

North American Palladium Announces Positive Exploration Results from Lac des Iles Mine

Toronto, Ontario, October 24, 2017 – [North American Palladium Ltd.](#) (“NAP” or the “Company”) (TSX: PDL) (OTC PINK: PALDF) is pleased to announce positive exploration results from the Offset South Zone (“Offset South”) at its Lac des Iles mine property (“LDI” or the “Property”). Offset South is located adjacent to the low cost Sub-Level Shrinkage (“SLS”) mining zone and has the potential to significantly add to the resources currently being mined in that zone. The Company has also made significant progress exploring other targets on the Property and has commenced drilling on the recently added Sunday Lake property.

Highlights

Selected highlights for the Offset South exploration drilling program include:

- Hole 17-801 intersected 7.0m of 3.08 g/t Pd (3.71 g/t of combined Pd + Pt + Au);
- Hole 17-802 intersected 5.0m of 3.91 g/t Pd (4.70 g/t of combined Pd + Pt + Au);
- Hole 17-803 intersected 37.0m of 3.37 g/t Pd (4.11 g/t of combined Pd + Pt + Au) including 10.0m of 6.98 g/t Pd (8.36 g/t of combined Pd + Pt + Au);
- Hole 17-804 intersected 5.0m of 6.57 g/t Pd (8.07 g/t of combined Pd + Pt + Au) and 28.0m of 2.81 g/t Pd (3.42 g/t of combined Pd + Pt + Au) including 8.0m of 5.77 g/t Pd (6.88 g/t of combined Pd + Pt + Au); and,
- Hole 17-805 intersected 5.0m of 3.45 g/t Pd (4.27 g/t of combined Pd + Pt + Au).

“We are encouraged to see the positive drill results from the Offset South Zone. This large target has the potential to significantly increase the resources currently being mined as part of the low cost SLS mining zone. We have started a follow up exploration drilling program to establish and evaluate the continuity, average grade and true thickness of the newly discovered palladium mineralization in the Offset South Zone,” said Jim Gallagher, President and CEO of North American Palladium.

“The Offset Zone represents just one of several exploration opportunities we are evaluating at LDI. Our recent exploration programs have demonstrated that numerous opportunities exist for higher-grade underground palladium resources on the Property. Extending the life of the operation and improving the average head grades to the mill at very low capital costs remains an important strategic priority for the Company,” continued Mr. Gallagher.

Offset South Exploration Program

Since June 2017, the Company has completed 3,050 metres in six underground exploration drill holes, targeting the southern portion of the Offset Zone. The objective of the program is to determine if the higher-grade palladium mineralization present in the central portion of the Offset Zone extends to the south of the current SLS reserves and below the shaft bottom (*Figure 1*). The Offset South target was not previously prioritized for exploration drilling because of the limited access for drills, uncertainties in the geology and a focus of recent programs on the Central Offset Zone. The recent deepening of the underground ramp system to below the 1000 metre level, coupled with major improvements in the three dimensional geological model for the Offset Zone, provided the impetus for the current program.

Offset South drilling highlights (*Table 1*) indicate that the higher-grade palladium mineralization present in the Central Offset Zone continues to the south at the depths investigated (*Figure 1*). They also revealed that the higher-grade portion of the Offset Zone changes its strike direction from north-south in the Central Offset reserves to northeast-southwest in the Offset South target area.

Importantly, the higher-grade palladium mineralization encountered in the new drill holes is hosted by both varitextured gabbro and relatively unaltered norite, and not by the intensely altered norite (mafic schist) that hosts the bulk of the higher-grade palladium reserves on the Property. This observation opens up the potential for future discoveries of higher-grade palladium mineralization along similar, under-explored varitextured gabbro and norite contacts on other parts of the Property. The new drilling results also indicate that the Offset South palladium mineralization maintains the same near-vertical dip shown by the Central Offset Zone reserves and remains open to the south and at depth. The Company has initiated a follow up exploration drilling program designed to establish the continuity and average grade and true thickness of the palladium mineralization in the Offset South Zone.

Sunday Lake Project

At Sunday Lake, located 25 km's north of Thunder Bay, a new program of geophysical surveys and diamond drilling commenced on October 16, 2017. This program is designed to:

- 1) Complete infill and extension drilling to determine the continuity of the currently defined Main Zone of disseminated sulfide mineralization located in the eastern part of the Sunday Lake intrusion;
- 2) Drill test historical borehole electromagnetic anomalies within or adjacent to the footprint of the Main Zone mineralization; and,
- 3) Use a combination of surface and borehole geophysics to detect massive sulfide mineralization within and external to the Sunday Lake intrusion.

A total of 5,000 metres in six diamond drill holes are planned for completion in the fourth quarter (*Figure 2*).

Other Exploration Activities

Surface drilling is well advanced on the possible southern continuation of the mineralized feeder structure to the Roby and Offset zones in the Camp Lake structural block. Two of the three planned holes (3,000 metres) were completed and assay results are pending.

The Company will provide further updates as significant new exploration results become available.

Qualified Person

The technical content of this news release was reviewed and approved by the Company's Vice-President, Exploration, Dr. Dave Peck. Dr. Peck is a Qualified Person under the meaning of National Instrument 43-101 and a Professional Geoscientist with the Association of Professional Geoscientists of Ontario, the Association of Professional Engineers and Geoscientists of British Columbia, and the Association of Professional Engineers and Geoscientists of Manitoba.

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.

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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 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 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.

Table 1. Selected Pd, Pt, Au, Cu and Ni assay results for the June to September 2017 Offset South exploration drilling program, LDI mine property. Reported interval lengths do not represent true widths, which have not yet been estimated for this part of the Offset Zone.

| Hole # | From (m) | To (m) | Length (m) | Pd (g/t) | Pt (g/t) | Au (g/t) | Cu (%) | Ni (%) |
|-------------|----------|--------|------------|----------|----------|----------|--------|--------|
| 17-801 | 179.0 | 183.0 | 4.0 | 3.33 | 0.42 | 0.30 | 0.19 | 0.17 |
| " | 237.0 | 324.0 | 87.0 | 1.76 | 0.22 | 0.17 | 0.07 | 0.08 |
| <i>inc.</i> | 292.0 | 299.0 | 7.0 | 3.08 | 0.36 | 0.27 | 0.11 | 0.10 |
| 17-802 | 42.0 | 47.0 | 5.0 | 3.91 | 0.35 | 0.44 | 0.13 | 0.12 |
| " | 316.0 | 320.0 | 4.0 | 3.62 | 0.33 | 0.33 | 0.09 | 0.08 |
| " | 431.0 | 435.0 | 4.0 | 3.40 | 0.30 | 0.07 | 0.04 | 0.09 |
| 17-803 | 14.0 | 17.0 | 3.0 | 4.23 | 0.39 | 0.19 | 0.14 | 0.11 |
| " | 165.0 | 170.0 | 5.0 | 4.65 | 0.52 | 0.35 | 0.17 | 0.16 |
| " | 212.0 | 249.0 | 37.0 | 3.37 | 0.49 | 0.25 | 0.10 | 0.11 |
| <i>inc.</i> | 232.0 | 242.0 | 10.0 | 6.98 | 0.86 | 0.52 | 0.22 | 0.20 |
| 17-804 | 154.0 | 159.0 | 5.0 | 6.57 | 0.80 | 0.70 | 0.30 | 0.23 |
| " | 176.0 | 201.0 | 25.0 | 2.09 | 0.29 | 0.23 | 0.12 | 0.11 |
| <i>inc.</i> | 183.0 | 192.0 | 9.0 | 3.81 | 0.53 | 0.43 | 0.24 | 0.19 |
| <i>and</i> | 240.0 | 268.0 | 28.0 | 2.81 | 0.34 | 0.27 | 0.07 | 0.10 |
| <i>inc.</i> | 252.0 | 260.0 | 8.0 | 5.77 | 0.66 | 0.45 | 0.13 | 0.16 |
| 17-805 | 204.0 | 209.0 | 5.0 | 3.45 | 0.45 | 0.37 | 0.18 | 0.15 |

Figure 1. Oblique longitudinal projection looking northwest and showing the pierce points into the newly defined Offset South Zone target plane for the six exploration drill holes discussed in this news release. The orange shaded shapes represent the current 2 g/t Pd grade shells for the Offset Zone.

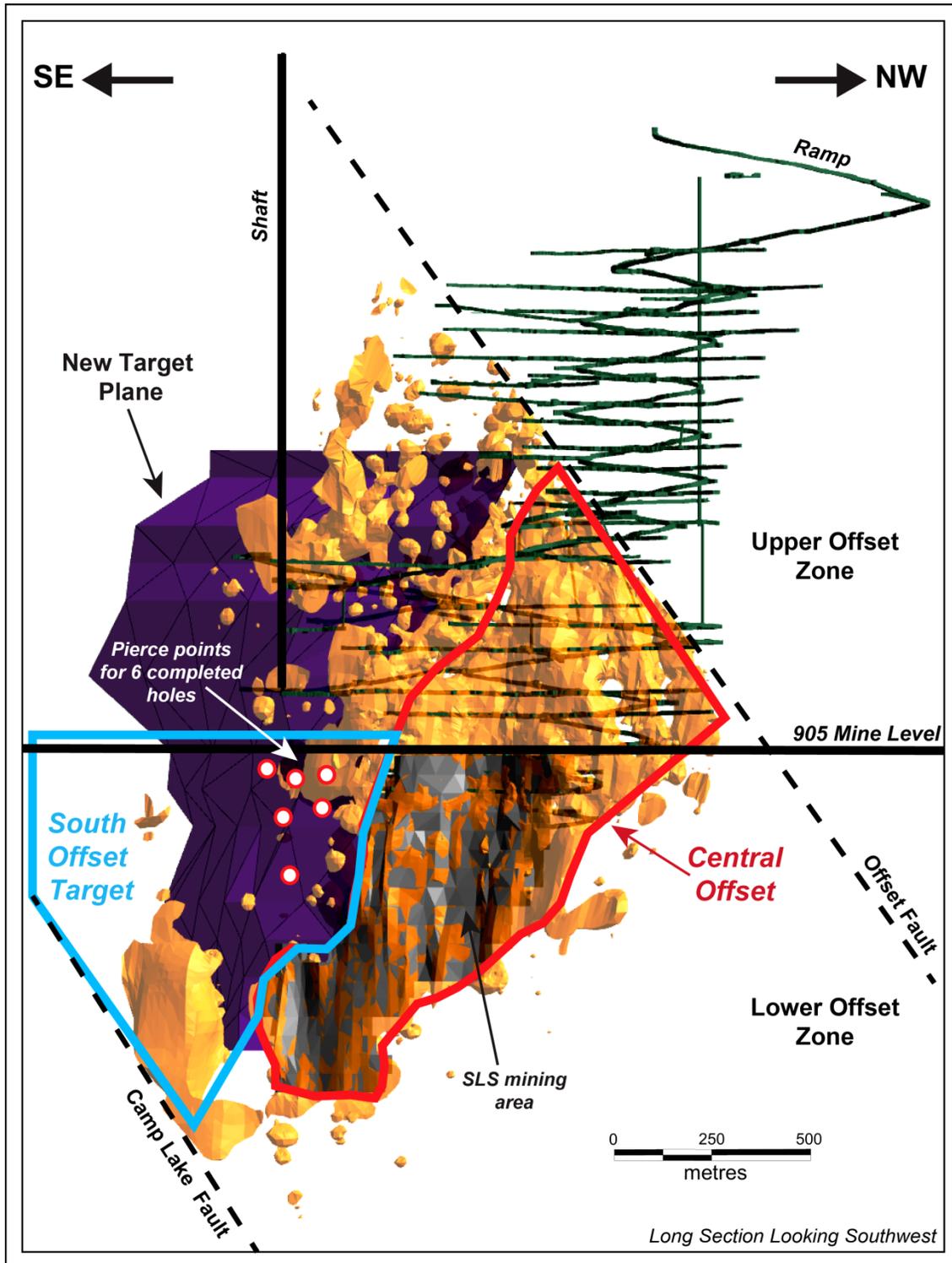


Figure 2. Location of historical and proposed drill holes on the Sunday Lake property.

