



North American **Palladium** Ltd.

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NEWS RELEASE

Website: www.napalladium.com

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FOR IMMEDIATE RELEASE

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NORTH AMERICAN PALLADIUM LTD. COMPLETES UNDERGROUND PRE-FEASIBILITY STUDY AND REVISED RESERVE AND RESOURCE ESTIMATE

North American Palladium Ltd. will undertake a full feasibility study of a proposed underground mining operation at the Company's Lac des Iles open pit operation located 85 kilometres north of Thunder Bay, Ontario. The feasibility study follows a pre-feasibility study completed by Roscoe Postle Associates Inc. of Toronto, Ontario. In conjunction with the pre-feasibility study, North American Palladium Ltd. has recalculated Lac des Iles's reserves and resources. Gerald D. Crawford, P.E. of the engineering firm Pincock, Allen and Holt of Denver, Colorado has acted as an independent qualified person to certify that the newly calculated reserves and resources comply with the 43-101 standards for disclosure adopted by the Toronto Stock Exchange.

The Company operates an open pit mine and processing plant with a design capacity of 15,000 tonnes per day. In response to scoping studies that suggested that underground mining of the Main High Grade Zone below the planned pit bottom might be feasible and economic, the Company completed 47,000 metres of infill drilling on the zone during 2002. The drilling results confirmed the zone's continuity and high-grade nature, and in January 2003, the Company commissioned a pre-feasibility study based upon a Company calculated underground resource. The underground pre-feasibility study defines, as its base case, a nominal 2,000 tonnes per day mechanized longhole stope mine accessed through a portal in the pit with probable reserves of 4,978,000 tonnes containing approximately 938,000 ounces of palladium at a 3.5 grams per tonne cut-off grade. These same reserves also contain approximately 56,000 ounces of platinum and 46,000 ounces of gold. All of the underground reserves are contained within a sub-vertical zone located directly below the existing pit.

The underground pre-feasibility study's base case generates C\$37.4 million of cumulative cash flow at a palladium price of US\$325 per ounce and projected operating cost of approximately US\$250 per ounce. Capital cost for the project is estimated to be C\$37.3 million. The potential project will require further definitive studies to increase the confidence level to that of a full feasibility study. Additional mine design, metallurgical testing, market studies, and economic modeling will be conducted over the next six months in an effort to bring the study to the feasibility level.

North American Palladium has revised and restated Lac des Iles reserves and resources based on a long term palladium price of US\$325. This is also the Company's current sales contract which guarantees a minimum sale price of US\$325 through the end of June, 2005. North American Palladium is actively pursuing future sales contracts; however, there is no guarantee that the US\$325 per ounce for palladium will be realized beyond June, 2005. In past years, as in the year ending 2002, the reserves were calculated using US\$400 per ounce of palladium.

Open pit reserves and resources updated in this press release were calculated at a cut-off grade of 1.1 grams of palladium per tonne assuming an average long term palladium price of US\$325 per ounce. Additionally, it should be noted that underground reserves and resources were calculated, commencing at the bottom of the open pit, at a cut-off grade of 3.5 grams of palladium per tonne assuming the same palladium price of US\$325 per ounce. Resources beyond reasonable open pit and underground economic limits have been eliminated. The revised estimated reserves for both the open pit and the underground combined are 43,990,000 tonnes containing approximately 3,310,000 ounces of palladium, 313,000 ounces of platinum, 234,000 ounces of gold, 61,431,000 pounds of copper, and 75,732,000 pounds of nickel. Please refer to the following table for a detailed breakdown of reserve and resource categories:

Reserves and Resources as of June 30, 2003

Open Pit

Category	Tonnes(1,000)	Pd(g/t)	Pt(g/t)	Au(g/t)	Cu(%)	Ni(%)	Pd (000 oz)	Pt (000 oz)
Reserves								
Proven	27,806	1.78	0.20	0.14	0.06	0.08	1,591	175
Probable	11,206	2.17	0.23	0.17	0.07	0.08	781	82
Total Proven and Probable	39,012	1.89	0.21	0.15	0.06	0.08	2,372	257
Resources (In addition to Reserves)								
Measured	8,027	1.75	0.21	0.14	0.07	0.08	452	54
Indicated	5,712	1.66	0.20	0.13	0.06	0.08	305	37
Total Measured and Indicated	13,738	1.71	0.21	0.14	0.07	0.08	756	91
Inferred Resources	110	1.49	0.17	0.11	0.06	0.07	5	1

Underground

Category	Tonnes(1,000)	Pd(g/t)	Pt(g/t)	Au(g/t)	Cu(%)	Ni(%)	Pd (000 oz)	Pt (000 oz)
Reserves								
Probable	4,978	5.86	0.35	0.29	0.06	0.07	938	56
Resources (In addition to Reserves)								
Indicated	156	6.29	0.38	0.23	0.05	0.09	31	2
Inferred Resources	7,218	5.52	0.33	0.30	0.08	0.13	1,282	77

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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.