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News Release
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North American Palladium and URSA Major Minerals announce option/joint venture on Shakespeare nickel-copper-platinum metal deposit, Sudbury area, Ontario

North American Palladium Ltd. (NAP) and URSA Major Minerals Incorporated (URSA) are pleased to announce the companies have signed a letter of intent to develop and explore the Shakespeare nickel-copper-platinum metal deposit and the adjacent Agnew nickel, copper exploration property in the Sudbury area, Ontario. The agreement combines NAP's operational and financial capabilities with URSA's exploration success to potentially fast-track the development of the Shakespeare deposit and increase the probability of further discoveries.

On the Shakespeare Property, NAP can acquire a 60% undivided interest in URSA's interest in the Shakespeare Property and become the operator by making payments aggregating \$1.5 million to URSA and securing the project financing for commercial production. The \$1.5 million will be used for expenditures incurred in connection with the Shakespeare full feasibility program which is currently in progress. Upon completion of the feasibility study, NAP may elect to form a joint venture and on arranging financing for commercial production, NAP shall be entitled to an undivided 60% interest in URSA's interest and become operator of the property. URSA will remain the operator of the feasibility program.

Exploration at Shakespeare has been proceeding on the basis of a joint venture between URSA and Falconbridge Limited (Falconbridge) with URSA as the project operator. Based on an anticipated budget of approximately \$1.5 million for the feasibility study, URSA's interest in the project area would increase to approximately 86% at the end of the feasibility program; NAP can earn 60% of URSA's 86% interest in Shakespeare property.

In addition, NAP has been granted an option to acquire a 50% undivided interest in URSA's Agnew Property by funding \$1.0 million of exploration expenditures over a 3 year period. NAP is committed to funding \$300,000 in the first twelve months, and will have the option to fund \$300,000 and \$400,000 in the second and third years. URSA and NAP will work together to design and execute the exploration program, with URSA remaining as operator. After funding the \$1.0 million program, NAP can elect to form a joint venture and further expenditures will be contributed on a *pro rata* basis. The Agnew property covers over 19,000 acres and extends over 15 kilometres from the Shakespeare deposit towards the Sudbury Intrusive complex. NAP's option on the Agnew Property excludes the past-producing Agnew Lake Uranium mine.

Subject to satisfaction of certain conditions including receipt of all necessary approvals and execution of a definitive agreement, the parties expect to complete the transaction on each of

the Shakespeare and Agnew Properties within 45 days. URSA has posted information on the properties on the SEDAR website at www.sedar.com.

Commenting on the agreement with URSA, André Douchane, President and CEO stated: "This venture is a major step in the company's long-term growth strategy to expand both our PGM and base metal production. Richard Sutcliffe and his team bring valuable experience to this venture and we look forward to continuing this relationship well into the future."

URSA's Shakespeare property and adjoining Agnew property combine to form a very promising mining camp in the Sudbury region with tremendous potential which makes this joint venture an attractive addition to NAP's exploration portfolio.

As a key element of NAP's strategy, in 2004 the company significantly expanded its exploration activity in both the Lac des Iles mine camp and surrounding areas. NAP has also been actively searching out opportunities in Canadian mining camps offering an attractive mix of platinum group metal and base metal ores complimentary to the company's existing metal production. With significant cash reserves and its existing capital projects fully funded, NAP intends to build upon its agreement with URSA and target other exploration areas offering similar ore profiles.

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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