



For Immediate Release  
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News Release  
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AMEX - PAL

## **North American Palladium Ltd. Announces 2004 Financial Results**

### **Results of Operations**

For the year ended December 31, 2004 the Company reported a net loss of \$92,110,000 or \$1.79 per share on revenues of \$185,204,000 compared to net income of \$38,378,000 or \$0.75 per share on revenues of \$192,141,000 for the year ended December 31, 2003. The results for 2004 include a non-cash impairment charge of \$108,000,000 (net of tax - \$103,376,000 or \$2.01 per share) to write down the carrying value of mining interests.

The Company reviews and evaluates its long-lived assets for impairment on an annual basis and records a write down when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if total estimated future undiscounted cash flows are less than the carrying amounts of the assets. During the fourth quarter, the Company performed an annual impairment test, which resulted in a write down of the carrying value of its mining interests. The impairment resulted from changes in key assumptions which were affected by a continuation of low palladium prices.

The results for 2004 include an insurance recovery of \$7,148,000 (net of tax - \$4,352,000) relating to losses incurred in connection with the failure of the primary crusher in 2002 and a foreign exchange loss of \$340,000 (net of tax - \$340,000) compared to a foreign exchange gain of \$18,138,000 (net of tax - \$15,055,000) in 2003. After adjusting for the impairment charge, the insurance recovery and foreign exchange, the adjusted net income was \$7,254,000 or \$0.14 per share for the year ended December 31, 2004 compared to adjusted net income of \$23,323,000 or \$0.46 per share for the year ended December 31, 2003.

In 2004, the Company's palladium revenue benefited from a 7% increase in palladium production, together with a floor price of US\$325 per ounce on 100% of production under its palladium sales contract compared to an average palladium spot price of US\$230 per ounce for the year. In addition, revenue from by-product metal increased by 13% to \$71,416,000 in 2004 compared to \$63,424,000 in the prior year, reflecting the increased production of, and improved pricing for nickel, platinum, gold and copper. Palladium forward contracts provided \$20,437,000 of additional revenue in 2003, whereas there were no palladium forward contracts realized in 2004.

The Company reported a net loss for the three months ended December 31, 2004 of \$107,663,000 or \$2.09 per share on revenues of \$35,182,000 compared to a net income of

\$16,092,000 or \$0.31 per share on revenues of \$59,805,000 for the three months ended December 31, 2003. The results for the fourth quarter 2004 include the non-cash impairment charge described above.

Production costs for 2004, including overheads but excluding non-cash amortization, of \$102,936,000 were comparable to \$103,654,000 in the prior year, however, unit cash costs to produce palladium (production costs including overhead and smelter treatment, refining and freight costs), net of by-product metal revenues and royalties, decreased to US\$159 per ounce in 2004 compared to US\$175 per ounce in 2003. The improvement in unit cash costs was achieved by a 7% increase in palladium production combined with a 13% increase in revenue from by-product metals. The Lac des Iles mine produced 308,931 ounces of palladium in the current year compared to 288,703 ounces in 2003. In the fourth quarter cash costs to produce palladium increased to US\$251 per ounce compared to US\$85 per ounce in the fourth quarter of 2003. The increase in unit costs in the current quarter was due to a decline in ore grade and tonnes milled and a higher waste-to-ore strip ratio. The strip ratio is expected to return to normal levels in 2005 as Phase Four mining advances.

During the fourth quarter of 2004, the mill processed 1,202,942 tonnes of ore, or an average of 13,075 tonnes per day, with a palladium grade of 2.17 grams per tonne, producing 62,526 ounces of palladium at a recovery rate of 74.6%. This compares with the fourth quarter of 2003, when the mill processed 1,500,684 tonnes of ore, or 16,312 tonnes per day, with a palladium grade of 2.47 grams per tonne, producing 94,114 ounces of palladium at a recovery rate of 75.1%. Mill availability during the fourth quarter was affected by down time caused by the tie-in of the new secondary crusher in addition to increased maintenance on conveyor belts and chutes. During the fourth quarter, the waste strip ratio increased to 3.46:1 compared to 1.89:1 in the fourth quarter of 2003. In 2004, mining moved into Phase Four, requiring a higher level of waste removal whereas in the fourth quarter of 2003, mining was from the final stage of Phase Three.

While palladium production increased 7% in 2004 compared to the prior year, tonnes of concentrate treated increased 24% due to a drop in concentrate grade. In an effort to improve the concentrate grade, various milling parameters are currently under investigation, including changes made to the mill flow sheet, reagent mix and recycle water quality. The concentrate quality also declined in the year resulting in higher smelter penalty charges. In aggregate, smelter treatment, refining and freight cost increased by 24% to \$23,602,000 compared to \$19,048,000 in 2003.

Non-cash amortization expense increased to \$36,710,000 in 2004 compared to \$28,590,000 in 2003. The higher amortization amount is attributable to the 7% increase in palladium production and the increase in the unit of production amortization rate due to a restatement of reserves in mid 2003 that resulted in a 20% reduction in palladium reserve ounces.

With the increased activities on the Company's exploration projects, exploration expense was \$2,479,000 in 2004 compared to \$1,942,000 in the prior year. In 2004, the Company incurred interest expense on long-term debt of \$1,756,000 compared to \$3,158,000 in 2003. The reduced interest expense in the current year reflects the reduction in the level of average debt year-over-year.

## **Cash Flow and Financial Position**

Cash provided by operations (prior to changes in non-cash working capital) was \$958,000 for the fourth quarter of 2004 and \$52,059,000 for the year ended December 31, 2004. This compares with cash provided by operations (prior to changes in non-cash working capital) of \$21,792,000 for the fourth quarter 2003 and \$59,802,000 for the year ended December 31, 2003. Changes in non-cash working capital provided \$29,731,000 in the current year compared to a consumption of cash of \$5,235,000 in 2003. The primary non-cash working capital change was a \$26,351,000 reduction in concentrate inventory awaiting settlement. This reduction was caused by a decrease in the physical quantity of palladium in concentrate awaiting settlement, which declined to 114,186 ounces at December 31, 2004 compared to 147,570 ounces at December 31, 2003. After allowing for working capital changes, cash provided by operations was \$81,790,000 in 2004 compared to \$54,567,000 in 2003.

Investing activity required \$26,464,000 of cash in 2004. Two major projects were undertaken during the year. The secondary crusher installation was completed at a cost of \$10.2 million and the underground development, which commenced in mid year and will extend into late 2005, required \$6.9 million excluding \$3.6 million of mining equipment purchased under capital leases. This compares with \$8,279,000 of net investing activities in 2003.

During the year, the Company completed a private placement flow-through share financing for proceeds of \$4,050,000. These proceeds are being used to fund the increased level of exploration activity, as well as to fund exploration on new acquisitions currently being pursued. The Company also received \$7,148,000 as an interim payment against a claim filed with its insurance company relating to losses incurred in connection with the failure of the primary crusher in 2002. The Company has included this insurance recovery in income from mining operations. The Company is pursuing the balance of its insurance claim and will record any additional recovery in income if and when received.

In 2004, the Company's financial position was further strengthened. The Company's long-term debt position was reduced to \$50.2 million at December 31, 2004 compared to \$58.8 million at December 31, 2003. At December 31, 2004, the Company had cash and cash equivalents of \$65.8 million of which approximately \$54 million was invested in short-term deposits.

## **Production Statistics**

	<b>Fourth Quarter December 31</b>		<b>Twelve Months December 31</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Palladium (oz)</b>	62,526	94,114	308,931	288,703
Payable Palladium (oz)	56,756	83,358	281,743	261,247
Platinum (oz)	5,474	7,354	25,128	23,742
Gold (oz)	4,930	7,722	25,679	23,536
Copper (lbs)	1,604,009	2,294,258	7,836,183	7,142,674
Nickel (lbs)	848,519	1,405,730	4,320,970	4,070,785
Ore Tonnes Milled	1,202,942	1,500,684	5,298,544	5,159,730
Ore Tonnes Mined	1,036,093	1,322,278	4,574,134	4,396,847
Waste Tonnes Mined	3,581,858	2,492,667	12,275,889	10,164,806
Waste Strip Ratio	3.46:1	1.89:1	2.68:1	2.31:1

## **Exploration**

The greatest potential for near term expansion of the Company's mineral resources remains within the immediate Lac des Iles area. Currently the Company has two drills active, testing the down-dip extension of the Offset High Grade Zone. One of the holes has been designed to intersect the Offset High Grade Zone 1,200 metres below surface while the second hole is designed to test the target horizon at 1,500 metres or approximately 600 metres below the last drill hole intercept. A third drill is expected to be mobilized to the property late in the first quarter to start testing other priority geological/geophysical targets.

At the Shebandowan Lake Project, drilling will attempt to extend a previously discovered high grade PGE bearing breccia hosted mineralization, while additional drilling will test geophysical targets along strike of the past producing Shebandowan Ni, Cu mine. More recently, the Company optioned a new Ni, Cu, PGE discovery and is currently acquiring additional ground surrounding this prospect.

## **Management's Outlook**

North American Palladium has established a solid foundation to progress through a transition period in 2005. The secondary crusher was successfully commissioned in December 2004, paving the way for increased mill throughput and further cost reductions. When the underground mine achieves full production in 2006, the combined palladium production from the open pit and underground is expected to be approximately 350,000 ounces per year, as well as increased by-product metal production.

Currently, the platinum group metal markets continue to benefit from strong global fundamentals, particularly an expectation of further economic growth in China and United States. Recent economic data released from both countries suggest consumer spending and business investment will remain firm in 2005. Platinum has traded up on these fundamentals and is testing levels around US\$850 per ounce, while palladium continues to test support in the US\$180 per ounce to US\$190 per ounce range. In view of the large discount between the palladium and platinum price, autocatalyst and jewellery fabricators are adjusting their consumption to take advantage of the readily available and less expensive palladium alternative. The Company expects that this increased palladium demand should lead to a closing of the price spread between the two metals.

The Company continues to search for growth in reserves and resources at the mine site and on favourable grassroots exploration projects. Emerging ore bodies and projects, both in Canada and internationally, are being investigated to further enhance North American Palladium's strategic expansion plan.

## **Reconciliation Between Net Income in Accordance with Canadian GAAP and Adjusted Net Income**

The adjusted net income reported in this release has not been calculated in accordance with Canadian GAAP, the accounting principles under which our consolidated financial statements are prepared, and there is no standard definition in such principles for such adjusted net income or loss. Accordingly, it is unlikely that comparisons can be made among different companies in terms of such adjusted results reported by them.

The following table provides a reconciliation between our adjusted net income and net income (loss) as reported in accordance with Canadian GAAP for the years ended December 31, 2004 and December 31, 2003:

(in thousands except per share amounts)

	Net Income Year Ended December 31		Basic Net Income Per Share Year Ended December 31	
	2004	2003	2004	2003
Canadian GAAP net income (loss) as reported	\$ (92,110)	\$38,378	\$ (1.79)	\$ 0.76
Impairment charge net of tax	103,376	--	2.01	--
Foreign exchange (gain) loss net of tax	340	(15,055)	0.01	(0.30)
Insurance recovery net of tax	(4,352)	--	(0.09)	--
Adjusted net income	\$ 7,254	\$23,323	\$ 0.14	\$ 0.46

The Company will host its year-end conference call at 1 p.m. EST on Wednesday, March 2, 2005. The toll-free conference call dial-in number is 1-877-461-2814 and the local and overseas dial-in number is 416-695-5261. The conference call will be simultaneously web cast and archived at [www.napalladium.com](http://www.napalladium.com) in the Investor Centre under Conference Calls. A replay of the conference call will be available until March 16, 2005; toll-free at 1-8888-280-8039, locally and overseas at 416-695-6054, access code 2400.

**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. In addition to palladium, the Company earns substantial revenue from by-product nickel, platinum, gold and copper. **Palladium** use in the auto industry continues to be an important component in controlling exhaust emissions as mandated by more stringent hydrocarbon emissions standards for cars, particularly in the United States, Europe and Japan. **Palladium** is also used in the dental, electronics, jewellery and chemical sectors.

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Forward-Looking Statements – Certain statements included in this news release are forward-looking statements which are made pursuant to the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. They include estimates and statements that describe the Company’s future plans, objectives and goals, including words to the effect that the Company or management expects a stated condition or result to occur. When used herein, words such as “estimate”, “expect”, “believe”, “intend”, “budget”, “plan”, “projection” and other similar expressions are intended to identify forward-looking statements. In particular statements relating to the impairment charge and the estimated future metal prices, cash flows, expenses, capital costs, ore production, mine life, financing, construction and commissioning are forward-looking statements. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond our control, that may cause actual results or performance to differ materially from those currently anticipated in such statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include among others metal price volatility, changes in the US/CDN dollar exchange rate, economic and political events affecting metal supply and demand, fluctuations in ore grade, ore tonnes milled, geological, technical, mining or processing problems, recoverability of metals, future profitability and production, availability of financing on acceptable terms and unexpected problems during the development, construction and start-up phases of the underground mine, and the salvage value of equipment. For a more comprehensive review of risk factors, please refer to the Company’s most recent Annual Report under “Management’s Discussion and Analysis of Financial Results” and Annual Information Form under “Risk Factors” on file with the U.S. Securities and Exchange Commission and Canada provincial securities regulatory authorities. The Company disclaims any obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise. Readers are cautioned not to put undue reliance on these forward-looking statements.

**North American Palladium Ltd.**  
**Consolidated Balance Sheets**  
(Canadian funds in thousands of dollars)

	December 31	
	2004	2003
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 65,755	\$ 11,950
Restricted cash equivalents	--	1,813
Concentrate awaiting settlement, net – Note 2	68,259	94,610
Inventories	8,954	9,141
Crushed and broken ore stockpiles – Note 3	9,256	6,251
Accounts receivable and other assets	1,615	1,387
Future tax asset	--	84
	<u>153,839</u>	<u>125,236</u>
 Mining interests, net	 136,009	 247,116
Mine restoration deposit – Note 4	5,973	4,733
Crushed and broken ore stockpiles – Note 3	1,379	5,983
Future tax asset	--	9,334
Deferred financing costs	697	1,290
	<u>\$ 297,897</u>	<u>\$ 393,692</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 20,231	\$ 16,041
Taxes payable	521	1,311
Future tax liability	--	216
Current portion of obligations under capital leases	1,481	1,070
Current portion of long-term debt – Note 5	6,815	34,538
	<u>29,048</u>	<u>53,176</u>
 Mine restoration obligation	 7,592	 7,300
Obligations under capital leases	3,182	1,015
Long-term debt – Note 5	24,851	7,272
Kaiser-Francis credit facility – Note 5	13,842	14,866
Future mining tax liability	1,549	10,108
	<u>80,064</u>	<u>93,737</u>
<b>Shareholders' Equity</b>		
Capital stock – Note 7	322,904	313,489
Contributed surplus	573	--
Deficit	(105,644)	(13,534)
Total shareholders' equity	<u>217,833</u>	<u>299,955</u>
	<u>\$ 297,897</u>	<u>\$ 393,692</u>

**North American Palladium Ltd.**  
**Consolidated Statements of Earnings (Loss) and Deficit**  
(Canadian funds in thousands of dollars, except share and per share amounts)

	Year ended December 31		
	2004	2003	2002
<b>Revenue from metal sales – Note 9</b>	\$ 185,204	192,141	\$ 176,773
<b>Operating expenses</b>			
Production costs, excluding amortization and asset retirement costs	102,936	103,654	100,599
Smelter treatment, refining and freight costs	23,602	19,048	16,909
Insurance recovery	(7,148)	--	--
Amortization	36,710	28,590	20,190
Administrative	5,557	3,788	4,212
Exploration expense	2,479	1,942	850
Loss on disposal of capital assets	277	788	99
Asset retirement costs	905	921	587
Write-down of mining interests	108,000	2,315	--
Total operating expenses	273,318	161,046	143,446
<b>Income (loss) from mining operations</b>	(88,114)	31,095	33,327
<b>Other income (expenses)</b>			
Interest on long-term debt	(1,756)	(3,158)	(5,405)
Write off of deferred financing costs	(788)	--	--
Foreign exchange gain (loss)	(340)	18,138	792
Interest income	494	474	663
Derivative income	213	--	--
Interest expense	(29)	(17)	(433)
Total other income (expenses)	(2,206)	15,437	(4,383)
<b>Income (loss) before income taxes</b>	(90,320)	46,532	28,944
Provision for income taxes – Note 6	1,790	8,154	13,862
<b>Net income (loss) for the year</b>	(92,110)	38,378	15,082
Deficit, beginning of year	(13,534)	(51,912)	(66,994)
Deficit, end of year	\$ (105,644)	(13,534)	\$ (51,912)
Net income (loss) per share			
Basic	\$ (1.79)	\$ 0.76	\$ 0.30
Diluted	\$ (1.79)	\$ 0.75	\$ 0.30
Weighted average number of shares outstanding – basic	51,379,542	50,763,566	50,544,634
Weighted average number of shares outstanding – diluted	51,379,542	50,832,904	50,593,508

**North American Palladium Ltd.**  
**Consolidated Statements of Cash Flows**  
(Canadian funds in thousands of dollars)

	Year ended December 31		
	2004	2003	2002
<b>Cash provided by (used in)</b>			
<b>Operations</b>			
Net income (loss) for the year	\$ (92,110)	\$ 38,378	\$ 15,082
Operating items not involving cash			
Future income tax expense	643	7,392	13,046
Amortization	36,710	28,590	20,190
Accrued interest on mine restoration deposit	(40)	(63)	(38)
Write-down of mining interests	108,000	2,315	--
Unrealized foreign exchange gain	(3,687)	(18,519)	(1,494)
Loss on disposal of capital assets	277	788	99
Provision for asset retirement costs	905	921	587
Write off of deferred financing costs	788	--	--
Stock based compensation	573	--	--
	<u>52,059</u>	<u>59,802</u>	<u>47,472</u>
Changes in non-cash working capital – Note 8	<u>29,731</u>	<u>(5,235)</u>	<u>(5,369)</u>
	<u>81,790</u>	<u>54,567</u>	<u>42,103</u>
<b>Financing Activities</b>			
Repayment of long-term debt	(44,290)	(45,134)	(33,233)
Increase in long-term debt	36,809	--	--
Issuance of common shares	9,415	1,506	1,199
Mine restoration deposit	(1,200)	(1,200)	(1,200)
Repayment of obligations under capital leases	(1,751)	(1,046)	(1,419)
Deferred financing costs	(504)	--	--
Increase in Kaiser-Francis credit facility	--	--	10,372
	<u>(1,521)</u>	<u>(45,874)</u>	<u>(24,281)</u>
<b>Investing Activities</b>			
Additions to mining interests	(28,728)	(11,707)	(8,446)
Proceeds on disposal of mining interests	451	114	513
Restricted cash equivalents	1,813	3,314	(128)
	<u>(26,464)</u>	<u>(8,279)</u>	<u>(8,061)</u>
Increase (decrease) in cash and cash equivalents	53,805	414	9,761
Cash and cash equivalents, beginning of year	<u>11,950</u>	<u>11,536</u>	<u>1,775</u>
Cash and cash equivalents, end of year	<u>\$ 65,755</u>	<u>\$ 11,950</u>	<u>\$ 11,536</u>



**North American Palladium Ltd.**  
**Notes to the December 31, 2004 Consolidated Financial Statements**  
(in thousands of Canadian dollars except per share and per ounce amounts)  
(Unaudited)

**1. Basis of Presentation**

These unaudited consolidated financial statements have been prepared using disclosure standards appropriate for interim financial statements and do not contain all the explanatory notes, descriptions of accounting policies or other disclosures required by Canadian generally accepted accounting principles for annual financial statements. Such notes, descriptions of accounting policies and other disclosures will be included in the Company's audited annual consolidated financial statements included in the Company's annual report to shareholders for the year ended December 31, 2004. Accordingly, these consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for 2004.

**2. Concentrate Awaiting Settlement**

The gross value of concentrate awaiting settlement represents the value of platinum group metals and base metals from production shipped to the smelters unprocessed at the balance sheet date. At December 31, 2004, concentrate awaiting settlement included 114,186 ounces of palladium (December 31, 2003 – 147,570). Concentrate awaiting settlement was entirely from two domestic customers at December 31, 2004 and December 31, 2003. 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, sales contracts and foreign exchange.

**3. Crushed and Broken Ore Stockpiles**

Crushed and broken ore stockpiles are valued at the lower of average production cost and estimated net realizable value. The amount of stockpiled ore that is not expected to be processed within one year is shown as a long-term asset.

**4. Mine Restoration Deposit**

As part of the expansion project, the Company established a revised mine closure plan for the eventual clean-up and restoration of the mine site with the Ontario Ministry of Northern Development and Mines (the "Ministry"), which requires a total amount of \$7,802 to be accumulated in a Trust Fund controlled by the Ministry. At December 31, 2004, the Company had \$5,973 on deposit with the Ministry and has agreed to make monthly deposits of \$100.

**5. Long-Term Debt**

The Company's long-term debt, is comprised of a senior credit facility with a leading equipment finance company and the Kaiser-Francis credit facility. At December 31, 2004, the outstanding long-term debt, including current and long-term portions was \$45,508 compared to \$56,676 at December 31, 2003. The interest rate under both facilities is LIBOR plus 250 basis points, or 4.81% at December 31, 2004. The senior credit facility is

repayable in equal quarterly installments over a five-year period with a final maturity of November 24, 2009 and the Kaiser-Francis facility matures on June 30, 2006.

## 6. Income Taxes

The provision for income and mining taxes differs from the amount that would have resulted by applying the combined Canadian Federal and Ontario statutory income tax rates of approximately 39%.

	Year Ended December 31, 2004		
	2004	2003	2002
Income tax provision using statutory income tax rates	\$(35,406)	\$18,147	\$11,888
Increase (decrease) in taxes resulting from:			
Write down of mining interests not tax benefited	35,694	--	--
Resource allowance	6,439	(3,342)	(5,320)
Non-taxable portion of capital gains	(2)	(2,908)	--
Increase in valuation allowance on assets previously recognized	2,525	--	--
Changes in income tax rates and laws	--	(3,546)	--
Benefits of income taxes not previously recognized	(437)	(811)	--
Federal large corporations tax	465	837	817
Ontario mining taxes	(7,979)	983	4,357
Other	491	(1,206)	2,120
Income tax expense	\$ 1,790	\$ 8,154	\$13,862

## 7. Capital Stock

	2004		2003	
	Shares	Amount	Shares	Amount
Common shares issued, beginning of year	50,895,338	\$ 313,489	50,647,955	\$ 311,983
Common shares issued:				
Pursuant to stock options exercised	459,380	4,637	13,450	101
To Group Registered Retirement Savings Plan participants	84,357	956	190,605	905
Private placement	270,000	3,822	43,328	500
Common shares issued, end of year	51,709,075	\$ 322,904	50,895,338	\$ 313,489

At December 31, 2004, the Company had 825,610 options outstanding at a weighted-average exercise price of \$9.88, expiring at various dates from March 3, 2005 to November 1, 2012. The fair market value of the options granted in 2004 has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 3.7% (2003 – 4%; 2002 – 4%), expected dividend yield of nil (2003 – nil; 2002 – nil), expected volatility of 55% (2003 – 48%; 2002 – 60%) and expected option life of 4 years (2003 – 3 years; 2002 – 3 years). The estimated fair value of the options is being expensed over the three year option vesting period. The weighted-average fair market value of options granted in 2004 was \$5.48 (2003 - \$2.13; 2002 - \$4.33).

## 8. Changes in Non-Cash Working Capital

	2004	2003	2002
Decrease (increase) in:			
Concentrate awaiting settlement	\$ 26,351	\$ (9,298)	\$ (2,778)
Inventories and stockpiles	1,786	3,179	507
Accounts receivable and other assets	(229)	296	943
Accounts payable and accrued liabilities	2,613	1,218	(2,442)
Taxes payable	(790)	(630)	(1,599)
	<u>\$ 29,731</u>	<u>\$ (5,235)</u>	<u>\$ (5,369)</u>

## 9. Revenue from Metal Sales

	2004	2003	2002
Palladium (a)	\$ 112,879	\$ 109,443	\$ 101,317
Palladium forward contracts (b)	--	20,437	46,033
Adjustments for mark-to-market	909	(1,163)	(9,243)
Nickel	25,735	26,010	12,111
Platinum	21,476	18,847	14,069
Gold	10,665	9,826	7,094
Copper	10,945	7,722	4,723
Other metals	2,595	1,019	669
	<u>\$ 185,204</u>	<u>\$ 192,141</u>	<u>\$ 176,773</u>

- (a) The Company has a Palladium Sales Contract with a major automobile manufacturer, which 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 delivered by June 30, 2005. Palladium revenue includes the impact of the Palladium Sales Contract.
- (b) The Company entered into palladium forward contracts in 2001 for 100,800 ounces of palladium at an average price of US\$922 per ounce, the revenue from which was fully realized by June 30, 2003. The effect of palladium forward contracts represents the difference between the fixed price realized under the palladium forward contracts and the palladium price at the time of revenue recognition.

## **10. Commitments**

The Company enters into forward contracts from time to time to hedge the effects of changes in the prices of metals it produces and foreign exchange on the Company's revenues. Gains and losses realized on derivative financial instruments used to mitigate metal price risk are recognized in revenue from metal sales when the hedge transaction occurs.

### **(a) Platinum Forward Contracts**

At December 31, 2004, the Company had forward sales contracts for 10,500 ounces of platinum at an average price of US\$831 per ounce maturing at various dates through December 2005. The fair value of these forward sales contracts was below their carrying value by \$313 as at December 31, 2004.

### **(b) Nickel Swap Contracts**

At December 31, 2004, the Company had swap contracts for 1,190,000 lbs. of nickel at an average fixed price of US\$6.58 per lb. maturing at various dates through June 2005. The fair value of these swap contracts was below their carrying value by \$123 at December 31, 2004.

### **(c) Copper Swap Contracts**

At December 31, 2004, the Company had swap contracts for 1,984,000 lbs. of copper at an average fixed price of US\$1.25 per lb. maturing at various dates through December 2005. The fair value of these swap contracts was below their carrying value by \$176 as at December 31, 2004.

### **(d) Gold Forward Contracts**

At December 31, 2004, the Company had forward sales contracts for 12,000 ounces of gold at an average price of US\$435 per ounce maturing at various dates through December 2005. The fair value of these forward sales contracts was below their carrying value by \$140 as at December 31, 2004.

## **11. Comparative Period Figures**

Certain prior period amounts have been reclassified to conform to the classification adopted in the current period.