

The background image shows the interior of an underground mine. Large orange and black mining equipment, including a conveyor system and a large wheel, is visible. The walls are dark rock, reinforced with a grid of metal mesh. A person in a safety vest is standing in the distance. The lighting is industrial, with overhead lamps.

Below The Surface

PRODUCING MORE
FOR LESS

Investor
PRESENTATION



North American Palladium Ltd.

June 2012

Jeff Swinoga
VP Finance & CFO

Forward Looking STATEMENTS



Certain information included in this presentation constitutes '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', 'forecast', and similar expressions identify forward-looking statements. Such statements include, without limitation, any information as to our future exploration, financial or operating performance, including: the Company's forward looking production guidance, projected capital expenditures, operating cost estimates, project timelines, mining and milling rates, the methods by which ore will be extracted, projected grades, mill recoveries, and other statements that express management's expectations or estimates of future performance. 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 press release, which may prove to be incorrect, include, but are not limited to: metal prices assumptions, Canadian and U.S. dollar exchange rate assumptions, that there will be no significant disruptions affecting operations, that prices for key mining and construction supplies, including labour and transportation costs, will remain consistent with the Company's expectations, that the Company's current estimates of mineral reserves and resources are accurate, and that there are no material delays in the timing of ongoing development projects. The forward-looking statements are not guarantees of future performance. The Company cautions the reader that such forward-looking statements involve known and unknown risks 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, foreign exchange rates or operating costs may differ from management's expectations, uncertainty of mineral reserves and resources, inherent risks associated with mining and processing, the risk that the Lac des Iles and Veza mines may not perform as planned and that the Offset Zone and other properties may not be successfully developed, and uncertainty of the ability of the Company to obtain financing. For more details on the factors, assumptions and risks 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 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.

All dollar amounts are in Canadian currency unless otherwise stated, all references to production refer to payable production, and all reference to tonnes refer to metric tonnes.

U.S. investors are encouraged to refer to the "Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources" in the appendix.

Investment Case FOR NAP



COMMODITY

- Palladium is the number one pick amongst metal price forecasters
- Positive supply & demand fundamentals driven by constrained mine supply and rising global vehicle production
- Canada is an attractive PGM investment jurisdiction compared to South African peers

GROWTH

- Mine expansion offers near-term production growth with a decreasing cash cost profile & expanding margins
- Significant development & exploration upside complimented by excess mill capacity and existing infrastructure and permits

BALANCE SHEET

- Strong balance sheet to fund development programs
- \$74 M in working capital as at March 31, 2012, including \$50 M in cash (pro-forma recent flow-through financing)

MANAGEMENT

- Experienced senior management and operating team significantly reduces risk
- Producing palladium for almost 20 years
- Over 600 employees and contractors driving growth

Market Statistics

COMPELLING ENTRY POINT



STOCK SYMBOLS	NYSE Amex: PAL TSX: PDL
MARKET CAPITALIZATION	US\$421 M
SHARE PRICE	US\$2.42
SHARES OUTSTANDING	174 M
52-WEEK HIGH/LOW	US\$4.98/\$1.97
3-MONTH AVERAGE TRADING VOLUME	NYSE Amex: 1.3 M TSX: 0.2 M



ANALYST COVERAGE

CIBC
Leon Esterhuizen

Cormark
Edward Otto

Credit Suisse
Nathan Littlewood

GMP
Andrew Mikitchook

Haywood
Chris Thompson

Macquarie
Daniel Greenspan

Merrill Lynch
Michael Parkin

Octagon
Annie Zhang

Raymond James
Alex Terentiew

RBC
Sam Crittenden

Scotia
Leily Omoumi







Stifel Nicolaus
George Topping

TOP 5 INSTITUTIONAL SHAREHOLDERS

1. RBC Global Asset Management
2. T. Rowe Price Associates
3. Mackenzie Financial
4. Franklin Advisers
5. Chilton Investment Company

Financial POSITION



-  \$74 M in working capital as at March 31
-  \$35 M flow-through financing closed on April 30
-  \$50 M pro-forma cash position post financing
-  \$60 M operating line
-  \$15 M capital lease line
-  \$72 M term debt



Strong balance sheet supports growth strategy



North American Palladium Ltd.



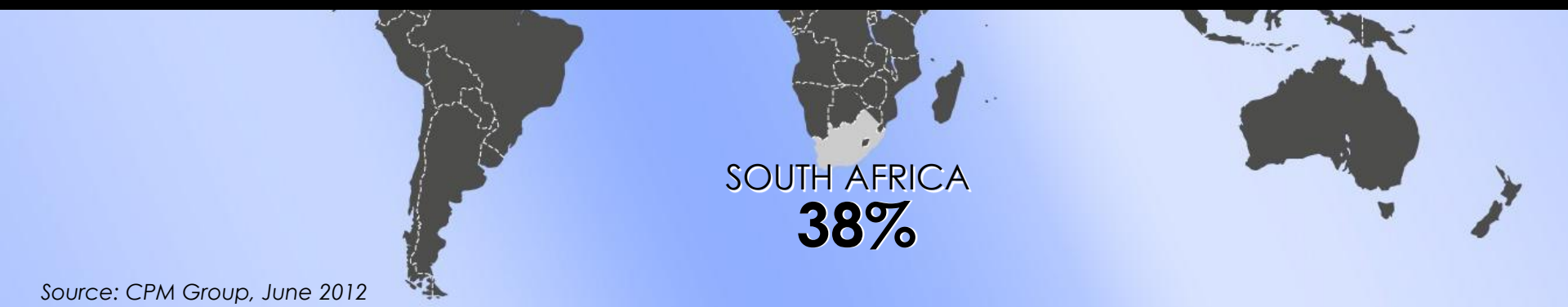
Investment Case for **PALLADIUM**

Palladium Market

MINE SUPPLY



ONLY 6.9 M oz. ANNUAL PRODUCTION WORLDWIDE



Source: CPM Group, June 2012

Notes:

1. Other producing countries (~10%) include Zimbabwe, Australia, Botswana, China, Serbia and Montenegro.
2. Excludes secondary recycling supply of 1.7 M oz.

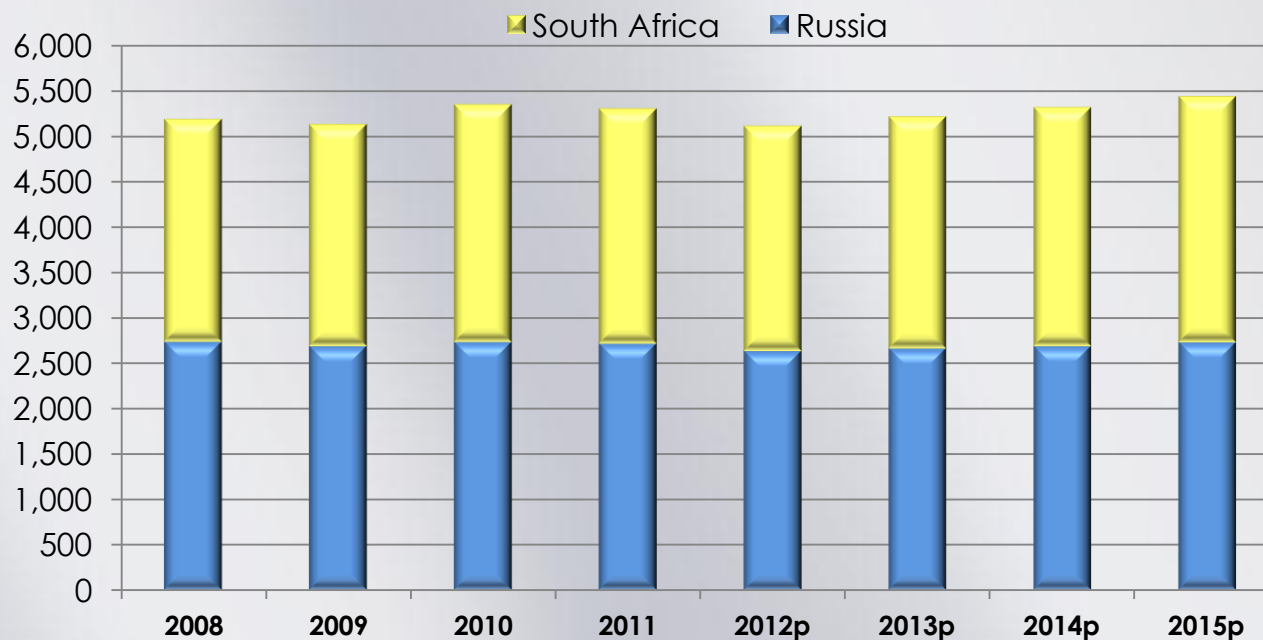
Palladium Market

MINE SUPPLY



Constrained Mine Supply From Major Producers

(000's ounces)



Source: CPM Group, June 2012

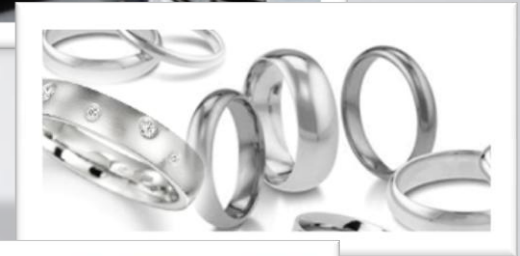
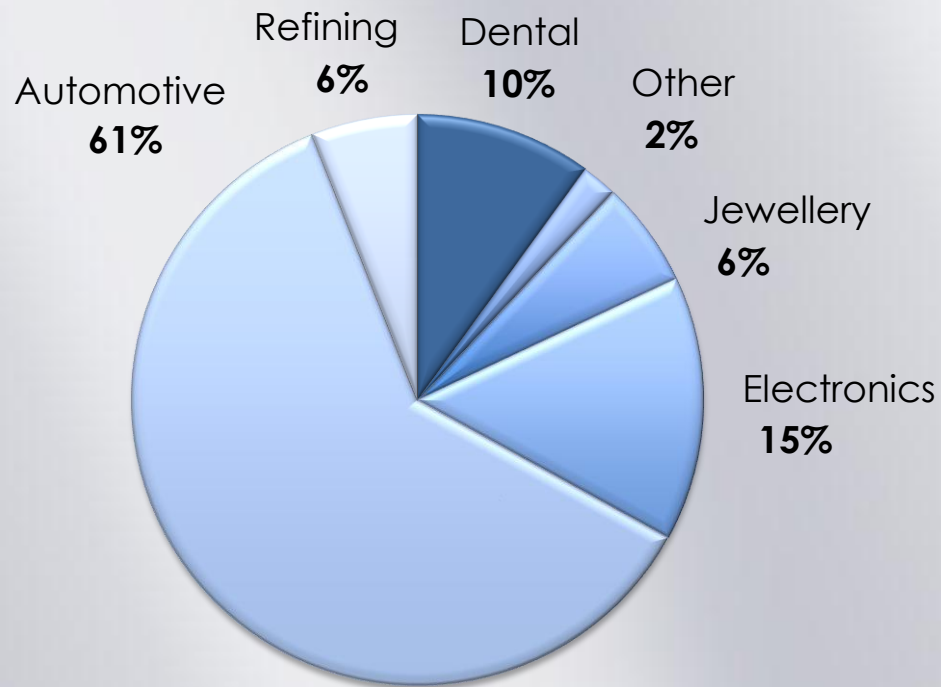
Notes:

1. Russian supply is entirely from Norilsk Nickel, which produces palladium as a by-product from nickel production.
2. South African supply includes the major platinum producers who produce palladium as a by-product from platinum production.

Palladium Market FABRICATION DEMAND



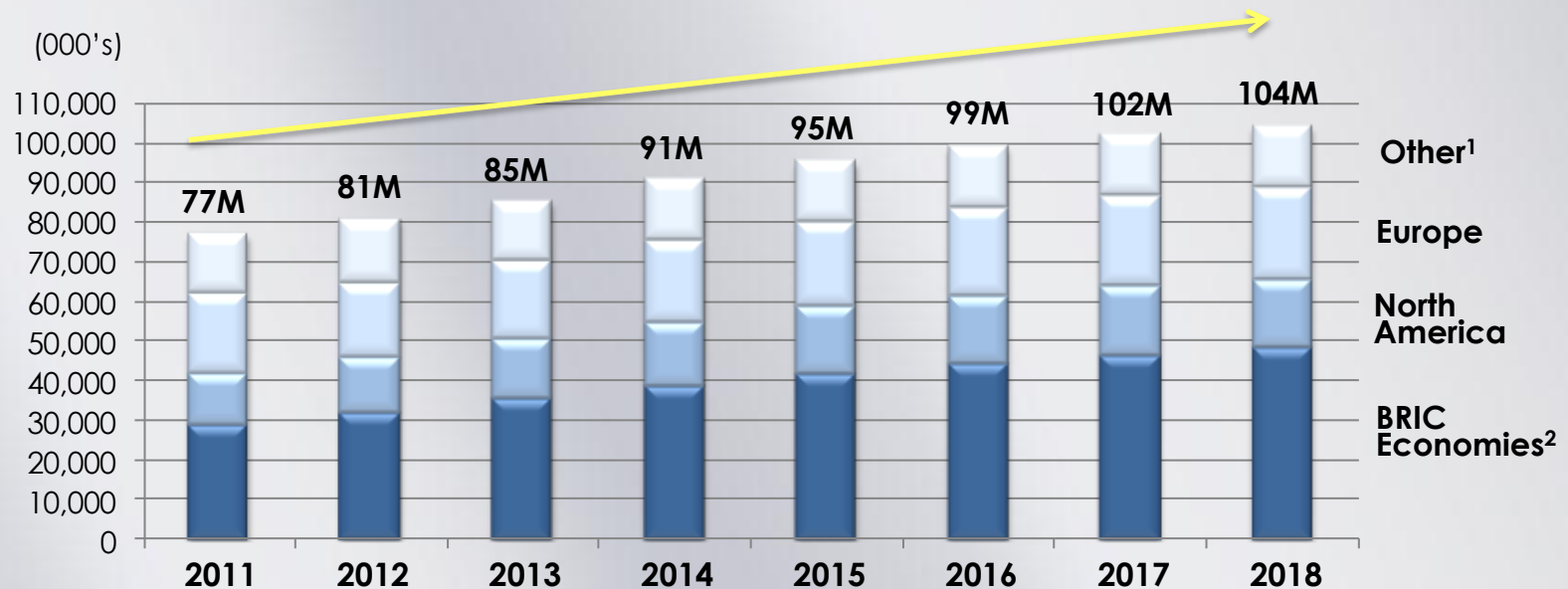
2011 Fabrication Demand



Palladium Market FABRICATION DEMAND



Global Light Vehicle Production Forecast



Source: IHS Automotive, February 2012

1. Other includes: Japan, Korea, Middle East and Africa

2. BRIC Economies include: Greater China, South America and South Asia

- Global vehicle production biggest source of palladium demand (58%)
- Strong growth to +100 M units by 2017 driven by BRIC economies

Palladium Market FABRICATION DEMAND



Adoption of Stricter Emission Control Standards

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Europe	Euro IV				Euro V				Euro VI		
China	Euro III		Euro IV			Euro V					
	Euro II		Euro III			Euro IV			Euro V		
India	Euro III		Euro IV								
	Euro II		Euro III								
Russia	Euro I	Euro II		Euro III		Euro IV			Euro V		
USA	Tier 2 and LEV II										
Brazil	Prconve 3		Prconve 4		Prconve 5			Prconve 6			

Source: CPM Group, June 2012

- Emerging economies have adopted emission control standards that mandate the use of catalytic converters
- Advancing to a higher level of emission controls results in higher PGM loadings in the catalytic converter
- Tightening emission control regulations for heavy-duty trucks

Use of Palladium in CATALYTIC CONVERTERS



Gasoline Engines

- Use +90% palladium (of total required PGM content)

Diesel Engines

- Historically used platinum due to technical requirements
- Currently use 30% palladium, with scope to increase to 50% due to advent of low sulphur diesel fuel



Hybrids & Other New Forms

- Neutral impact on PGM use
- Gasoline hybrids tend to use as much palladium as normal gasoline engines
- Currently account for only 1% of global cars sales¹
- Forecasted to be 14% of overall market by 2020²

Electric

- No requirement for catalytic converters
- Challenged by lack of infrastructure to recharge, high costs, long charging periods and short driving range
- Forecasted to account for only 2% of global car sales by 2020²

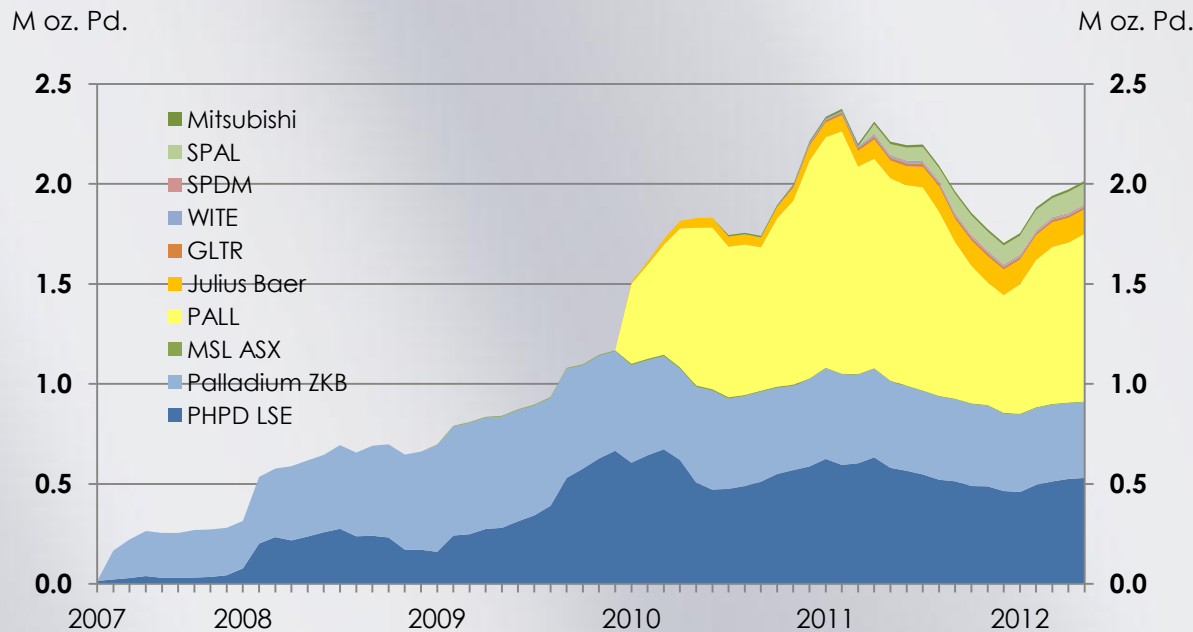
1. CPM Group, June 2010

2. Stefan Bratzel, director of the Centre of Automotive Management in Germany; as reported in Mitsui Global Precious Metals "Pole Position" Report, June 2010

Palladium Market INVESTMENT DEMAND



Exchange Traded Funds' Physical Palladium Holdings



- Investment demand driven by supply/demand fundamentals for palladium -- *constrained mine supply and growth in global vehicle production*

Palladium Market PRICE PERFORMANCE



Historic Price Performance (US\$/oz)



Average Annual Price Forecast (US\$/oz)

	2012	2013
UBS	\$825	\$850
RBC	\$800	\$850
Credit Suisse	\$771	\$920
TD	\$740	\$1,000
BNP Paribas	\$725	\$1,065
BMO	\$700	\$750
Deutsche Bank	\$698	\$750

Historic High: US\$1,090 (2001)

2011 Average Price: US\$733

Recent Price: US\$601 (May 29 NY close)



North American Palladium Ltd.



Investment Case For
NAP

LDI Mine

A WORLD CLASS ASSET



- Located north of Thunder Bay, Ontario, Canada
- One of only two primary palladium mines in the world
- Total production of +2.6 M oz of palladium since 1993
- Currently undergoing a major expansion to transition into a long life, low cost mine with steady production growth
- 15,000 tpd mill has excess capacity available for production growth
- Significant exploration upside



LDI Mine OPERATING METRICS



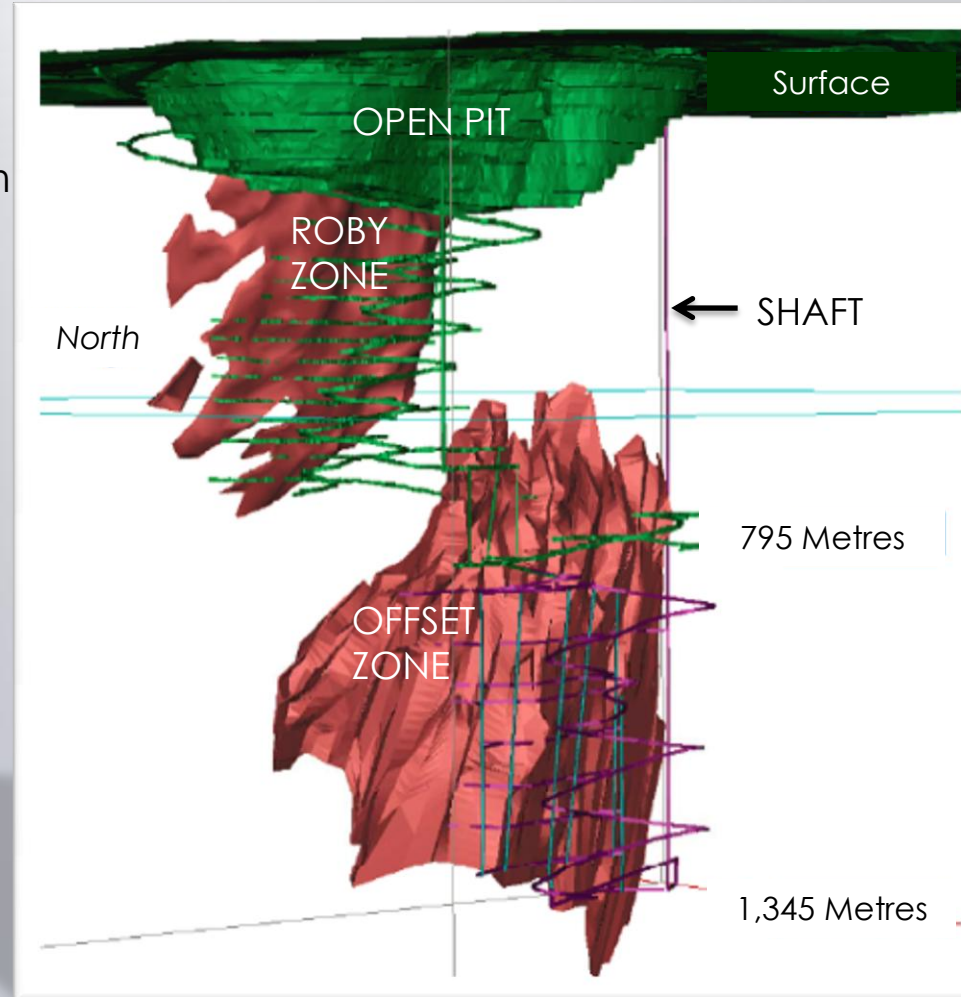
	Q1 2012	2012 Guidance
Payable Palladium Production¹	41,760 oz.	150,000 - 160,000 oz.
Cash Cost (US\$/oz)²	\$380	\$375 - \$400
Average Underground Mining Rate	2,400 tpd	2,600 tpd
Total Ore Milled (Underground & Surface)	519,944 tonnes	1.8 M – 2.0 M tonnes
Average Palladium Head Grade³	3.5 g/t	3.7 g/t
Palladium Mill Recovery	77%	78%

1. 2012 production guidance is comprised of approximately 40,000 oz. from open pit & 110,000 – 120,000 oz. from underground.
2. Cash cost per ounce is a non-IFRS measure. For reconciliation of historical total cash costs per ounce to production costs, please refer to the Company's financial statements. Cash costs per ounce are presented net of byproduct credits and can be materially affected by changes in byproduct metal prices, as well as the Canadian/US dollar exchange rate. The 2012 cash cost guidance assumes: US\$1,600 per ounce gold, US\$1,600 per ounce platinum, US\$8.50 per pound nickel, US\$3.50 per pound copper and an exchange rate of C\$1.00 to US\$1.00.
3. 2012 grade guidance represents a blend of surface ore (1.9 g/t) and underground ore (5.3 g/t).

LDI Mine Expansion PLAN FOR GROWTH



- Transitioning from mining via ramp to via shaft
- Currently sinking a shaft to 795 metres from surface (target completion by year end)
- Shaft is being sized for 7,000 tpd
- High-volume, large scale bulk mining method:
 - long-hole stoping with primary & secondary stoping blocks
- Target shaft mining rate:
 - 3,500 tpd (Q1 2013)
 - Gradual increase in tpd in 2013 & 2014
 - 5,500 tpd (Q1 2015)
- Once mining at 5,500 tpd:
 - Production expected at +250,000 oz/yr
 - Cash costs expected to decline to ~US\$200/oz



The underground design schematic of LDI, showing the deposit and underground ramp infrastructure, looking east.

LDI Mine Expansion

LOW EXECUTION RISK



- Experienced development team on site overseeing all aspects of the expansion with the support of industry-leading contractors
- Surface construction substantially completed
- Underground development on target to feed production from the new shaft starting in 2013
- Existing 15,000-tpd mill has been operating over 10 years, which eliminates start-up production issues commonly associated with new mine development
- Almost 20 years of mining experience at LDI

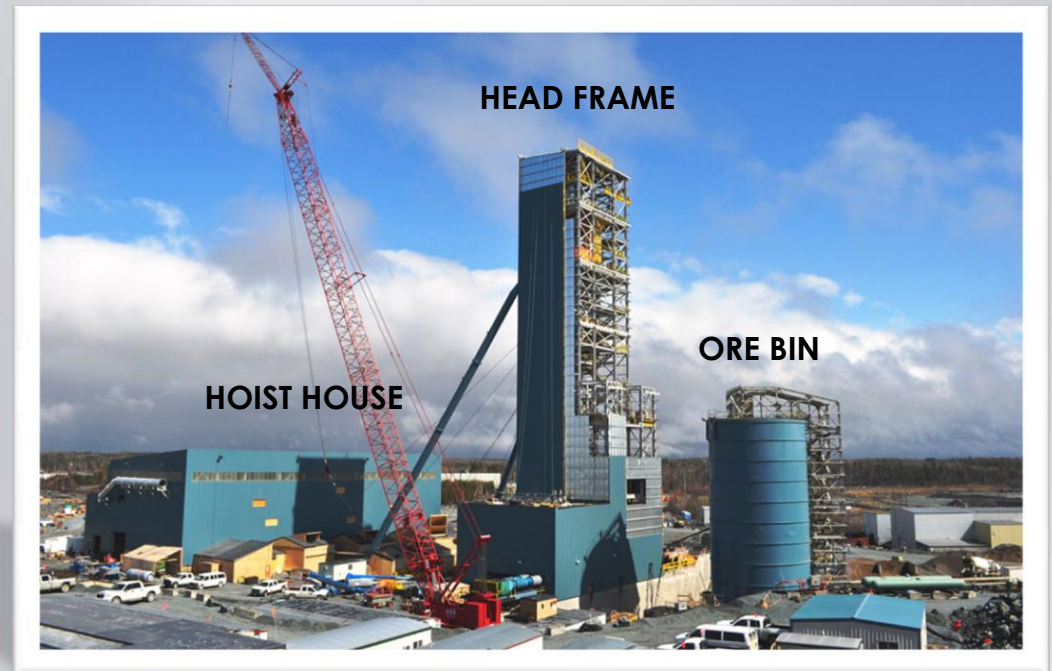


LDI Mine Expansion DEVELOPMENT PROGRESS



2012 Capital Budget of \$116 M:

- ✓ Complete surface construction activities
- ✓ Complete shaft sinking to the 795-metre level by year end
- ✓ Complete development of 735-metre mine level
- ✓ Commence set up of mining stopes for production in the Offset Zone



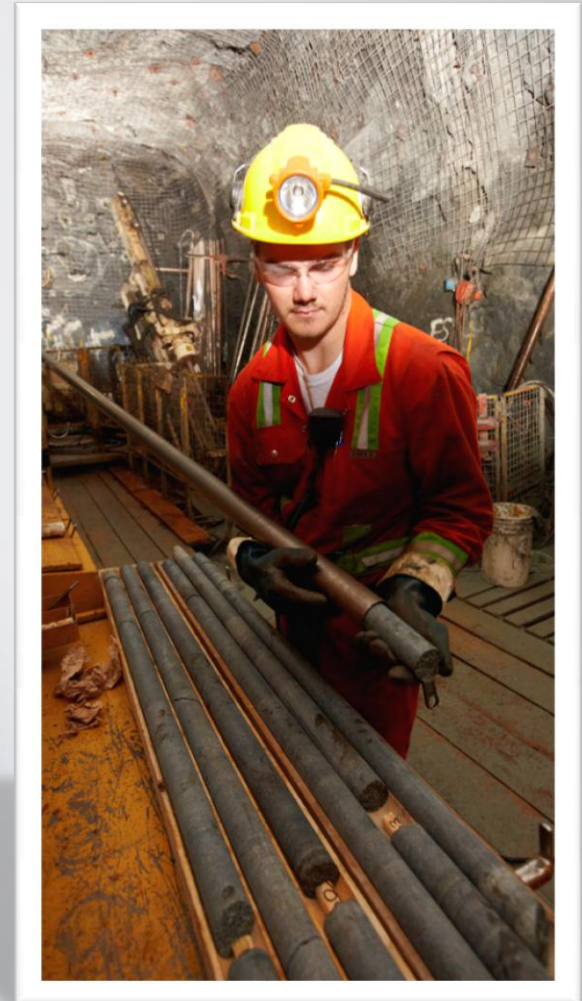
Top Priority: Commissioning of Shaft for 2013 Production

LDI Exploration SIGNIFICANT 2012 PROGRAM

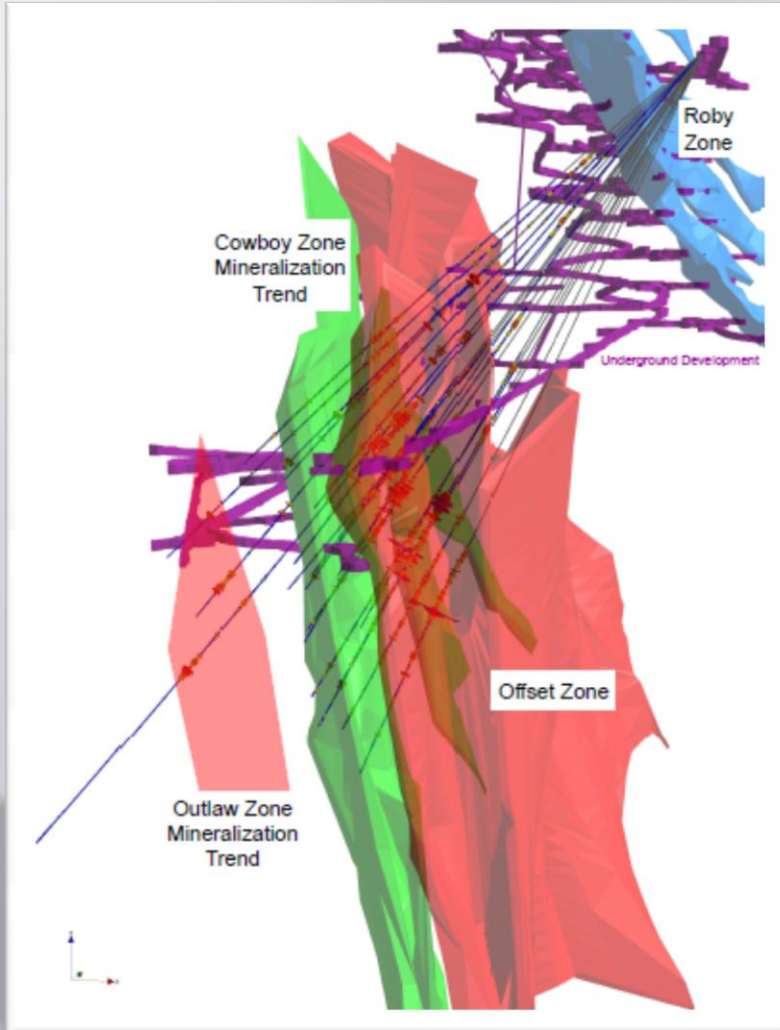


- \$16 M budget for palladium exploration*
- 70,000 metres of drilling planned
 - 64,000 metres at LDI
 - 6,000 metres at other nearby properties
- LDI program objectives:
 - ✓ To expand reserves & resources and identify new targets
 - ✓ Underground exploration targeting the Offset Zone – infill drilling & testing Offset Zone extensions towards surface, at depth & south
 - ✓ Drilling at North LDI, North VT Rim and Legris Lake

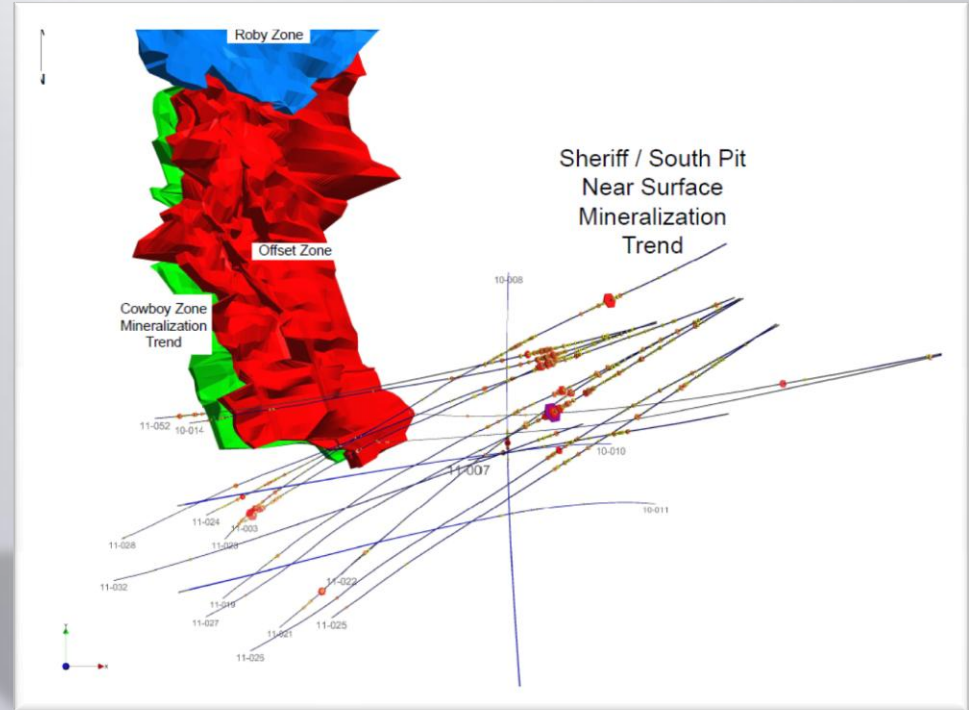
** \$10 M of the budget (55,000 of the 64,000 metres to be drilled at LDI) is in connection with the LDI mine expansion and is included in the \$116 M capital expenditure budget.*



LDI Mine NEW UNDERGROUND ZONES



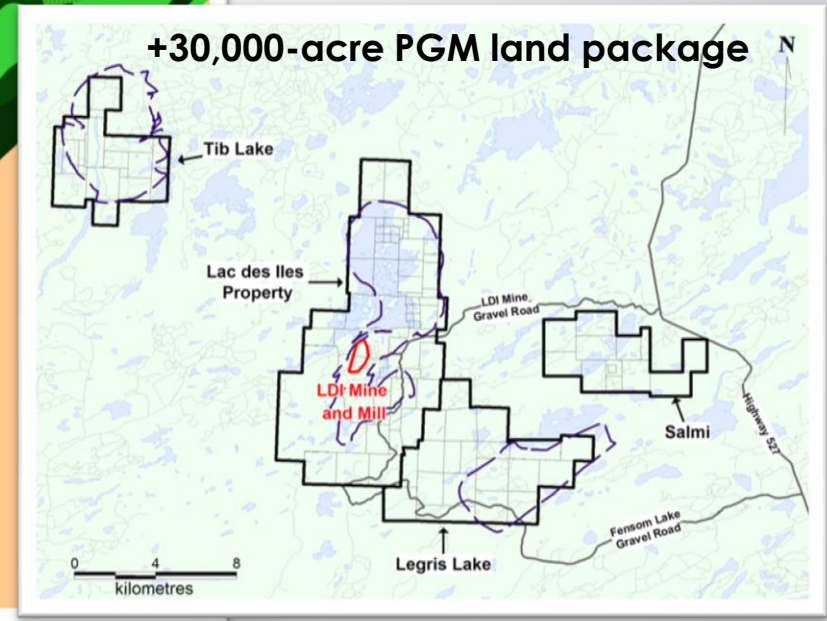
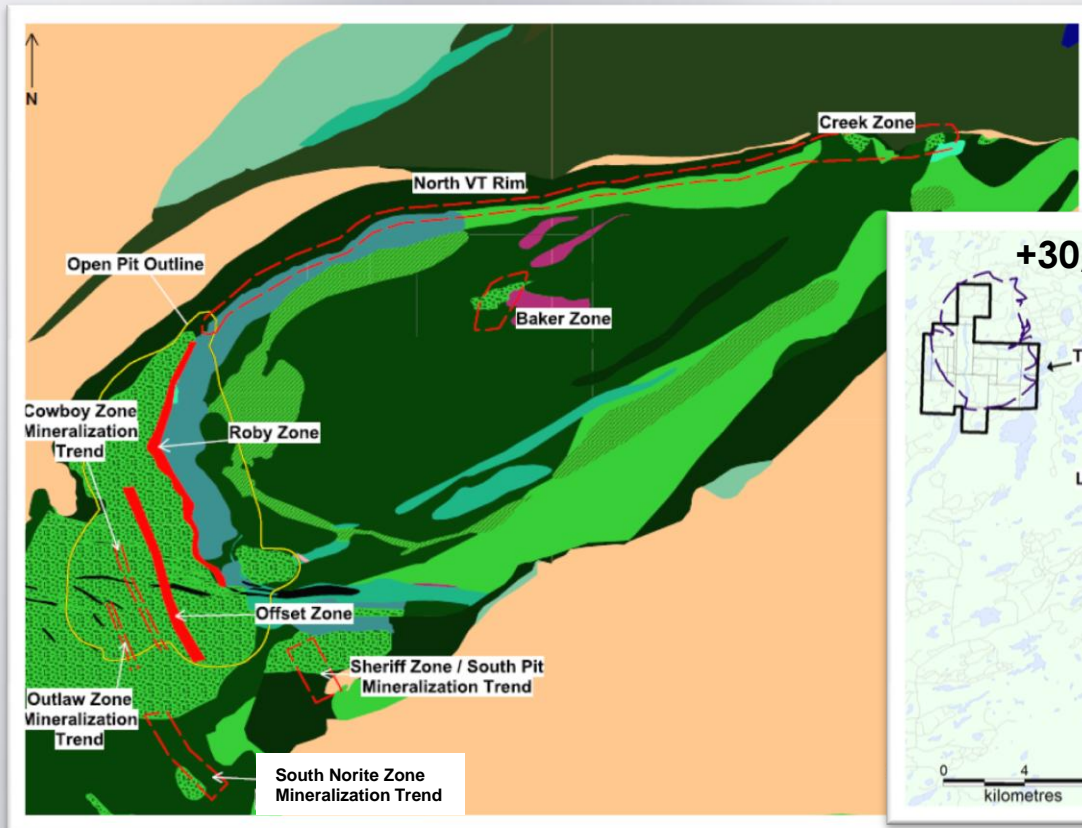
Cowboy & Outlaw Zones discovered in 2009



Sheriff Zone discovered in 2010

New Zones Have Potential to Increase Production Utilizing Existing Underground Infrastructure

LDI Property EXPLORATION UPSIDE



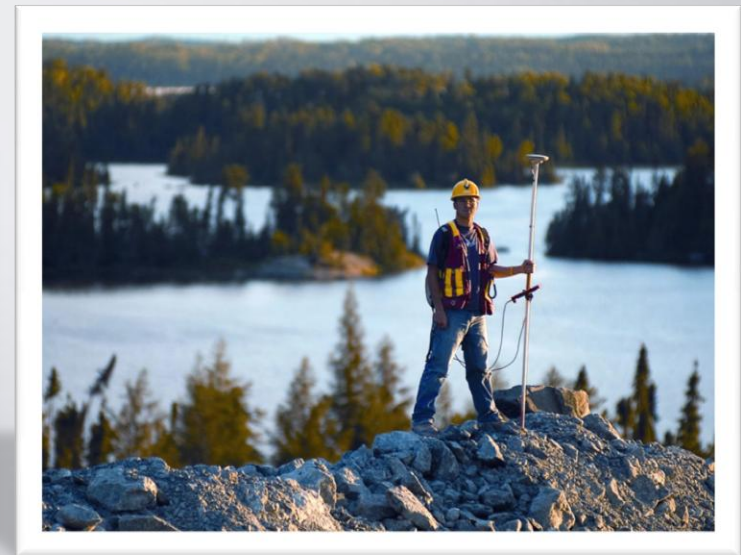
- LDI represents a rare palladium-rich asset with excellent infrastructure
- LDI complex has only been drilled in a 1 km x 1 km area & remains largely underexplored
- Multiple targets identified for follow up exploration (surface & underground)
- LDI, Legris Lake, and Tib Lake cover the most prospective mafic complexes in the area

LDI Exploration Potential

INDEPENDENT REVIEW



- Independent exploration review of LDI property conducted in 2011 by Revelation Geoscience, experts in PGE deposits
- **Key findings:**
 - “Globally, there are few available advanced PGE exploration investment opportunities as attractive as LDI (technical quality risk, PGE focus).”
 - “Exploration opportunities at LDI are highly ranked in comparison to most advanced PGE properties on a global basis. Low overall risk given existing infrastructure and permitting. Clear path to expanding production.”

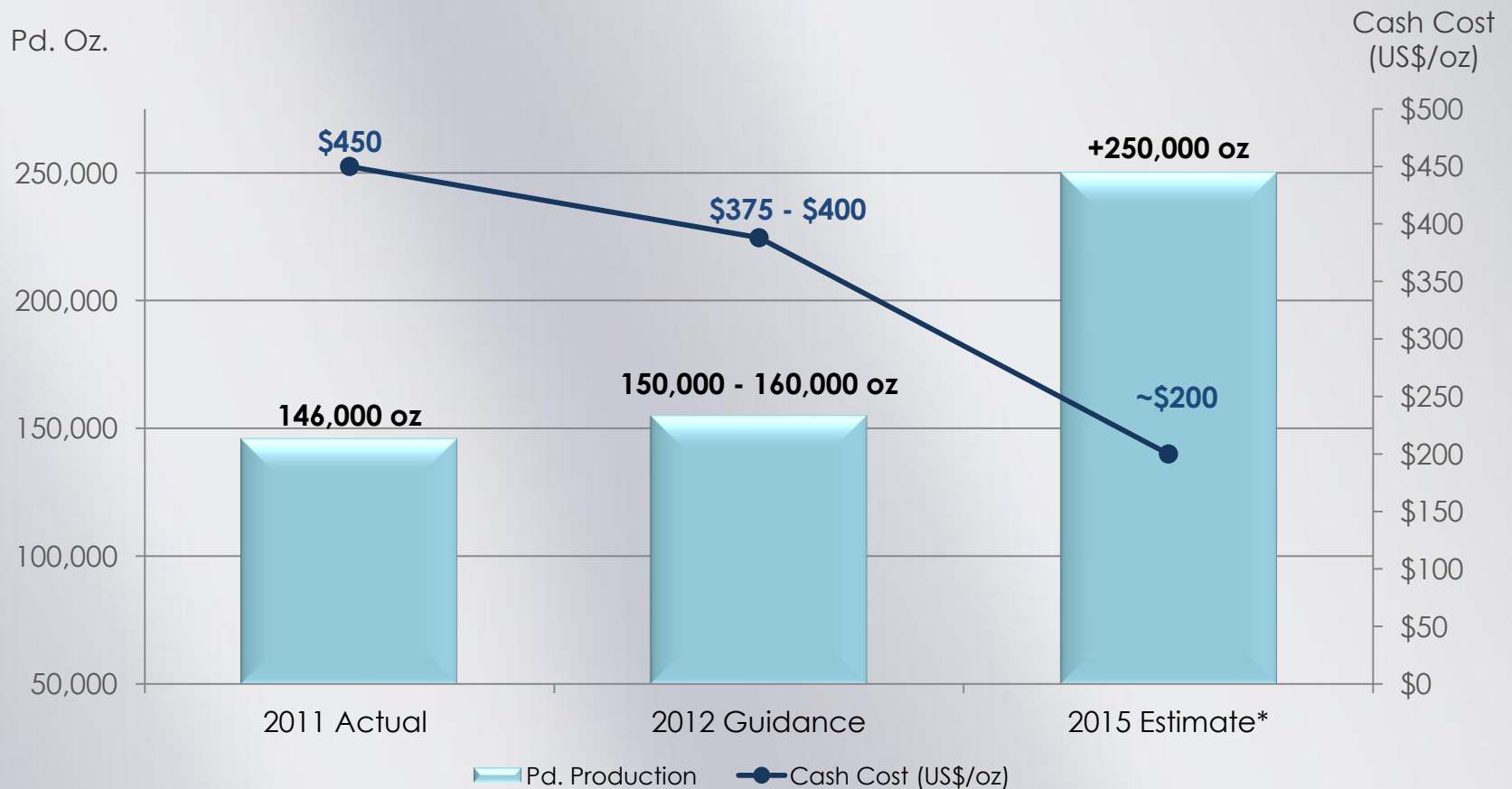


We Have Only Scratched the Surface

LDI GROWTH PROFILE



Increasing Palladium Production, Lowering Cash Costs



* Preliminary in nature and subject to change. See Cautionary Statement on page 1.

Veza Gold Mine

SECOND SOURCE OF CASH FLOW



- Potential 40,000-ounce gold producer when operating at steady state of 750 tpd
- Located in Abitibi region, Quebec
- 2012 development capex \$20 M
- Commercial production expected in early Q3, 2012
 - Mining method: blend of long hole & alimak
 - Ore to be trucked to Sleeping Giant mill, approx. 85 km away
- Targeting to produce:
 - 15,000 – 17,000 oz in H2 of 2012 while ramping up to 750 tpd, at a cash cost of ~US\$1,150/oz
 - 40,000 oz in 2013, at a cash cost of ~US\$1,000/oz



NAP 2012

INVESTING FOR GROWTH



VISION

To become a low cost mid-tier precious metals producer
(+250,000 ounces annual production)

2012 PRIORITIES

1. Commission LDI mine shaft by YE to allow UG mining rate to be increased to 3,500 tpd in Q1, 2013
2. Commence commercial production at Vezza in early Q3, 2012

2012 MILESTONES	Timing
Commissioning of the LDI mine shaft	<i>End of Q4, 2012</i>
Completing the reserve & resource update for LDI	<i>Q2, 2012</i>
Achieving commercial production at Vezza	<i>Q3, 2012</i>
Completing the resource update for Vezza	<i>Done</i>
Continuing exploration at LDI	<i>In Progress</i>

Why
INVEST?



North American Palladium Ltd.

LEVERAGE
TO RISING
PALLADIUM PRICES

CLEAR STRATEGY
TO INCREASE PRODUCTION
& LOWER CASH COSTS

ATTRACTIVE
PGM INVESTMENT
JURISDICTION

UPSIDE
IN EXPLORATION &
DEVELOPMENT

Shareholder **INFORMATION**



North American Palladium Ltd.

North American Palladium's vision is to become a low cost, mid-tier precious metals company operating in mining friendly jurisdictions. NAP is an established precious metals producer that has been operating its flagship Lac des Iles mine (LDI) located in Ontario, Canada since 1993. LDI is one of only two primary producers of palladium in the world, and is currently undergoing a major expansion to increase production and reduce cash costs per ounce. NAP also operates the Vezza gold mine located in the Abitibi region of Quebec. NAP's experienced management and technical teams have a significant commitment to exploration and are dedicated to building shareholder value.

Corporate Office: **Royal Bank Plaza, South Tower**
200 Bay St., Suite 2350
Toronto, ON M5J 2J2

Stock Symbols: NYSE MKT– **PAL**
TSX – **PDL**

Website: **www.nap.com**

Investor Relations: **Camilla Bartosiewicz**
Director, Investor Relations & Corporate Communications
camilla@nap.com
416-360-7590 ext. 7226



North American Palladium Ltd.

Appendices &
FURTHER INFORMATION

Senior MANAGEMENT



William J. Biggar – President and CEO

Mr. Biggar was appointed President and Chief Executive Officer in October, 2008. He is an accomplished businessman with extensive experience in mining and in a broad range of industries. He has served as a Senior Vice-President of Barrick Gold Corporation and Horsham Corporation, as well as Executive Vice-President of Magna International and President and CEO of MI Developments. Mr. Biggar also has over 12 years of experience as an investment banker and private equity investor. A Chartered Accountant, he holds Master of Business Administration and Bachelor of Commerce (with distinction) degrees from the University of Toronto.



Greg Struble – VP and COO

Mr. Struble is a mine engineer with over 30 years of experience in underground mining. Prior to joining NAP, he served as Executive Vice President and Chief Operating Officer of Stillwater Mining Company, where he was responsible for two underground palladium mines as well as smelter and refinery operations. Prior to this, he worked as underground project manager for Barrick Gold's Cortez Hills Joint Venture. Mr. Struble has also worked internationally at a number of large gold mines, including General Manager of the El Penon Mine in Chile and the Jeritt Canyon Mines in Nevada. Previously, he worked for the Homestake Mining Company and held various positions including Mine Superintendent at their Homestake Mine in South Dakota.



Jeff Swinoga – VP, Finance and CFO

Mr. Swinoga has over eighteen years of experience in the resource, mining and finance industries. He brings a wealth of experience in leading debt and equity transactions, including project financings for mine development. He has served as Senior Vice President, Finance & CFO of MagIndustries Corp., Vice President, Finance & CFO of HudBay Minerals Inc., and was Director, Treasury Finance of Barrick Gold Corporation for seven years. Mr. Swinoga is a Chartered Accountant and also holds a Master of Business Administration degree from the University of Toronto and a Honours Economics degree from the University of Western Ontario. Mr. Swinoga has overall responsibility for the company's financial activities.



Trent Mell – VP, Corporate Development and General Counsel

Mr. Mell has over 10 years of experience in the mining industry and joined the Company in 2007 as Vice President, General Counsel and Corporate Secretary. In 2008, he also assumed responsibility for Corporate Development and in 2010, for Human Resources. He previously worked in the head offices of Barrick Gold and Sherritt International and has also practiced securities and corporate law with Stikeman Elliott LLP. He holds a B.A., a B.C.L. (with distinction) and a LL.B. (with distinction), each from McGill University, a LL.M. from Osgoode Hall Law School, and is currently pursuing a joint Executive MBA with the Kellogg School of Management in Chicago and the Schulich School of Business in Toronto. Mr. Mell has published two papers on mineral reserve and mineral resource disclosure practices in Canada and around the world.



David C. Peck – Head of Exploration

Dr. Peck is a Professional Geoscientist with nearly 30 years of exploration and research experience specializing in magmatic Ni-Cu-PGE ore deposits. Dr. Peck holds global recognition as an expert in PGE exploration after serving as a senior technical and strategic consultant to several public and private companies and having worked on exploration and mining projects in more than a dozen countries. He was directly involved in several significant magmatic Ni-Cu-PGE discoveries in Canada and overseas. Prior to joining NAP, Dr. Peck served as President and Senior Technical and Strategic Consultant at Revelation Geoscience Ltd., and prior to this, he served as Global Nickel Commodity Leader at Anglo American plc, a Senior Geologist for Falconbridge Ltd., a Senior Mineral Deposits Geologist with the Manitoba Geological Survey, held various academic roles in Canadian universities, and was the technical lead on a multi-year mineral potential study funded by the Ontario Geological Survey. He has authored numerous public presentations and government and academic publications addressing his area of specialization.

Cautionary Note to U.S. Investors Concerning **MINERAL RESERVES AND MINERAL RESOURCE**



- Mineral reserves and mineral resources have been calculated in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, Industry Guide 7, (under the Securities and Exchange Act of 1934), as interpreted by Staff of the Securities Exchange Commission (SEC), applies different standards in order to classify mineralization as a reserve. In addition, while the terms “measured”, “indicated” and “inferred” mineral resources are required pursuant to National Instrument 43-101, the U.S. Securities and Exchange Commission does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC, and mineral resource information contained herein is not comparable to similar information regarding mineral reserves disclosed in accordance with the requirements of the U.S. Securities and Exchange Commission. U.S. investors should understand that “inferred” mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. In addition, U.S. investors are cautioned not to assume that any part or all of NAP's mineral resources constitute or will be converted into reserves. For a more detailed description of the key assumptions, parameters and methods used in calculating NAP's mineral reserves and mineral resources, see NAP's most recent Annual Information Form/Form 40-F on file with Canadian provincial securities regulatory authorities and the SEC.
- Please refer to North American Palladium's most current Annual Information Form and applicable technical reports available on www.sedar.com, www.sec.gov and www.nap.com for further information.

LDI Palladium Mine

MINERAL RESERVES & RESOURCES



Roby Zone: May 31, 2010 & Offset Zone: December 31, 2010 (to be updated in Q2, 2012)

	Tonnes (000's)	Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (%)	Cu (%)	Pd (000's oz)
RESERVES							
PROVEN - Roby Zone^{1,3}	283	7.40	0.42	0.36	0.08	0.08	67
PROBABLE - Roby Zone^{1,3}	637	5.10	0.39	0.33	0.09	0.08	105
Total Proven & Probable	920	5.81	0.40	0.34	0.08	0.08	172
RESOURCES							
MEASURED							
Offset Zone ^{1,2}	2,500	5.62	0.36	0.33	0.12	0.09	452
Open Pit ^{1,3}	3,722	1.99	0.23	0.17	0.07	0.08	238
Stockpile ^{1,3}	508	2.21	0.20	0.18	0.07	0.05	36
Total Measured	6,730	3.36	0.28	0.23	0.09	0.08	726
INDICATED							
Offset Zone ^{1,2}	11,955	5.24	0.36	0.32	0.12	0.10	2,016
Roby Zone ^{1,3}	3,144	7.62	0.44	0.33	0.08	0.06	770
Open Pit ^{1,3}	2,565	2.20	0.24	0.18	0.07	0.08	181
Stockpile ^{1,3}	13,365	0.970	0.12	0.08	0.06	0.03	417
Total Indicated	31,029	3.40	0.26	0.21	0.09	0.06	3,384
Total Measured & Indicated	37,759	3.39	0.26	0.21	0.09	0.06	4,110
INFERRED							
Offset Zone ^{1,2}	3,071	4.80	0.34	0.22	0.08	0.07	474

See Notes on the next page.



NOTES:

1. Prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum classification system.
2. The mineral resource estimate for the Offset Zone was prepared by Antoine Yassa, P.Geo. and Eugene Puritch, P.Eng. of P&E Mining Consultants Inc. both Independent Qualified Persons within the meaning of NI 43-101. The mineral resource calculation uses a minimum 3.5 g/t Pd resource block cut-off. Assays were capped at various levels depending on metal grade distributions. Resources were estimated to the 4070 Mine Level (-930 m elevation), a maximum depth of 1,430 m. The following metal price assumptions were used: US\$475/oz palladium, US\$1,500/oz platinum, US\$1,100/oz gold, US\$9.00/lb nickel, and US\$3.00/lb copper. A US\$/Cdn\$ exchange rate of US\$0.95 = CDN\$1.00 was also applied.
3. The mineral reserve and resource estimate for the Roby Zone, open pit and stockpiles were estimated as of June 30, 2010 by Scott Wilson RPA and updated by David Penna, P.Geo., an employee of the Company and a Qualified Person under 43-101 to: (i) to reflect additions to mineral reserves in the Roby Zone as a result of a lower cut-off palladium grade and higher palladium price in the Roby Zone; (ii) depletion from production up to May 31, 2011, and (iii) mineral reserves from the crown pillar (supported by an internal engineering report). The following cut-off grades were used: (i) 1.8 g/t PdEq for the Roby open pit, within an optimized pit shell run below the current pit survey; (ii) 1.9 g/t PdEq for the mine stockpiles; and (iii) 5.8 g/t PdEq for the underground Roby Zone. These cut-off grades were determined under the assumption that production would take place at a rate of 14,000 tpd. Metal price assumptions of US\$350/oz palladium, US\$1,400/oz platinum, US\$850/oz gold, US\$6.50/lb nickel, and US\$2.00/lb copper were used in the estimation of cut-off grade. A US\$/Cdn\$ exchange rate of 1.11 was also applied.
4. Palladium ounces are stated as contained ounces. Disclosure of contained ounces is permitted under Canadian regulations; however, the SEC generally permits resources to be reported only as in place tonnage and grade. Since the closure of the open pit operations, metallurgical recoveries at the LDI mine have been approximately 80.8% for palladium, 74.2% for platinum and 77.2% for gold.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
6. The resource estimate was prepared by constructing 3D wireframes containing 37.9 million tonnes of mineralization with Gemcom software and using inverse distance squared (1/d²) grade interpolation on capped composited assays.

Veza Gold Mine MINERAL RESOURCES



December 31, 2011

Type	Tonnes	Au (g/t)	Au (Contained Oz.)
RESOURCES			
Measured	325,000	6.1	64,100
Indicated	1,605,000	5.6	290,000
Total Measured & Indicated	1,930,000	5.7	354,100
Inferred	479,000	4.8	74,300

NOTES :

1. This updated mineral resource estimate was prepared as of December 31, 2011 by Valère Larouche, Eng., an employee of the Company and a qualified person under NI 43-101, and audited by RPA.
2. CIM definitions were followed for the estimation of Mineral Resources.
3. Mineral Resources were estimated at a cut-off grade of 3 g/t Au using an average gold price of US\$1,200 per ounce and a US\$/Cdn\$ exchange rate of 1:1.1.
4. See Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources.