North American Palladium Ltd.

Marketed Treasury Offering of Common Shares and Flow-Through Shares

Term Sheet **June 19, 2017**

A final base shelf prospectus dated June 16, 2017 containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, other than Québec. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document.

Copies of the final base shelf prospectus and any applicable shelf prospectus supplement may be obtained from Scotia Capital Inc, BMO Nesbitt Burns Inc. and. CIBC World Markets Inc.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The securities described in this document have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and are being offered and sold within the United States exclusively to "qualified institutional buyers" pursuant to Rule 144A under the U.S. Securities Act and exemptions from the registration requirements of state securities laws, and outside the United States only in compliance with Regulation S under the U.S. Securities Act. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Issuer: North American Palladium Ltd. (the "Company" or "NAP")

Issue: Treasury offering of ● common shares (the "Common Shares") and ● flow-through common shares (the "FT Shares" and collectively with the Common Shares, the "Offered Securities").

Amount: Approximately C$40,000,000 of Common Shares and C$10,000,000 of FT Shares before giving effect to the over-allotment option.

Issue Price: C$● per Common Share and C$● per FT Share, to be determined in the context of the market.

Over-Allotment Option: The Company has granted the Underwriters an option, exercisable at the initial issue price for a period of 30 days following the Closing Date, to purchase up to an additional C$7,500,000 of Common Shares to cover over-allotments, if any.

Use of Proceeds: The net proceeds from the Common Shares will be used to fund capital expenditures relating to NAP's Lac des Iles mine, exploration and for debt repayment. The gross proceeds from the issue of FT Shares will be used to finance qualified Canadian exploration expenses, which will be renounced in favour of subscribers effective December 31, 2017.

FT Shares: The Company shall, pursuant to the provisions in the Income Tax Act (Canada), incur Canadian exploration expenses as defined in subsection 66.1(6) of the Income Tax Act (Canada) (the "Qualifying Expenditures") after the Closing Date (as defined below) and prior to December 31, 2018 in the aggregate amount of not less than the total amount of the gross proceeds raised from the issue of the FT Shares. The Company will, in a timely and prescribed manner and form, renounce the Qualifying Expenditures so incurred, with an effective date of no later than December 31, 2017 in accordance with the Income Tax Act (Canada), to the subscribers of the Flow-Through Shares.

In the event that the Company is unable to renounce an amount equal to the full issue price of each FT Share of Qualifying Expenditures effective on or prior to December 31, 2017 for each FT Share purchased, the Company will indemnify each subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the Qualifying Expenditures as agreed.

Lock-Up: The Company and its directors, senior officers and principal shareholder will be

	subject to a 90 day lock-up post-closing, subject to certain exceptions.
Form of Offering:	Marketed underwritten public issue eligible in each of the provinces and territories of Canada, excluding Quebec, pursuant to a final base shelf prospectus and prospectus supplement, and in the United States pursuant to Rule 144A under the U.S. Securities Act and exemptions from the registration requirements of state securities laws, and internationally as permitted pursuant to private placement exemptions under local securities laws.
Listing:	The currently outstanding common shares of NAP are listed on the Toronto Stock Exchange under the symbol "PDL".
Eligibility:	Subject to customary qualifications, the Offered Securities are eligible under the usual Canadian statutes for RRSPs, RRIFs, RESPs, TFSAs, DPSPs and RDSPs.
Bookrunners:	Scotiabank, BMO Capital Markets and CIBC Capital Markets.
Commission:	5.5% cash commission payable from the gross proceeds of the Offering, payable upon closing.
Pricing Date:	Expected the week of June 26, 2017.
Closing Date:	Expected the week of July 3, 2017.