CORRECTION: North American Palladium Reports Record Revenue in Q2 2019, Announces Special Dividend

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TORONTO, Aug. 01, 2019 - The press release that follows is re-issued due to a typographical error in the first quote of the original release (issued at 5:15pm ET August 1, 2019) whereby the value for the July average mill throughput was incorrect. The quote has been corrected and no data or any other information in the release, has changed. The complete and corrected release follows.

North American Palladium Ltd. ("NAP" or the "Company") (TSX:PDL) (OTC PINK:PALDF) today announced financial and operational results for the three months ended June 30, 2019.

Second Quarter Highlights

- Record revenue: Based on 56,121 ounces of palladium sold, revenue for the quarter increased to $135.6 million compared to $94.1 million for the same period in 2018. This is the highest quarterly revenue in the Company’s history. Revenue for the first half of the year was $263.9 million based on 112,896 payable ounces of palladium sold.
- Strong growth in net income: Net income was $36.6 million, or $0.62 per share, compared to $14.2 million or $0.24 per share reported for Q2 2018. Year to date net income was $66.1million, or $1.12 per share.
- Substantial cash from operations: Cash provided from operations was $58.8 million, compared to $33.1 million for the same period in 2018. Year to date cash provided from operations was $134.6 million.
- Strong free cash flow[1]: Free cash flow for the quarter was $35.4 million, an increase from $16.4 million in Q2 2018; with year to date free cash flow at $90.6 million.
- Increased EBITDA[1]: Adjusted EBITDA[1] increased to $73.0 million, up from $37.2 million in Q2 2018. For the first half of the year, adjusted EBITDA[1] was at $134.6 million.
- Record production: Underground production averaged just over 7,000 tonnes per day (“tpd”) for the quarter, the highest in the Company’s history. This is a significant increase compared to the 5,856 tpd produced in Q2 2018 and a slight increase over the 6,755 tpd in Q1 2019.
- Special dividend: The Company’s Board of Directors is pleased to announce that, in addition to the existing $0.10 quarterly dividend, a Special Dividend of $0.35 per share will be issued to all common shareholders of record as of September 1, 2019.

“Q2 2019 was another record quarter for North American Palladium and our Lac des Iles Mine,” stated Jim Gallagher, President and CEO. “I am proud to report that the site continues to demonstrate its commitment to safety with another Lost Time Injury-free quarter. The team has worked hard to identify the issues related to the mill that were experienced in the first quarter and has implemented initiatives to rectify them, as evidenced by the increasing mill throughput month over month, with July’s average achieving 12,784 tpd. Strong palladium prices combined with the highest-ever underground production enabled us to deliver record revenue for the second consecutive quarter. Overall, the Lac des Iles Mine operated exceptionally well and continues to demonstrate its ability to realize operational upside.”

The mine expansion project is ahead of schedule this quarter in terms of both development metres and rate of underground production and the Company is well on its way to achieving 12,000 tpd by 2021. In addition, in June and July, the mill’s average throughput met and exceeded budget figures, as a result of the Company’s investment in remediation initiatives focused on maintenance and process improvements. These two positive outcomes have led to slightly higher operating expenses compared to Q2 2018.

Gallagher added, “Even with our increased spend in support of the mine expansion, tailings dam construction and mill improvements, North American Palladium delivered almost $91 million in free cash flow

in the first half of the year.”

Financial Results	Three months ended June 30,	
(expressed in millions of Canadian dollars)	2019	2018
Revenue	$ 135.6	$ 94.1
Smelting, Refining, and Freight	$ 4.0	$ 4.3
Royalty Expense	$ 5.9	$ 4.0
Net Revenue	$ 125.7	$ 85.8
Operating Expenses		
Production Cost		
Mining	$ 31.2	$ 27.0
Milling	$ 12.5	$ 9.9
General and Administration	$ 7.5	$ 7.2
Inventory and Other Costs	$ (1.1)	$ 3.4
Total Production Costs	$ 50.1	$ 47.5
Depreciation and Amortization	$ 13.2	$ 13.0
(Gain) loss on disposal of equipment	$ (0.1)	$ (0.6)
Total Mining Operating Expenses	$ 63.2	$ 59.9
Income from Mining Operations	$ 62.5	$ 25.9
Net Income	$ 36.6	$ 14.2
Net Income per Share	$ 0.62	$ 0.24
Adjusted EBITDA[1]	$ 73.0	$ 37.2
Capital Investment, Including Leases	$ 22.3	$ 17.5

Finance

Revenue for the quarter increased to $135.6 million, the highest in the Company’s history, compared to $94.1 million for the same period in 2018. The revenue growth is largely due to the increase in the palladium price. Palladium revenue per ounce sold[1] this quarter averaged US$1,429/oz compared to US$953/oz in Q1 2018 – a 50% increase. Positive pricing adjustments to accounts receivable amounted to an increase in quarterly revenue of $14.9 million.

Cash flow from operations increased by $25.7 million to $58.8 million in Q2 2019, compared to the same period in 2018, despite increased operating development and mill costs.

As a result, adjusted EBITDA[1] increased to $73.0 million in Q2 2019 from $37.2 million in Q2 2018 and net income increased to $36.6 million from $14.2 million in Q2 2018.

Total capital investment increased in Q2 2019 to $22.3 million compared to $17.5 million in Q2 2018 in support of the Company’s continued investment in the underground mine expansion and ongoing Tailings Management Facility construction.

Total production costs for the second quarter of 2019, before inventory and other cost adjustments, were $51.2 million or $54 per tonne milled, compared to $44.1 million or $41 per tonne milled in Q2 2018. Lower mill tonnage was the largest contributing factor to the unit production cost increase, in addition to mill optimization initiatives and increased underground operating development costs. Production costs were, however, partially offset by lower surface operations costs.

The Company remains debt-free, excluding capital leases, while building its cash balance. The Company’s total liquidity as of June 30, 2019 was $185.5 million, including $58.2 million in cash and $127.3 million available under its Credit Facility.

All-in sustaining costs (“AISC”[1]) increased in the quarter to US$834 per ounce of payable palladium produced compared to US$658 per ounce in Q2 2018. A large part of this increase resulted from

increased operating costs associated with the mine expansion and the need to address mill performance issues. Additional contributing factors included increased royalties due to higher palladium prices, lower by-product revenue and fewer ounces produced compared to Q2 2018.

Operating Results	Three months ended June 30,	
	2019	2018
Ore mined (tonnes)[2]		
Underground	637,639	532,865
Sheriff Pit	-	114,820
Surface stockpiles	335,914	414,265
Total	973,553	1,061,9
Mined ore grade (Pd g/t)		
Underground	2.9	3.0
Sheriff Pit	-	1.1
Surface	0.9	1.0
Milling		
Tonnes ore milled (dry metric tonnes)	955,659	1,077,4
Head grade (grams palladium per tonne milled)	2.4	2.2
Palladium recoveries (%)	80.6	79.5
Palladium concentrate grade (g/t)	207	239
Tonnes of concentrate produced (dry metric tonnes)	8,879	7,735
Production cost per tonne ore milled[1]	$ 54	$ 41
Payable production		
Palladium – ounces	56,472	57,652
Other results		
Underground cost per tonne mined[1]	$ 41	$ 38
AISC per ounce of palladium produced, net of by-product revenues (US$)[1]	$ 834	$ 658
Cash cost per ounce of palladium sold, net of by-product revenues (US$)[1]	$ 623	$ 500

Operations

Positive results were reported by the Company’s operations.

The underground mine expansion is ahead of schedule as a result of increased development rates and infrastructure upgrades. A total of 3,249 metres of development occurred during the quarter at an average daily rate of 35.7 metres. The project is currently on track to achieve its 12,000 tpd production target by 2021.

Underground production remains above budget and increased to a record average of 7,007 tpd in Q2 2019 from 5,856 tpd in Q2 2018. This is the highest quarterly production in the Company’s history. Underground costs per tonne increased slightly to $41 in Q2 2019 from $38 in Q2 2018. In June, an average of 8,720 tpd of ore and waste material was moved underground, which represents a 25% increase over the 2018 average.

Mill recovery increased this quarter to 80.6% from 79.5% in Q2 2018. The Company produced a total of 56,472 payable ounces of palladium, a slight decrease from the 57,652 payable ounces produced in Q2 2018. Mill throughput was, as anticipated, below target at 10,502 tpd due to the ongoing mechanical issues communicated in the first quarter. These challenges have largely been resolved and mill production is continuing to deliver on a positive trajectory, further evidenced by July 2019’s throughput of 12,784 tpd.

Exploration

Exploration expenditures for Q2 2019 were $5.1 million compared to $2.4 million in Q2 2018 as a result of

significant increases in diamond drilling at both the LDI and the Sunday Lake property. A total of 15,599 metres of drilling was completed in the quarter, comprising 7,004 metres of underground drilling at LDI, 8,019 metres of surface drilling at LDI, and 576 metres of surface drilling at Sunday Lake.

Exploration results received during the quarter are described in three recent news releases available on the Company’s website, www.nap.com. Highlights include:

- Encouraging grades and widths in several holes from the recently-discovered C Zone in the footwall to the Offset Zone (e.g., 19.2 m with 6.38 g/t Pd, including 5.0 m with 9.00 g/t Pd in drill hole 19-520).
- The Creek Zone near-surface target is demonstrating good continuity along strike and down-dip and contains both relatively thick intervals averaging 1.00 to 2.00 g/t Pd and narrower but higher-grade sub-intervals (e.g., 24.0 m of 1.37 g/t Pd, including 5.0 m of 3.98 g/t Pd with 3.0 m of 5.23 g/t Pd in drill hole 19-022).
- Several Creek Zone drill holes intersected the modeled eastern extension of the North VT Rim Zone (e.g., 18.0 m with 1.70 g/t Pd, including 5.0 m with 4.50 g/t Pd and 2.0 m with 8.19 g/t Pd in hole 19-022).
- The Platinum Group Metal (“PGM”) Zone at Sunday Lake was extended much further west. The best drilling results to date on the property were returned from the “Big Red” geophysical target (41.2 m with 3.22 g/t Pt, 2.08 g/t Pd and 0.57% Cu in drill hole SL-19-26).

Plans for the third quarter include additional underground exploration drilling to target the down dip extension of the C Zone, the Offset Satellite Zones (B Zones), and the modeled southward and down-plunge continuation of the Roby-Offset deposit to the south of the Camp Lake fault. Much of the planned drilling will utilize the nearly-completed new exploration drift located on the 1,065-metre level of the underground mine. Additional surface drilling will be completed in the East Mine Block area with the focus shifting to initial testing of several recently-developed geophysical targets.

Dividend

After giving consideration to the long-term plan for LDI, current operating performance, market conditions and a provision for minimum liquidity, the Board has determined that a quarterly dividend of $0.10 per share should be sustainable during periods when palladium prices exceed US$1200 per ounce. During periods of high prices and/or improved operating results, the Company has the potential to generate cash flow surplus to its business requirements even after the payment of the existing dividend. In these circumstances and on a quarterly basis, the Board intends to assess and determine whether an additional dividend payment would be appropriate.

Reflecting on the operating and financial performance during the second quarter, the Board approved a dividend of $0.45 per share payable to common shareholders of record as of September 1, 2019. This dividend reflects a regular quarterly dividend of $0.10 per share plus an additional special dividend of $0.35 per share.

Outlook

The Company reiterated its previous 2019 production guidance of 220,000 to 235,000 ounces of payable palladium.

Based on planned higher production and anticipated mill throughput improvement in the second half of the year, the Company expects to be near the upper end of its 2019 AISC[1] guidance of US$785 to US$815 per payable ounce of palladium produced.

Shareholder Information

The Company’s complete consolidated financial statements for the quarter ending June 30, 2019 and the related management team discussion and analysis can be found on NAP’s website at www.nap.com, and on SEDAR at www.sedar.com.

The Company invites you to join its webcast and conference call on Friday, August 2, 2019 at 9:00 a.m. E.T.

Conference Call Details:	
Date:	Friday, August 2, 2019
Time:	9:00 a.m. ET
Dial-In:	North America: 1-800-319-4610 | International: 1-604-638-5340
Recording:	Available within 24 hours following the call at www.nap.com.
Webcast:	http://services.choruscall.ca/links/nap20190802.html
Replay:	International Toll: 1-604-674-8052 | North America Toll-Free: 1-855-669-9658 Replay Passcode: 3347 (available until August 16, 2019)

Notes:

[1] Non-IFRS measures. Such non-IFRS measures do not have a standardized meaning under the financial reporting framework used to prepare the Company’s financial statements and may not be comparable to similar financial measures presented by other issuers. For information regarding how the non-IFRS measures provide useful information and the additional purposes for which management uses the non-IFRS measure, please refer to Non-IFRS Measures in the Company’s management team discussion and analysis.

[2] The determination of mined tonnes requires reliance upon various estimates, including estimated load factors assigned to trucks and the shaft skips, density factors assigned to the size of ore being mined, the impact of seasonal conditions, and the variability of the moisture content at the time of extraction.
All figures are in Canadian dollars except where noted.

The analyses reported in this news release were performed by ALS Global in Vancouver, British Columbia. The Company’s rigorous internal quality control and quality assurance protocols are described in detail in the current Technical Report for LDI (September 2018 – available on SEDAR).

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 registered 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.

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 dividend payments; information pertaining to the Company's strategy, strategic process, 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 LDI 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 pay a dividend and/or 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 LDI, 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.

About North American Palladium Ltd.

North American Palladium (TSX: PDL) (OTC PINK: PALDF) is a Canadian company with 25 years of production at the Lac des Iles Mine in a low-risk jurisdiction northwest of Thunder Bay, Ontario. North American Palladium is the world’s only pure play palladium producer. With over 700 employees, the Lac des Iles Mine features a unique, world-class ore body and modern infrastructure, including both an underground mine and surface operations.

For further information, please contact:
North American Palladium Investor Relations at 416-360-7374 or ir@nap.com.

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