

## **North American Palladium Ltd. (“NAP”)**

### **NYSE Amex Corporate Governance**

NAP’s common shares are listed on the Toronto Stock Exchange and the NYSE Amex ("Amex"). NAP is considered a “foreign issuer” under the Amex Company Guide as it is incorporated under the laws of Canada. Section 110 of the Amex Company Guide permits Amex to consider the laws, customs and practices of foreign issuers in relation to certain Amex listing criteria, and to grant exemptions from these criteria. A company seeking relief under Section 110 is required to provide written certification from counsel that the practice for which an exemption is requested is not prohibited by the issuer’s home country laws.

NAP has obtained a waiver from Amex for the following governance practices, which differ from those followed by U.S. domestic companies:

#### *Audit Committee Independence Requirement:*

Section 803B of the Amex Company Guide provides that each issuer must have an audit committee of at least three members, each of whom satisfies the independence standards specified in Section 803A and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Section 803A provides that a director who is, or who has an immediate family member who is, a current partner of the company’s outside auditor, is not independent.

NAP has established permanent committees to assist it in carrying out its responsibilities, including an Audit Committee. The Audit Committee is currently comprised of four members, one of whom (Mr. Gregory J. Van Staveren) is not "independent" within the meaning of Section 803A of the Amex Company Guide because his brother is a partner at KPMG LLP, the Company's outside auditor. Mr. Van Staveren’s brother works in a non-audit specialty group within KPMG and primarily practices in a different office than the office where NAP audit services are performed. In addition, he has never had any involvement with NAP and does not work in the mining practice group. Mr. Van Staveren is considered to be independent under Canadian governance standards.

#### *Nominating Committee and Compensation Committee Independence Requirements:*

Section 804(a) of the Amex Company Guide provides that board of director nominations must be either selected, or recommended for the board's selection, by a nominating committee comprised solely of independent directors or by a majority of the independent directors on its board of directors. Section 805(b) of the Amex Company Guide provides that compensation of the chief executive officer must be determined, or recommended for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on its board of directors. Sections 804(b) and 805(b) of the Amex Company Guide provide that a non-independent director appointed to the Nominating Committee and/or Compensation Committee may not serve in excess of two years.

NAP has established permanent committees to assist it in carrying out its responsibilities, including a consolidated Governance, Nominating and Compensation Committee. The Governance, Nominating and Compensation Committee is currently comprised of three members, one of whom (Mr. Van Staveren), as outlined above, is not "independent" within the meaning of Section 803A of the Amex Company Guide. Mr. Van Staveren is

considered to be independent under Canadian governance standards. Mr. Van Staveren has served on the Governance, Nominating and Compensation Committee since 2007.

*Board Composition Requirement:*

Section 802(c) of the Amex Company Guide provides that independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management.

NAP's Board meets on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in an executive session without the presence of management. However, Mr. Van Staveren who, as outlined above, is not "independent" within the meaning of Section 803A of the Amex Company Guide, attends these meetings. Mr. Van Staveren is considered to be independent under Canadian governance standards.

NAP's governance practices are in compliance with applicable laws in Canada, and other than as noted herein, are in compliance with governance practices generally followed by U.S. domestic companies listed on the Amex.