



North American Palladium Surpasses 2017 Production Estimates and Announces 2018 Guidance and the Fourth Quarter 2017 Release Date

Toronto, Ontario, January 26, 2018 – [North American Palladium Ltd.](#) (“NAP” or the “Company”) (TSX: PDL) (OTC PINK: PALDF) today announced positive production results for the full year and provided guidance as to payable palladium production for fiscal 2018.

In 2017, the Company produced a total of 201,592 ounces of payable palladium. This surpasses the Company’s previously stated 2017 guidance of between 180,000-190,000 ounces. Since August 2017, the average daily underground production rate was at or above 6,000 tonnes per day, including an average of 6,450 tonnes per day in December. The mill successfully returned to full-time operation in the fourth quarter with underground production supplemented with low-grade surface stockpiles for an average milling rate of 11,274 tonnes per day during the quarter.

“2017 was a year of significant accomplishments for the Lac des Iles mine,” stated Jim Gallagher, President and CEO of North American Palladium. “We exceeded our production guidance for palladium ounces with record underground production levels and by returning the mill to full-time operations in the fourth quarter. Several other key accomplishments for the year include:

- Our safety record continued to improve with a total medical injury frequency of 2.7 against an Ontario mining industry average of approximately 3.5; only one lost time injury occurred during the year.
- A new water management facility was commissioned to contain all site water and tailings runoff and return clean water to the mill.
- Established our own surface earthworks crew and completed two significant tailings dam raises to a high-quality standard, on schedule and at a lower cost than the previous construction contractor. This involved the hiring of over 60 new employees and the purchase of a large fleet of haulage equipment.
- Completed the engineering, pre-stripping and initial production blasting for the new Sheriff open pit ahead of the original schedule.
- Sublevel Shrinkage mining (“SLS”) in the lower part of the mine successfully ramped up to a steady state average production rate of approximately 4,000 tonnes per day.
- Began construction of a tailings thickener adjacent to the mill that will significantly improve water management and tailings placement.
- Published a 43-101 compliant feasibility study that included, among other things, a pushback of the existing Roby pit, extended the mine life to 9.5 years and demonstrated a robust business plan.”

Following the publication of the feasibility study in mid-2017, the Company’s technical team began evaluation of the upside opportunities identified in the study. Significant among these was the option to forego the open pit pushback in favour of an underground mass mining approach, which would potentially recover mineral resources excluded from the pit mining shapes in a more selective fashion. A preliminary internal study has been completed which indicates the potential to further extend the life of mine by increasing the total tonnes mined at slightly better grade with an overall improvement in the business case. The site team, supported by external consultants, will advance the level of engineering on this option in 2018 before making a final production decision. Initial pre-stripping of the Roby pit, which was to begin in the latter part of 2018 will be deferred pending this decision.

“In 2018, we look forward to capitalizing on the operational and financial improvements we have already made and on the additional opportunities we have identified. We expect to increase our payable palladium production again to between 230,000 and 240,000 ounces. This increased production combined with palladium prices at record levels suggests a very good year for North American Palladium in 2018,” added Mr. Gallagher.

2018 Guidance

In 2018, the Company expects production of between 230,000-240,000 ounces of payable palladium.

Fourth Quarter Results

NAP will announce fourth quarter 2017 financial results for the three months and year ended December 31, 2017 after market close on Thursday February 22, 2018. Following the release, the Company will host a live webcast and conference call on Friday, February 23, 2018 at 8:30 a.m. ET.

Conference Call and Webcast Details:

<i>Date:</i>	Friday, February 23, 2018
<i>Time:</i>	8:30 a.m. ET
<i>Dial In:</i>	North America: 1-800-319-4610 International: 1-604-638-5340
<i>Webcast:</i>	http://services.choruscall.ca/links/nap20180223.html
<i>Replay:</i>	North America: 1-604-674-8052 International: 1-855-669-9658
<i>Replay Passcode:</i>	2021

The conference call replay will be available until March 23, 2018. A recording of the conference call will be available within 24 hours following the call at the Company's [website](#).

About North American Palladium Ltd.

[North American Palladium Ltd.](#) (TSX: PDL) (OTC PINK: PALDF) is a Canadian company with over 20 years of production at Lac des Iles mine, located northwest of Thunder Bay, Ontario. North American Palladium is the only pure play palladium producer in the world. With over 500 employees, Lac des Iles mine features a unique world class ore body and modern infrastructure, including both an underground mine and an open pit mine.

For further information please contact:

North American Palladium Ltd. – Investor Relations
Telephone: 416-360-7374
Email: IR@nap.com

Cautionary Statement on Forward-Looking Information

Certain information contained in this news release constitutes 'forward-looking statements' and 'forward-looking information' within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. The words 'target', 'plan', 'should', 'could', 'estimate', 'guidance', and similar expressions identify forward-looking statements. Forward-looking statements in this news release include, without limitation: information pertaining to the Company's expected 2018 production of payable palladium, information pertaining to the Company's strategy, plans or future financial or operating performance, such as statements with respect to, long term fundamentals for the business, operating performance expectations, project timelines, tailings management plan, mining method change, production forecasts, operating and capital cost estimates, expected mining and milling rates, cash balances, projected grades, mill recoveries, metal price and foreign exchange rates and other statements that express management's expectations or estimates of future performance. Forward-looking statements involve known and unknown risk factors that may cause the actual results to be materially different from those expressed or implied by the forward-looking statements. Such risks include, but are not limited to: the possibility that metal prices and foreign exchange rates may fluctuate, the risk that the Lac des Iles mine may not perform as planned, that the Company may not be able to meet production forecasts, the possibility that the Company may not be able to generate sufficient cash to service its indebtedness and may be forced to take other actions, inherent risks associated with development, exploration, mining and processing including environmental risks and risks to tailings capacity, employment disruptions, including in connection with collective agreements between the Company and unions, and the risks associated with obtaining necessary

licenses and permits. For more details on these and other risk factors see the Company's most recent Annual Information Form on file with Canadian securities regulatory authorities on SEDAR at www.sedar.com under the heading "Risk Factors".

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions contained in this news release, which may prove to be incorrect, include, but are not limited to: that the Company will be able to continue production at or above 2017 production rates, that the Company will be able to continue normal business operations at the Mine, that metal prices and exchange rates between the Canadian and United States dollar will be consistent with the Company's expectations, that there will be no significant disruptions affecting operations, and that prices for key mining and construction supplies, including labour, will remain consistent with the Company's expectations. The forward-looking statements are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except as expressly required by law. Readers are cautioned not to put undue reliance on these forward-looking statements.