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## News Release

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

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FOR IMMEDIATE RELEASE

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### **North American Palladium Ltd. Successfully Commissions Major Mine Expansion at Lac des Iles**

#### **Highlights**

- **Lac des Iles Mine Expansion Project is successfully commissioned within the second quarter of 2001.**
- **Lac des Iles project expected to achieve mill throughput of 15,000 tonnes per day by the end of the third quarter of 2001.**
- **Initial core drilling from 2001 exploration program intersects “High-Grade Shear Ore” to a vertical depth of 705 metres.**

**North American Palladium Ltd.** is pleased to announce that the Company recently achieved a key milestone with the commissioning of a major expansion of its Lac des Iles Mine located 85 km northwest of Thunder Bay, Ontario in Canada. Despite an aggressive timetable and an extremely harsh winter period, commissioning was achieved within the stated time frame.

The entire process circuit has been tested and checked and is currently being prepared to increase mill throughput to the nameplate capacity of 15,000 tonnes per day. The primary crusher is processing ore and the new mill recently produced its initial palladium-rich concentrate. The estimated final capital costs for the expansion program is approximately C\$220 million. This represents an increase of approximately C\$12 million from the original C\$208 million budget. The capital increase was due to scoping changes combined with the impact of replacing and retrofitting several poorly fabricated, vendor supplied components including the pebble crusher. During pre-operational testing, the originally supplied rebuilt pebble crusher could not meet the Original Equipment Manufacturer's specifications and will be replaced with a new pebble crusher.

Preparations are currently underway to increase mill throughput to its design capacity of 15,000 tonnes per day by the end of September 2001. The estimated production for 2001 has been revised from 200,000 ounces of palladium to approximately 150,000 ounces of palladium to reflect the delays with the delivery of the necessary mine loading equipment and essential

concentrator components from equipment suppliers. With the new mill activated in the latter part of the second quarter of 2001 and the continuing higher volume of waste stripping which is being expensed, the Company's second quarter 2001 earnings will be comparable to the first quarter 2001 earnings.

Palladium production is expected to be in excess of 300,000 ounces in each of 2002 and 2003. The expected average annual metal production over the life of the mine remains at approximately 250,000 ounces of palladium, 23,000 ounces of platinum, 18,000 ounces of gold, 6 million pounds of copper and 2 million pounds of nickel.

## **2001 Exploration Program**

North American Palladium Ltd. is pleased to announce preliminary results of its 2001, 65,000 metre core drilling exploration program. This year's multifaceted program is intended to further expand the palladium resource identified at the Lac des Iles mine site, as well as test new targets.

The current mine plan assumes an ultimate pit depth of 400 metres. The 2000 exploration program however demonstrated that the "High Grade Shear Ore" which has an average thickness of 17 metres and an average grade of 6.5 g/tonne (at a cutoff grade of 3.5 g/t) was encountered to a depth of 620 metres and remains open at depth. Approximately 75% of the year 2001 exploration budget will be allocated towards mine site exploration including several deep holes to test the down plunge extension of the "High Grade Shear Ore" to a depth of up to 1000 metres. The remaining 25% of the exploration budget has been allocated to mineralized zones within the Lac des Iles complex with the highest discovery potential and on surrounding off-site grassroots properties.

The initial phase of the drill program is designed to infill the Shear Ore at 60 metre spacing to an initial depth of 625 metres. The recent results, including 9 metres grading 16.95 g/tonne in Hole 01-001 and 81 metres grading 3.8 g/tonne palladium in Hole 01-007 confirm the continuity of mineralization to a depth of 490 metres. In addition, information from Hole 01-007 includes 19.8 metres grading 6.0 g/tonne palladium confirming the existence of the "High Grade Shear Ore" to a vertical depth of 705 metres. This intercept is 85 metres deeper than the previous deepest intersection of the "High Grade Shear Ore" which remains open at depth.

### **SELECTED MINERALIZED INTERSECTIONS PHASE 1 - 2001 DRILL RESULTS**

<b>Hole ID</b>	<b>From</b>	<b>To</b>	<b>Interval</b>	<b>Palladium</b>	<b>Platinum</b>	<b>Gold</b>	<b>True Width</b>	<b>Vertical Depth</b>
	<b>(metres)</b>	<b>(metres)</b>	<b>(metres)</b>	<b>(g/tonne)</b>	<b>(g/tonne)</b>	<b>(g/tonne)</b>	<b>(metres)</b>	<b>(metres)</b>
<b>01-001</b>	576.0	585.0	9.0	16.95	0.80	0.80	9	445
<b>01-002</b>	582.0	591.0	9.0	2.90	0.21	0.06	8.1	450
<b>01-003</b>	549.0	557.0	8.0	5.60	0.32	0.04	7.5	450
<b>01-005</b>	624.0	627.0	3.0	5.76	0.45	0.40	2.8	583
<b>01-007</b>	621.0	702.0	81.0	3.80	0.26	0.28	76	509
<b>incl.</b>	627.2	642.0	14.8	8.76	0.45	0.57	13.5	490
<b>01-007</b>	906.0	957.0	51.0	3.72	0.30	0.25	N/A	717
<b>incl.</b>	919.2	939.0	19.8	6.00	0.48	0.36	N/A	705
<b>01-009</b>	852.0	876.0	24.0	2.10	0.09	0.26	N/A	610

The Annual and Special Meeting will be held on Wednesday, June 6, 2001 at 10:30 a.m. (E.S.T) in the TSE Conference Centre Exchange Tower, Main Floor, at 130 King Street West in Toronto, Ontario and will be web cast live at <http://www.newswire.ca/webcast/pages/napalladium20010606/>

**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 mineral reserve and resource 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.