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News Release
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North American Palladium Ltd. Announces a Leak in the Tailings Dam at the Lac des Iles Mine

Toronto, Ontario — North American Palladium Ltd. announced today that there has been a leak in the tailings dam at its Lac des Iles mine, north of Thunder Bay, Ontario. This leak has occurred in a contained area of the site and it is expected to have no impact on the surrounding environment.

The leak occurred on Saturday afternoon in the tailings dam near the primary crusher. Due to extensive flooding, the milling operations, including the primary crusher and the electrical substations have been temporarily shut down in order to protect the equipment. The team is currently focusing on building a trench and dumping material into the area where the leak is suspected to have occurred. Pumps are also being mobilized in order to reduce the water damage. Approximately half of the open pit's mine fleet has been re-deployed to assist in the incident, while regular operations in the open pit and underground continue.

In making the announcement, Jim Excell, President and CEO stated, "While we are very concerned with the leak in the tailings management facility, we are relieved that it has occurred in a contained area of the mine and does not pose an immediate threat to the surrounding environment. We are continuing to monitor this situation closely and will continue with regular updates."

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. The Company also earns substantial revenue from by-product nickel, platinum, gold and copper. In addition to operating Lac des Iles, the Company's mandate is to expand its production profile through an aggressive exploration campaign, designed to increase its exposure to base and precious metals. 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. When used herein, words such as "expect" and other similar expressions are intended to identify 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. See the Company's most recent Annual Information Form and Annual Report on Form 40-F on file with securities regulators for a comprehensive review of risk factors. 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.