



For Immediate Release  
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News Release  
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## North American Palladium Ltd. Announces 2005 Fourth Quarter and Annual Production

**TORONTO, ON** - During the fourth quarter of 2005, the Lac des Iles mill processed 1,100,540 tonnes of ore at an average of 11,962 tonnes per day with a palladium head grade of 1.47 grams per tonne, producing 36,833 ounces of palladium at a recovery rate of 70.7%. By-product metal production during the fourth quarter of 2005 included 3,761 ounces of platinum, 2,915 ounces of gold, 531,669 pounds of nickel and 1,117,885 pounds of copper. This compares to the third quarter of 2005 when the mill processed 1,328,433 tonnes of ore at an average of 14,439 tonnes per day with a palladium grade of 1.47 grams per tonne, producing 39,532 ounces of palladium at a recovery rate of 62.9%.

The mill's recovery improved by 7.8% over the third quarter as a result of the ongoing flotation circuit improvements in the mill. However total production was lower, primarily affected by the operating disruptions due to the earlier reported problems with the primary crusher during December. The interruptions in the crushing cycle led to a decrease in mill throughput, availability and feed grade, as a result of having to utilize the reserve crushed ore stockpile and frozen rock chunks became an issue causing many blocked chutes. As previously reported, the primary crusher was temporarily shut down on January 2, 2006 in order to replace the mainframe component. This repair process is now underway, proceeding ahead of schedule and is expected to be fully completed by the end of this week. The Company currently has three mobile contract crushing units onsite and they are nearing 15,000 tonnes per day of mill throughput.

Overall, 2005 has been a challenging production year for North American Palladium. The mill processed 4,780,599 tonnes of ore at an average of 13,098 tonnes per day with a palladium head grade of 1.66 grams per tonne, producing 177,167 ounces of palladium at a recovery rate of 69.6%. This compares to 2004 palladium production of 308,931 ounces. The by-product metal production in 2005 included 18,833 ounces of platinum, 14,308 ounces of gold, 2,353,227 pounds of nickel and 5,514,670 pounds of copper. The final 2005 metal production quantities are subject to assay adjustments with the smelters.

	Q4, 2005	Q3, 2005	Q2, 2005	Q1, 2005	Q4, 2004	Q3, 2004
<b>Mill Throughput (tonnes per day)</b>	11,962	14,439	13,135	12,848	13,075	14,145
<b>Palladium Recovery (%)</b>	70.7	62.9	70.2	74.0	74.6	74.8
<b>Mill Availability (%)</b>	80.8	91.7	87.4	86.3	84.9	87.3
<b>Palladium Production (oz)</b>	36,833	39,532	48,230	52,572	62,526	79,174

Looking ahead at 2006, Jim Excell, President & CEO, commented, "Palladium production is expected to increase as the underground operations move online during the first quarter. While throughout 2005 the Company faced the challenges of low mill availability, lower grade ore reflective of the pit life cycle, and in the latter part of the year the primary crusher problems, we remain confident that operations will return to historical levels."

**North American Palladium's Lac des Iles Mine** is Canada's only primary producer of platinum group metals and is one of the largest open pit bulk mineable palladium reserves in the world. In addition to palladium, the Company earns substantial revenue from by-product nickel, platinum, gold and copper. **Palladium** use in the auto industry continues to be an important component in controlling exhaust emissions as mandated by more stringent hydrocarbon emissions standards for cars, particularly in the United States, Europe and Japan. **Palladium** is also used in the dental, electronics, jewelry and chemical sectors

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Forward-Looking Statements – Certain statements included in this news release are forward-looking statements which are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. They include estimates and statements that describe the Company's future plans, objectives and goals, including words to the effect that the Company or management expects a stated condition or result to occur. When used herein, words such as "expect", and other similar expressions are intended to identify forward-looking statements. In particular statements relating to estimated future ore production, construction and commissioning are forward-looking statements. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond our control, which may cause actual results or performance to differ materially from those currently anticipated in such statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include among others fluctuations in ore grade, ore tonnes milled, geological, technical, mining or processing problems, future production, and unexpected problems during the development, construction and start-up phases of the underground mine. For a more comprehensive review of risk factors, please refer to the Company's most recent Annual Report under "Management's Discussion and Analysis of Financial Results" and Annual Information Form under "Risk Factors" on file with the U.S. Securities and Exchange Commission and Canada provincial securities regulatory authorities. The Company disclaims any obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise. Readers are cautioned not to put undue reliance on these forward-looking statements. For additional information on the Company's mineral reserves and resources, see the Company's most recent Annual Information Form.