



North American Palladium Ltd.

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**Q3 2010  
OPERATING & FINANCIAL RESULTS**

November 11, 2010

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# Forward Looking Statements

Certain information included in this presentation, including any information as to our future exploration, financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements within the meaning of the 'safe harbor' provisions of the *United States Private Securities Litigation Reform Act of 1995* and Canadian securities laws. The words 'expect', 'believe', 'will', 'intend', 'estimate' and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates, factors, and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties, risks and contingencies, including the possibility that metal prices, foreign exchange assumptions and operating costs may differ from management's expectations. These factors may cause the actual financial results, performance or achievements of North American Palladium to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. The forward-looking statements are not guarantees of future performance. For more details on these estimates, risks, factors, and assumptions, see the Company's most recent Form 40-F/Annual Information Form on file with the U.S. Securities and Exchange Commission and Canadian provincial securities regulatory authorities. The Company cautions the reader that the Offset Zone preliminary economic assessment ("PEA") has been prepared by third parties and is based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome discussed in this presentation. In addition, there can be no assurance that the Company's Lac des Iles or Sleeping Giant mines will operate as anticipated or that other properties can be successfully developed. Management expectations for development of the Offset Zone may change based on the results of the PEA. 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. Additionally, the forward-looking statements contained herein are presented solely for the purpose of conveying management's expectations or estimates of future performance and may not be appropriate for other purposes.

**All dollar amounts in Canadian currency unless otherwise stated.**

# Highlights



Produced **34,420** ounces of payable palladium (in line with guidance of 35,000 ounces) at a cash cost of **US\$218** per ounce



Since restart of mine production in May 2010, produced **62,258** ounces of payable palladium at a cash cost of US\$253 per ounce



Net income in Q3 of **\$3.2 million** or **\$0.02** per share



Announced Lac des Iles (“LDI”) **mine expansion** plans, expected to nearly double palladium production while significantly reducing cash costs and extend mine life



Mine expansion commenced and progressing on schedule, targeting production from the shaft by **third quarter 2012**



Achieved a significant **safety milestone** at LDI of a two-year track record without a single injury that resulted in lost time

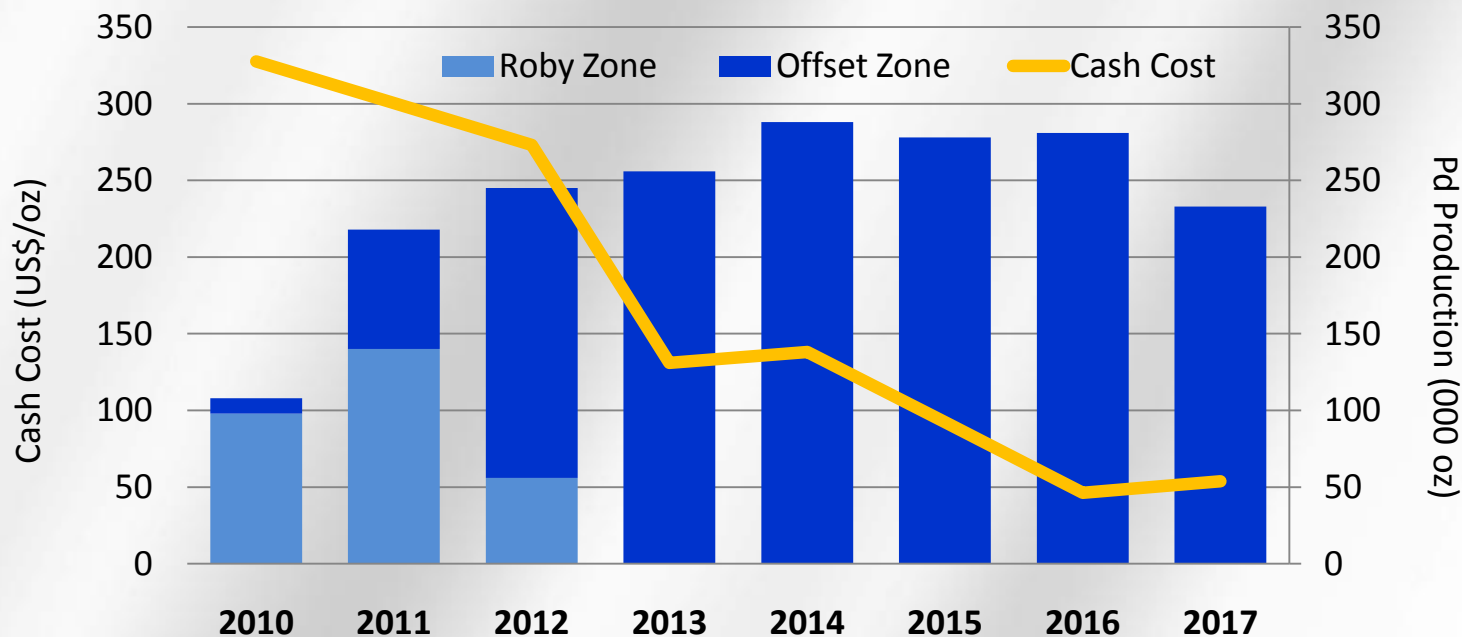


Management further strengthened through appointment of Greg Struble as Vice President and Chief Operating Officer

# LDI Mine Expansion



- Positive third-party report (Scoping Study) results released in August 2010
- LDI to become a long life, low cost operation
  - Production +250,000 oz./yr
  - LOM cash costs: US\$132/oz.
- Development work underway
- Targeting production from the Offset Zone (via shaft) in Q3 2012





# LDI Mine Expansion - Low Execution Risk



- Over 17 years of mining & milling experience at LDI
- Fully permitted and under utilized facilities in place
- Strong management & operating team with a solid track record in underground development
- Initial development already in progress:
  - Roby Zone ramp expansion to 4,700 level
  - Service cage & production hoists purchased
  - Detailed engineering of the surface hoisting plans and production shaft
  - Raiseboring construction activities
- Brownfield expansion vs. greenfield project
  - No long lead items (*e.g. hoist already purchased*)
  - No capex currency risk (all expenditures are in C\$)



# Gold Division

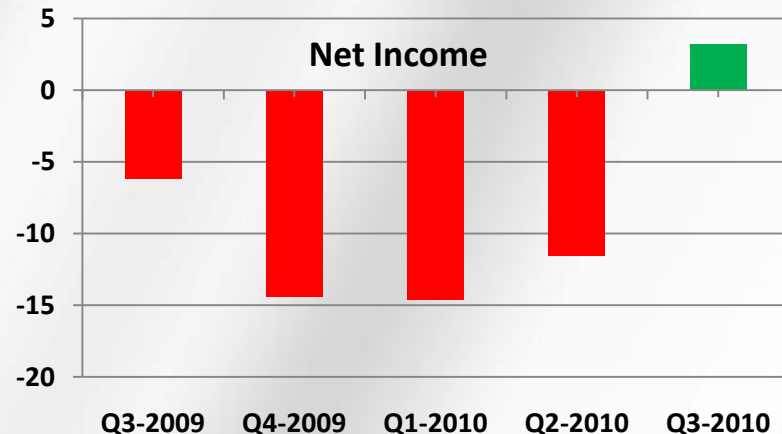
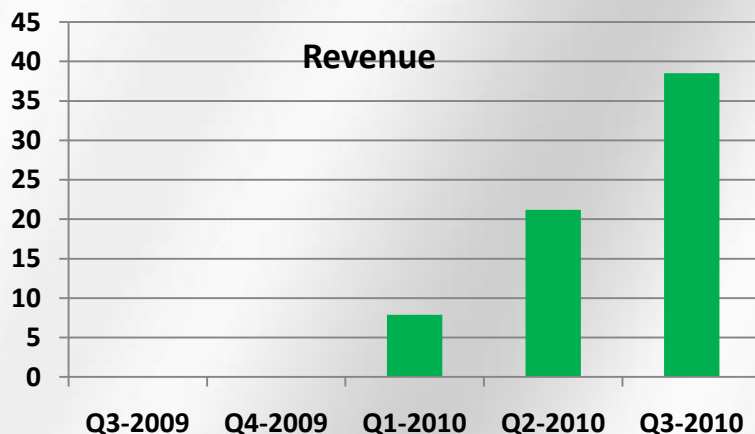


- Sleeping Giant gold mine ramp up continues
  - Currently deepening the Sleeping Giant mine shaft by 200 metres to gain access to 3 new mining levels
  - Ongoing measures to mitigate ramp up issues
- Mill expansion study underway
  - Potential to serve NAP's other gold projects in Abitibi region



# Improved Financial Performance

	Three Months Ended Sept. 30, 2010		Nine Months Ended Sept. 30, 2010	
	Q3 2010	Q3 2009	2010	2009
Revenue	\$38.5 M	Nil.	\$67.6 M	\$4.0 M
Net Income	\$3.2 M \$0.02	(\$6.2 M) (\$0.06)	(\$23.0 M) (\$0.17)	(\$15.7 M) (\$0.17)
EBITDA	\$5.6 M	(\$6.2 M)	(\$16.2 M)	(\$16.7 M)
Income from Mining Operations (excluding amortization)	\$14.8 M	(\$2.0 M)	\$8.6 M	(\$1.6 M)
Cash from Operating Activities (before changes in non-cash working capital)	\$6.0 M \$0.04*	(\$5.8 M) (\$0.06)*	(\$14.1 M) (\$0.10)*	(\$14.7 M) (\$0.16)*



\*Non-GAAP measure. Please refer to Non-GAAP Measures in the MD&A.

# Cash Costs



- Good cost controls at LDI
  - Initiated a number of programs to reduce costs
  - Better than expected head grades & higher revenue from byproduct metals (*platinum, gold, nickel, & copper*)
  - Cash costs (net of byproduct credits):

	Lac des Iles	Sleeping Giant
Q1	NA	US\$1,417
Q2	US \$304	US\$1,545
Q3	US \$218	US \$1,660
YTD	US \$253	US \$1,527
2010 Guidance	US \$325 - \$350	NA



# Strong Financial Position

At Sept. 30, 2010	C\$
<b>Cash Position</b>	\$114 M
<b>Working Capital</b>	\$161 M
<b>Credit Facilities - Scotia &amp; Smelter</b>	Undrawn

- \$30 M Operating Line of Credit with Scotia
- Smelting contract entitles NAP to receive advance payments of 70% within 60 days following the month of concentrate delivery

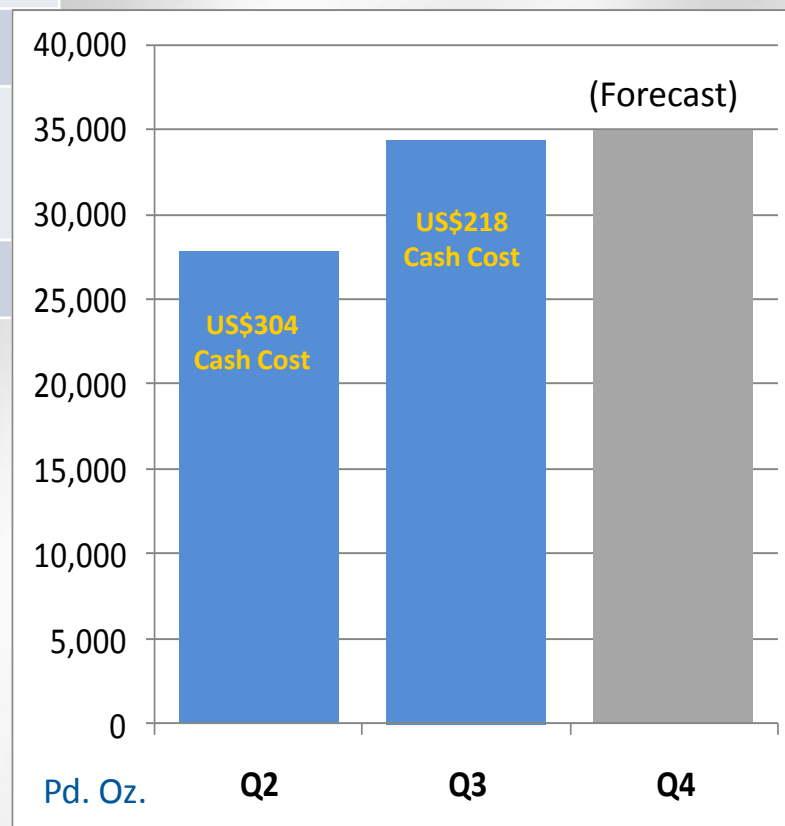
**Financial strength to continue development of the mine expansion & pursue growth opportunities**

# LDI Operating Metrics

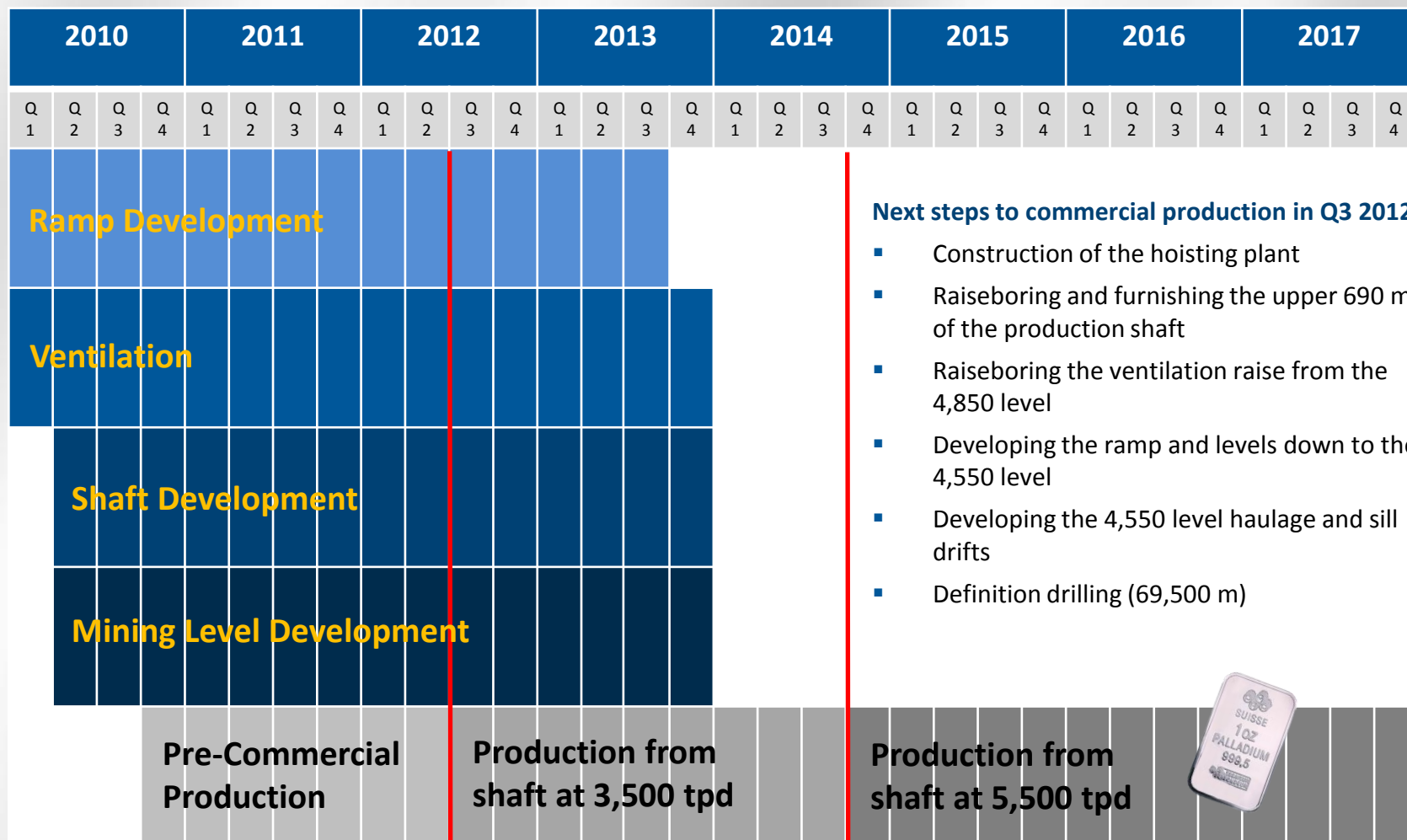


Palladium	Q3 2010
Payable production	34,420 oz. (62,259 oz. YTD)
Head grade	7.05 g/t
Recoveries	82.1%
Tonnes of ore milled	225,960 <ul style="list-style-type: none"> <li>• 220,694 (Roby Zone)</li> <li>• 5,266 (Offset Zone)</li> </ul>
Cash cost	US\$218

## 2010 Palladium Production



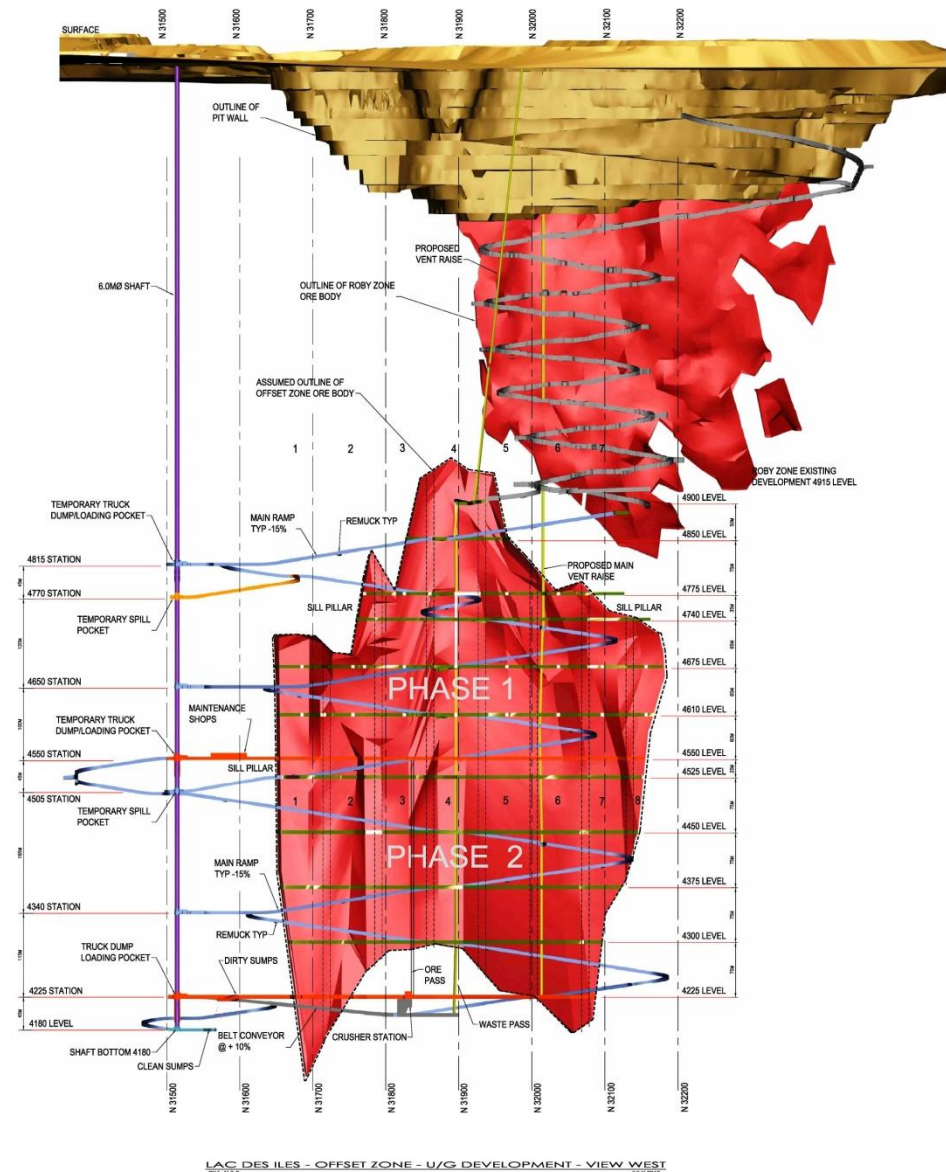
# LDI Mine Expansion Development Schedule



# LDI Mine Expansion Update



- Development work progressing on schedule
- Ramp extension to 4,700 level – *on track for completion by YE*
- Detailed engineering of surface hoisting plant & production shaft – *on track for completion by YE*
- Hired Redpath for shaft construction and Cementation for raiseboring ventilation raise
- Progressed construction activities
- Offset Zone development team onsite at LDI



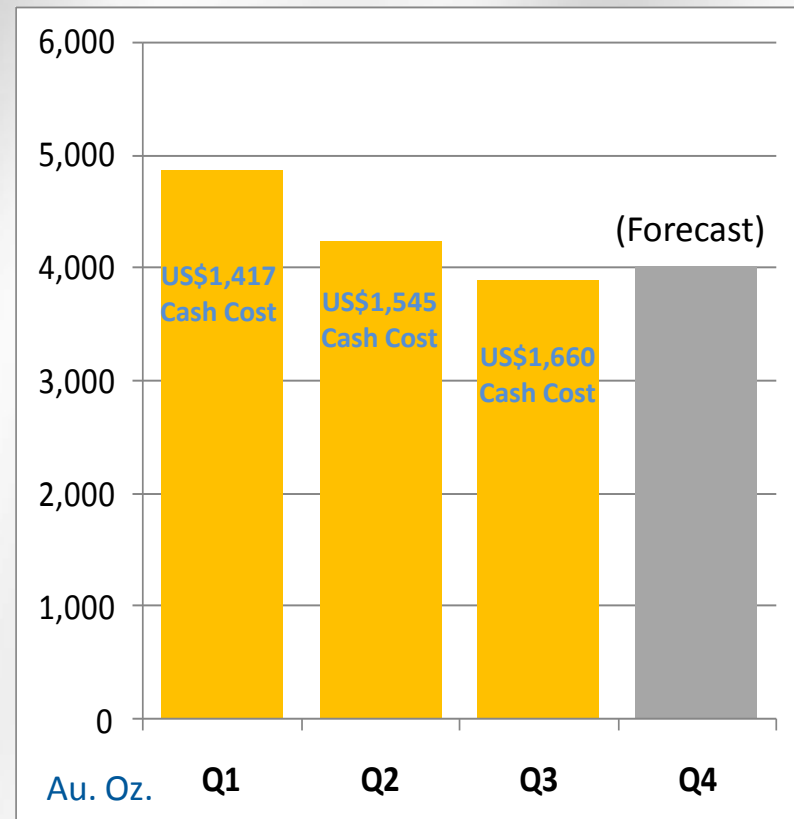


# Sleeping Giant Operating Metrics

Gold	Q3 2010
Payable production	3,879 oz. (12,979 oz. YTD)
Head grade	5.8 g/t
Recoveries	95.5%
Tonnes of ore hoisted	22,494
Cash cost	US\$1,660

- **Ongoing measures to mitigate ramp-up issues:**
  - Tighter infill drilling
  - Focus on shrinkage and long-hole stopes vs. room and pillar stopes
  - New higher grade zones to be developed once shaft deepening is completed

**2010 Gold Production**



# Gold Assets: Organic Growth

Project	Exploration Activities	2010 Exploration Program	
		Metres	Cost
<b>Sleeping Giant</b>	Extensional & underground drilling	35,000 m	\$2.1 M
<b>Veza</b>	Permitting underway to have the shaft & underground drifts dewatered to conduct underground diamond drilling	AEM historic drilling: ~82,000 m	\$3 M (in Q4)
<b>Discovery</b>	Surface drilling & advancing permitting	4,200 m	\$1 M
<b>Dormex</b>	Surface drilling	7,000 m	\$1 M
<b>Flordin</b>	Infill drilling	10,000 m	\$2 M

Potential to produce in the range of 125,000 oz per year from expanded Sleeping Giant mill





## Palladium Market:

- Increasing investment & fabrication demand, and constrained supply
- Q3 2010 Palladium Spot Price Average: US\$495/oz.
- Palladium is the best performing precious metal in 2010 (70% increase YTD)
- Current Spot Price: ~\$700/oz.

## Q4 2010 Guidance:

- Production & cash costs to be similar to Q3 at both LDI & Sleeping Giant

## Near-Term News Catalysts:

- **November:** LDI 2010 exploration program results
- **January:** Corporate updates
  - Guidance on 2011 palladium & gold production and cash costs
  - Exploration budget
  - Expansion plans for gold assets
- **Early 2011:** Gold division 2010 exploration program results



# Q & A

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For more information, please visit  
**[www.nap.com](http://www.nap.com)**





# Shareholder Information

North American Palladium's vision is to build a mid-tier diversified precious metals company operating in mining friendly jurisdictions. Highly leveraged to palladium, the Company is also building its exposure to gold, and is focused on investing in its current operations to grow its production of palladium and gold. NAP's experienced management and technical teams have a significant commitment to exploration and are dedicated to building shareholder value.

## Corporate Office:

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## Stock Symbols:

NYSE Amex – PAL  
TSX – PDL, PDL.WT.A, PDL.WT.B

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