the third quarter the unit cash costs are expected to significantly improve.

The net income for the quarter was affected by the provision for income taxes, which increased by $2,704,000 during the first quarter 2001 as compared to the first quarter 2000. For the first three quarters of 2000, the corporate income tax provisions were offset by the benefit of tax loss carryforwards that were recognized as the tax loss carryforwards were utilized. As a result of the sustained improved operating results of the Company and the completion of the public equity offering, a future tax asset related to the recognition of the future benefit of the remaining unrecognized tax loss carryforwards was recorded during the fourth quarter of 2000. Approximately $1,821,000 of the first quarter 2001 tax provision is a draw down of this future tax asset and thus a non-cash transaction.

Liquidity and Capital Resources

Cash flow from operations (prior to changes in non-cash working capital) was $6,917,000 in the first quarter 2001, compared to cash flow from operations of $14,005,000 in the first quarter 2000. The reduction in cash flow was primarily due to reduced revenue and the increased production costs as explained above. Changes in non-cash working capital provided $3,490,000 of cash in the first quarter 2001. After allowing for non-cash working capital changes, cash provided by operations was $10,407,000 in the quarter compared to cash provided by operations of $6,829,000 in the first quarter 2000.

The primary investing activity during the first quarter was the expansion project, which required $46,959,000 of cash. Financing activities raised net proceeds of $28,449,000 in the current quarter compared to proceeds of $3,514,000 in the first quarter of 2000. During the first quarter 2001, the expansion project funding requirements were met by drawing $27,655,000 under the project term loan with the balance coming from cash resources.

Working capital increased to $83,778,000 at March 31, 2001, compared to $78,931,000 at December 31, 1999, resulting from the improved cash flow from operations.

Production Statistics

	First Quarter March 31	
	2001	2000
Palladium (oz)	18,838	20,372
Payable Palladium (oz)	17,190	18,335
Platinum (oz)	1,302	1,270
Gold (oz)	1,556	1,285
Copper (lbs)	382,972	277,306
Nickel (lbs)	284,610	200,687
Ore Tonnes Milled	223,107	219,705
Ore Tonnes Mined	290,205	331,663
Waste Tonnes Mined	5,929,666	1,003,711

Mine Expansion Project

Construction of the new 15,000 tonne per day mill and related mine expansion is proceeding on schedule for start-up in the second quarter 2001 with ramp-up to full production by the end of the third quarter.

Construction activities for the new facilities got underway in late April 2000, starting with excavation in the new mill area, followed by foundation preparations in early June, concrete in mid-July, steel in late August, mechanical / piping in mid-November, electrical / instrumentation in early December, achieving substantial completion 12 months later in late April 2001. Twenty-five construction contractors were required to complete the work over the 12-month construction period, with construction manpower peaking at 350 in mid to late February.

Change over from temporary to permanent power occurred in mid-February and transfer of process water from Lac des Iles to the new water reservoir commenced in early March 2001. The mine started servicing mining equipment in the new truck shop in mid-February 2001 and the new warehouse became operational in late March 2001. At the end of the first quarter 2001, construction of the new production facilities for the expansion was approximately 95% complete. Commissioning of the material handling and process facilities is proceeding as planned and the first ore is expected to be treated by the end of the second quarter.

Commissioning of the new larger fleet of mining equipment was completed in February 2001 and pre-stripping of the enlarged pit will be completed in the second quarter in preparation for increased mining activity.

Exploration

During the first quarter the results of the 2000 exploration program were announced and are reported in the Company's 2000 Annual Report. Measured and indicated resources (including proven and probable reserves) increased by 48% to 7.4 million ounces of palladium (145.6 million tonnes, grading 1.57 g/t palladium). Proven and probable reserves increased by 17% to 4.8 million ounces of palladium (96.2 million tonnes, grading 1.55 g/t palladium). As a result of this success, the life of mine has been extended to 17 years.

This past winter's exploration activities consisted of conducting Induced Polarization Electro-Magnetic and Magnetic Susceptibility surveys on portions of three properties – Tib Lake, Buck Lake and Lac des Iles. The objective of these surveys is to generate core drilling targets in areas with high discovery potential.

A 9 hole, 6,098 metre core drilling program was completed at the minesite. These holes, all drilled from the east, continued to extend the Roby Zone to depth, specifically the high grade "Shear Ore". Plans for the upcoming exploration season will consist of follow-up geophysical surveys and selecting core drilling targets, including drilling of previous surface discoveries. Drilling at the minesite will continue with three objectives; to continue step-out resource definition drilling, to conduct exploratory drilling in search of satellite mineralization, and to drill the high grade "Shear Ore" up to a depth of 1,000 metres to determine the potential for an underground bulk mining operation below the planned open pit depth of approximately 400 metres.

North American Palladium Ltd.

Consolidated Balance Sheets

(Canadian Funds in Thousands of Dollars)

(Unaudited)

	March 31 2001	December 31 2000
ASSETS		
Current Assets		
Cash	$ 22,022	$ 4,503
Short-term investments	14,143	40,452
Concentrate awaiting settlement, net	48,242	49,709
Inventories	10,527	10,454
Future income tax asset	12,765	11,165
Accounts receivable and other assets	2,666	5,618
	110,365	121,901
Mining interests, net	44,522	53,954
Expansion project	186,179	154,758
Mine closure deposit	1,230	1,030
Deferred financing costs	3,024	2,989
Future income tax asset	9,372	9,372
Deferred foreign exchange loss	3,065	-
	$ 357,757	$ 344,004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 22,786	$ 40,406
Taxes payable	3,206	1,980
Current portion of obligations under capital lease	595	584
	26,587	42,970
Provision for mine closure costs	734	705
Obligations under capital leases	1,119	1,271
Project term loan	89,759	59,039
	118,199	103,985
Shareholders' Equity		
Capital stock outstanding: 50,338,809 common shares (2000 - 50,028,772)	310,004	308,834
Deficit	(70,446)	(68,815)
Total shareholders' equity	239,558	240,019
	$ 357,757	$ 344,004

North American Palladium Ltd.

Consolidated Statements of Operations and Deficit

(Canadian Funds in Thousands of Dollars Except Share and Per Share Amounts)

(Unaudited)

	Quarter Ended March 31	
	2001	**2000**
Revenue from Metal Sales	$ 20,203	$ 23,302
Deduct: smelter treatment, refining and freight costs	(903)	(1,511)
Net revenue from mining operations	19,300	21,791
Operating Expenses		
Production costs including overheads	10,374	6,983
Amortization	1,332	2,016
Administrative expenses	970	354
Provision for mine closure costs	29	29
Total operating expenses	12,705	9,382
Income from mining operations	**6,595**	**12,409**
Other Income (expenses)		
Interest income	566	31
Interest	(40)	(256)
Interest on long-term debt	-	(2,657)
Exploration expenses	(273)	-
Amortization of deferred foreign exchange loss	-	(66)
Foreign exchange loss	(362)	(322)
Total other income (expenses)	(109)	(3,270)
Income before income taxes	**6,486**	**9,139**
Provision for income taxes	2,751	47
Net income for the period	**3,735**	**9,092**
Deficit, beginning of period	(68,814)	(129,572)
Adjustment for change in accounting policy	(5,367)	-
Deficit, end of period	**$ (70,446)**	**$ (120,480)**
Net income per share	$ 0.07	$ 0.63
Fully-diluted Net income per share	$ 0.07	$ 0.35
Weighted average number of shares outstanding	**50,255,717**	**12,369,889**

North American Palladium Ltd.

Consolidated Statements of Cash Flows

(Canadian Funds in Thousands of Dollars)

(Unaudited)

	Quarter Ended March 31	
	2001	**2000**
Operations		
Net income for the period	$ 3,735	$ 9,092
Operating items not involving cash		
Future income tax	1,821	-
Amortization	1,332	2,015
Amortization of deferred foreign exchange loss	-	66
Foreign exchange loss on interest payable	-	146
Provision for mine closure costs	29	29
Unpaid interest expense - Kaiser-Francis Oil Company	-	2,657
	6,917	14,005
Changes in non-cash working capital	3,490	(7,176)
	10,407	6,829
Financing Activities		
Mine closure deposit	(200)	(50)
Advances on palladium settlements	-	3,238
Obligations under capital leases	(141)	(208)
Deferred financing costs	(35)	-
Project term loan	27,655	-
Issuance of common shares	1,170	534
	28,449	3,514
Investing Activities		
Short-term investments	26,309	-
Additions to plant and equipment	(222)	(15)
Expansion project	(46,959)	(6,650)
Mining claims, exploration and development costs	(465)	(1,496)
	(21,337)	(8,161)
Increase in Cash	**17,519**	**2,182**
Cash, beginning of period	4,503	157
Cash, end of period	**$ 22,022**	**$ 2,339**

Notes to the March 31, 2001 Interim Financial Statements

(in thousands of Canadian dollars except per share and per ounce amounts)

1) Basis of Presentation

The unaudited interim consolidated financial statements have been prepared in accordance with accounting polices as set out in the Company's audited fiscal 2000 consolidated financial statements, except as described in note 2.

These interim financial statements by their nature do not conform in all respects to the requirements of Canadian generally accepted accounting principals for annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the audited fiscal 2000 financial statements.

In the opinion of management, the unaudited interim financial statements reflect all adjustments, which consist only of normal and recurring adjustments, necessary to present fairly the financial position of the Company as at March 31, 2001 and the results of operations and cash flows for the three month periods ended March 31, 2001 and 2000.

2) Changes in Accounting Policy

(i) The Canadian Institute of Chartered Accountants (the "CICA") issued new accounting recommendations for the presentation and disclosure of basic and diluted earnings per share. Effective January 1, 2001, the Company adopted these new recommendations on a retroactive basis. The most significant change under the new recommendations is the use of the "treasury stock method" instead of the "imputed earnings approach" in computing diluted earnings per share. The retroactive impact of adopting the new recommendations on the three month period ended March 31, 2000 had no impact on earnings per share but decreased the weighted number of diluted shares by 161,181.

(ii) The CICA issued Accounting Guideline No. 11, which covers certain of the Company's exploration activities. In the past the Company has capitalized certain exploration costs on the Lac des Iles property that were not covered by feasibility studies, whereas under the new guideline the Company would be required to expense these amounts in the period incurred. Effective January 1, 2001 the Company adopted these new recommendations on a retroactive basis, but has not restated prior period comparative financial statements. The impact as at January 1, 2001 of the adoption of these new recommendations is to reduce mining interest by $8,788, increase future income tax assets by $3,421 and increase deficit by $5,367.

3) Concentrate Awaiting Settlement

The gross value of concentrate awaiting settlement represents the value of all platinum group metals and base metals from production shipped to the smelters between November 2000 and March 2001, including 38,288 ounces of palladium. Concentrate awaiting settlement was 100% from two domestic customers at March 31, 2001. Revaluations of the net realizable value of concentrate awaiting settlement are included in revenue at each reporting period and are adjusted for the effects of hedging instruments and sales contracts.

4) Expansion Project Capital Cost

At March 31, 2001, $186,179 of capital cost had been incurred on the expansion project representing 90% of the forecasted capital cost. Net of accounts payable and accrued liabilities, $167,311 of cash had been expended at March 31, 2001, funded as to $89,759 (US$57,000) from the project term loan with the balance from the proceeds of the October 2000 public equity issue and cash from operations. The Company has sufficient cash resources and lines of credit to fund the completion of the expansion project capital.

5) Mine Closure Plan

As part of the expansion project, the Company has established a revised mine closure plan with the Ontario Ministry of Northern Development and Mines (the "Ministry"), which requires a total amount of $7,800 to be accumulated in a Trust Fund controlled by the Ministry. At March 31, 2001, the Company had $1,230 on deposit with the Ministry and has agreed to make monthly deposits of $100.

6) Palladium Sales Contract

On April 24, 2001, the Company elected not to extend its Palladium Sales Contract with a major automobile manufacturer beyond its original term of June 30, 2005. The current contract provides for a floor price of US$325 per ounce on 100% of palladium production and a cap of US$550 per ounce on 50% of palladium production until June 30, 2005. The palladium sales contract was required as a condition to the US$90 million project term loan. As a result of not extending the sales contract, the September 30, 2006 maturity date for the project term loan has been accelerated to June 30, 2005.

7) Palladium Forward Sales Contracts

At March 31, 2001, to augment the palladium sales contract, the Company had forward sales contracts for 17,000 ounces of palladium at US$966 per ounce, 50,400 ounces of palladium at US$945 per ounce and 50,400 ounces of palladium at US$899 per ounce as a hedge against a portion of its 2001, 2002 and 2003 production respectively.

8) Share Capital

As at March 31, 2001, the Company had 50,338,809 common shares issued and outstanding (December 31, 2000 – 50,028,772). At March 31, 2001, the Company had 1,045,348 stock options outstanding at a weighted average exercise price of $10.22, expiring at various dates from January 19, 2002 to February 13, 2006.

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.

For further information contact:
Keith C. Minty - President & CEO
Tel: (416) 360-2656 Fax: (416) 360-7709
or
George D. Faught - Vice President Finance & CFO
Tel: (416)360-2650 Fax: (416) 360-7709