



Media Backgrounder – December 8, 2009

NAP to restart Lac des Iles palladium mine

This media backgrounder includes information about North American Palladium’s (“NAP”) Lac des Iles (“LDI”) mine in northwestern Ontario. All amounts are in Canadian dollars unless otherwise stated. LDI photos, along with credits and captions, are available under the media link on LDI’s website at www.nap.com.

Quick Facts

	Lac des Iles mine
Operating since	1993
Primary product	Palladium
Byproduct metals	Platinum, gold, nickel, copper
Total employees at full operations	Approximately 180
Current number of employees	30
Number of employees to be rehired	Approximately 150
Mill restart Capex	Approximately \$4 million
Capitalized preproduction operating costs	Approximately \$10 million
Expected palladium production per year	140,000 ounces
Expected monthly production rate	76,500 tonnes
Cash costs per ounce (based on current prices and exchange rates)	US \$335 to US \$350

Lac des Iles – Overview

The Lac des Iles property consists of approximately 10,500 hectares located approximately 150 kilometres northwest of Thunder Bay, Ontario.

The mine consists of an open pit (at which production will not resume), an underground mine, and a processing plant with a nominal capacity of approximately 15,000 tonnes per day. LDI is a primary producer of palladium, as well as platinum, gold, nickel and copper byproducts. Commercial production from the open pit began in 1993 and commercial production from the underground mine began on April 1, 2006 using sublevel retreat long hole stoping with no fill.

At the mill, ore is first crushed in a gyratory crusher and conveyed to a coarse ore stockpile. The coarse ore stream can be split so that a portion is crushed in the secondary crusher producing a fine material feed which is then combined with the coarse feed to the 15,000 tonne per day mill. This mixture of coarse and fine material feeds to SAG ball mill/pebble crusher (SABC) circuit. The ground ore then feeds a flotation circuit comprised of rougher/scavengers and four stages of cleaning. The final concentrate is thickened and dewatered using two pressure filters. Commissioned in 2001, this mill uses a conventional flotation technology to produce a palladium rich concentrate that also contains platinum, nickel, gold and copper.

Palladium - Overview

LDI is one of only two primary producers of palladium in North America, although the majority of global production comes from Russia and South Africa. About half of the world's palladium is used by the automotive sector in catalytic converters, which reduces the toxicity of emissions from an internal combustion engine. Exchange traded funds (ETFs), jewellery, electronic, chemical and dental usage make up the other 50 per cent of the demand for palladium.

About North American Palladium

NAP is a Canadian precious metals company focused on the production of palladium and gold. Lac des Iles, the Company's flagship mine, is one of North America's two primary palladium producers. Located approximately 150 kilometres northwest of Thunder Bay, Ontario, Lac des Iles has produced palladium since 1993. NAP also owns and operates the Sleeping Giant mine located in the prolific Abitibi region of Quebec, which is expected to achieve commercial gold production at the start of 2010 at a rate of 50,000 ounces annually. The Company has extensive landholdings adjacent to both the Lac des Iles and Sleeping Giant mines, and is pursuing an aggressive exploration program aimed at increasing its reserves and resources in those areas. NAP trades on the NYSE Amex under the symbol PAL and on the TSX under the symbol PDL.

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