North American Palladium Signs Major Mine Development Contract; Strategic Review Process Concludes

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TORONTO, Dec. 13, 2018 - North American Palladium Ltd. ("NAP" or the "Company") (TSX:PDL) (OTC PINK:PALDF) is pleased to announce that it has signed a contract with Redpath Canada Limited of North Bay, Ontario, Canada for underground mine development at its Lac des Iles mine. This is part of a major mine expansion, as detailed in the October 2, 2018 Technical Report, that will take the mine from its current rate of just over 6000 tonnes per day (tpd) to 12000 tpd. The Redpath scope of work consists of approximately 6550 Metres of lateral development and 560 Metres of vertical development to access ore reserves in the upper mine beneath and around the perimeter of the dormant Roby open pit. The contract is expected to be approximately 2 years in duration.

The Lac des Iles mine development crews will continue with their work to sustain ongoing production, which is expected to rise to over 7000 tpd by the end of 2019.

The Company’s President and CEO, Mr. Jim Gallagher, commented, “Redpath is one of the premier mining contractors in the world and we welcome them onboard as we expand the Lac des Iles mine and make it one of the largest underground mines in Canada.”

The Company also announced today that the Board of Directors have concluded the strategic alternatives review process that commenced in February, 2018.

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, which includes both an underground mine and an open pit mine.

For Further Information

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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 future results at LDI; 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 management’s discussion and analysis and the Company’s 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 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.