

All figures are in Canadian dollars except where noted.

[North American Palladium Ltd.](#) ("NAP" or the "Company") (TSX:PDL)(OTC PINK:PALDF) today announced that it has entered into an amendment of its existing secured term loan ("Term Loan") with Brookfield Capital Partners Ltd. ("Brookfield") dated December 18, 2015, to increase available funds by US\$25 million ("Incremental Loan") to a maximum of US\$50 million under the same existing terms. Use of proceeds is to fund the existing capital expenditure program and for working capital at the Company's Lac des Iles palladium mine in northern Ontario.

The Term Loan bears interest at 10% per annum and is due December 31, 2016, with the ability to extend for one additional year at the option of the Company. The loan is secured by first priority security on the fixed assets and second priority security on accounts receivable and inventory. The Incremental Loan is available immediately in up to four advances and available until December 31, 2016. The loan is prepayable at any time, in whole or in part, without penalty. US\$25 million is currently drawn on the Term Loan and the Company intends to make a first draw under the Incremental Loan of US\$10 million no later than July 15, 2016.

The company is in the process of completing the engineering and underground development necessary for the conversion to a sub-level shrinkage mining method and the build out of long-term tailings and water management capacity. The benefits of these two initiatives is expected to increase production and lower unit costs at the mine.

About North American Palladium

NAP is an established precious metals producer that has been operating its Lac des Iles mine ("LDI") located in Ontario, Canada since 1993. LDI is one of only two primary producers of palladium in the world, offering investors exposure to palladium. The Company's shares trade on the TSX under the symbol PDL and on the OTC Pink under the symbol PALDF.

Cautionary Statement on Forward-Looking Information

Certain information contained in this news release constitutes 'forward-looking statements' within the meaning of the 'safe harbor' provisions of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995. 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, 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 LDI 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, the risks associated with obtaining necessary licenses and permits and uncertainty regarding the ability to consummate the Recapitalization. For more details on these and other risk factors see the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities.

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 its Lac des Iles 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.

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