

NORTH AMERICAN PALLADIUM LTD
Form F-10
December 05, 2014
Table of Contents

As filed with the Securities and Exchange Commission on December 5, 2014

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM F-10

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

NORTH AMERICAN PALLADIUM LTD.

(Exact name of Registrant as specified in its charter)

Canada
(Province or other Jurisdiction of

1000
(Primary Standard Industrial

Not Applicable
(I.R.S. Employer

Incorporation or Organization)

Classification Code Number)

Identification Number, if any)

Suite 2350, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario, Canada M5J 2J2, (416) 360-7590

Edgar Filing: NORTH AMERICAN PALLADIUM LTD - Form F-10

(Registrant's principal executive offices)

CT Corporation System, 111 Eighth Avenue, New York, New York 10011, (212) 894-8940

(Agent for service in the United States)

The Commission is requested to send copies of all communications to:

Riccardo A. Leofanti, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
222 Bay Street, Suite 1750
Toronto, Ontario, Canada M5K 1J5
(416) 777-4700

Simon Romano
Stikeman Elliott LLP
5300 Commerce Court West, 199 Bay Street
Toronto, Ontario, Canada M5L 1B9
(416) 869-5506

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

Province of Ontario, Canada

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

- A. Upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. At some future date (check the appropriate box below):
- pursuant to Rule 467(b) on () at ().
 - pursuant to Rule 467(b) on () at () because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ().
 - pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
 - after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Aggregate Offering Price (2)(3)	Amount of Registration Fee (4)
Common Shares			
Debt Securities			
Warrants			
Subscription Receipts			
Total	US\$150,000,000	US\$150,000,000	US\$17,430

- (1) There are being registered under this Registration Statement such indeterminate number of common shares, debt securities, warrants to purchase equity securities, warrants to purchase debt securities and subscription receipts of the Registrant as shall have an aggregate initial offering price of US\$150,000,000. Any securities registered by this Registration Statement may be sold separately or as units with other securities registered under this Registration Statement. The proposed maximum initial offering price per security will be determined, from time to time, by the Registrant in connection with the sale of the securities under this Registration Statement.
- (2) In United States dollars or the equivalent thereof in Canadian dollars.
- (3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.
- (4) US\$40,920.00 was previously paid in connection with the Registrant's registration statement on Form F-10 (File No. 333-185656) initially filed with the Commission on December 21, 2012 and declared effective on February 14, 2013, including US\$30,042 paid in relation to securities remaining unsold in the offering contemplated by such registration statement. Accordingly, pursuant to Rule 457(p) of the General Rules and Regulations under the Securities Act of 1933, as amended (the Securities Act), US\$17,430 is being offset against the total registration fee due for this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registration Statement shall become effective as provided in Rule 467 under the Securities Act or on such date as the Commission, acting pursuant to Section 8(a) of the Securities Act, may determine.

Table of Contents

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

I-1

Table of Contents

PRELIMINARY BASE SHELF PROSPECTUS

New Issue

December 5, 2014

US\$150,000,000

Common Shares

Debt Securities

Warrants

Subscription Receipts

North American Palladium Ltd. (**NAP** or the **Company**) may offer and issue from time to time common shares (the **Common Shares**), debt securities (the **Debt Securities**), warrants to purchase Common Shares and warrants to purchase Debt Securities (together, the **Warrants**), and subscription receipts (**Subscription Receipts**) (all of the foregoing, collectively, the **Securities**) or any combination thereof up to an aggregate initial offering price of US\$150,000,000 during the 25-month period that this prospectus, including any amendments thereto, remains effective.

Investing in the Securities involves risk. Please carefully consider the **Risk Factors section beginning on page 7 of this prospectus.**

This prospectus is filed by a foreign issuer that is permitted, pursuant to a multi-jurisdictional disclosure system adopted by the United States and Canada (**MJDS), to prepare this prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. The financial statements incorporated herein by reference have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (**IFRS**), and thus may not be comparable to financial statements of United States companies.**

Prospective investors should be aware that the acquisition of the Securities described herein may have tax consequences both in the United States and Canada. Such consequences for investors who are resident in, or citizens of, the United States or Canada may not be described fully herein. Prospective investors should read the tax discussion contained in the applicable prospectus supplement with respect to a particular offering of Securities.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the federal laws of Canada, that most of its officers and directors are residents of Canada, that some or all of the experts named in this prospectus are residents of a foreign country, and that all or a substantial portion of the assets of the Company and said persons are located outside the United States.

No underwriter has been involved in the preparation of, or has performed a review of, the contents of this prospectus.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SECURITIES OFFERED HEREBY, OR PASSED ON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Table of Contents

The Securities may be offered in an amount and on such terms as may be determined from time to time depending on market conditions and other factors. The specific terms of the Securities with respect to a particular offering will be set out in the applicable prospectus supplement and may include, where applicable: (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is made at prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices), covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other terms specific to the Debt Securities being offered; (ii) in the case of Common Shares, the designation of the particular class and, if applicable, series, the number of shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is made at prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices), dividend rate, if any, and any other terms specific to the Common Shares being offered; (iii) in the case of Warrants, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is made at prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices), the designation, number and terms of the Common Shares or Debt Securities issuable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; and (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is made at prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices), the procedures for the exchange of the Subscription Receipts for Common Shares, Debt Securities or Warrants, as the case may be, and any other specific terms. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the prospectus supplement describing the Securities.

The Company may sell the Securities to or through underwriters or dealers, and, subject to applicable securities laws, may also sell Securities to one or more other purchasers directly or through agents, including sales pursuant to ordinary brokerage transactions and transactions in which a broker dealer solicits purchasers. The underwriters or dealers may offer the Securities at a lower price than stated in the applicable prospectus supplement(s). See Plan of Distribution

All shelf information permitted under applicable laws to be omitted from this prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus to the extent required by applicable securities laws. Each prospectus supplement will be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purposes of the distribution of the Securities to which the prospectus supplement pertains.

This prospectus constitutes a public offering of the Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Securities. The Company may offer and sell Securities to, or through, underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents pursuant to exemptions from registration or qualification under applicable securities laws. The Securities may also be resold by selling securityholders. A prospectus supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the offering and sale of the Securities and will set forth the terms of the offering of the Securities, the method of distribution of the Securities including, to the extent applicable, the proceeds to the Company and any fees, discounts or any other

compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution.

In connection with any offering of Securities, other than an at-the-market distribution, the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See Plan of Distribution.

The Company's outstanding Common Shares are listed for trading on the NYSE MKT, LLC (**NYSE MKT**) and the Toronto Stock Exchange (**TSX**) under the trading symbols **PAL** and **PDL**, respectively. On December 4, 2014, the last trading day prior to the filing of this prospectus, the closing price of the Common Shares on the NYSE MKT was US\$0.14 per Common Share, and the closing price of the Common Shares on the TSX was Cdn.\$0.16 per Common Share. Unless otherwise specified in the applicable prospectus supplement, Securities other than the Common Shares are not expected to be listed on any securities exchange. **Other than the listing of the Common Shares on the TSX and NYSE MKT, there is no market through which the Securities may be sold and**

Table of Contents

purchasers may not be able to resell Securities purchased under this prospectus and the applicable prospectus supplement. This may affect the pricing of the Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities and the extent of regulation of the Company. See

Risk Factors . The offering of Securities hereunder is subject to the passing upon of certain legal matters on behalf of the Company by Stikeman Elliott LLP, with respect to Canadian legal matters, and by Skadden, Arps, Slate, Meagher & Flom LLP, with respect to United States legal matters.

The Company's head and registered office is located at Suite 2350, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario, Canada M5J 2J2, telephone (416) 360-7590 and facsimile (416) 360-7709.

Table of Contents

TABLE OF CONTENTS

<u>CAUTIONARY NOTE TO UNITED STATES INVESTORS</u>	1
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	2
<u>CURRENCY AND FINANCIAL STATEMENT PRESENTATION</u>	3
<u>CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS</u>	4
<u>THE COMPANY</u>	6
<u>RISK FACTORS</u>	7
<u>USE OF PROCEEDS</u>	9
<u>PRICE RANGE AND TRADING VOLUME</u>	10
<u>DIVIDEND POLICY</u>	11
<u>PRIOR SALES</u>	12
<u>CONSOLIDATED CAPITALIZATION</u>	12
<u>DESCRIPTION OF COMMON SHARES</u>	12
<u>DESCRIPTION OF DEBT SECURITIES</u>	13
<u>DESCRIPTION OF WARRANTS</u>	24
<u>DESCRIPTION OF SUBSCRIPTION RECEIPTS</u>	25
<u>SELLING SECURITYHOLDERS</u>	26
<u>PLAN OF DISTRIBUTION</u>	26
<u>INCOME TAX CONSIDERATIONS</u>	27
<u>LEGAL MATTERS</u>	27
<u>AUDITORS, TRANSFER AGENTS AND REGISTRAR</u>	27
<u>EXPERTS</u>	28
<u>AVAILABLE INFORMATION</u>	28
<u>DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT</u>	28

Table of Contents

Unless otherwise indicated or the context suggests otherwise, all references in this prospectus and any prospectus supplement to the Company, we, us or our refer to North American Palladium Ltd. and its subsidiaries.

You should rely only on the information contained in or incorporated by reference into this prospectus and any prospectus supplement. The Company has not authorized anyone to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the Securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus, any prospectus supplement and the documents incorporated herein and therein is accurate only as of the respective dates of the documents in which such information appears. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus is part of a registration statement on Form F-10 relating to the Securities that we filed with the U.S. Securities and Exchange Commission (the SEC). We may, from time to time, sell any combination of the Securities described in this prospectus in one or more offerings up to an aggregate amount of US\$150,000,000. This prospectus provides you with a general description of the Securities that we may offer. Each time we sell Securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Before you invest, you should read both this prospectus and any applicable prospectus supplement, together with additional information incorporated by reference and described under the heading Documents Incorporated By Reference. **This prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. You should refer to the registration statement and the exhibits to the registration statement for further information with respect to us and the Securities.**

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This prospectus has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Unless otherwise indicated, all reserve and resource estimates included in this prospectus, in any prospectus supplement or in any documents incorporated by reference herein or therein have been, and will be, prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) and the Canadian Institute of Mining, Metallurgy and Petroleum classification system. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and reserve and resource information contained in or incorporated by reference into this prospectus and any prospectus supplement may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, these documents use the terms measured resources, indicated resources and inferred resources. Investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. The requirements of NI 43-101 for the identification of reserves are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as reserves under SEC standards. Under U.S. standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Investors are cautioned not to assume that any part of a measured resource or indicated resource will ever be converted into a reserve. Investors should also understand that inferred resources have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all, or any part of, inferred resources exist, are economically or legally mineable, or will ever be upgraded to a higher category. Under Canadian rules, estimated inferred resources may not form the basis of feasibility or pre-feasibility

studies except in rare cases. In addition, disclosure of contained ounces in a mineral resource is permitted

Table of Contents

disclosure under Canadian regulations. However, the SEC normally only permits issuers to report mineralization that does not constitute reserves by SEC standards as in place tonnage and grade, without reference to unit measures. Accordingly, information concerning mineral deposits set forth in this prospectus, in any prospectus supplement or in any documents incorporated by reference herein or therein may not be comparable with information made public by companies that report in accordance with U.S. standards.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with the Ontario Securities Commission (**OSC**). Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 2350, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario M5J 2J2, telephone 416-360-7590 and facsimile 416-360-7709, or by accessing the disclosure documents available through the internet on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

The following documents are specifically incorporated by reference and form an integral part of this prospectus:

the annual information form of NAP dated March 31, 2014 (the **AIF**) for the financial year ended December 31, 2013;

the audited consolidated financial statements of NAP and the notes thereto for the financial year ended December 31, 2013 comprised of the consolidated balance sheets as at December 31, 2013 and December 31, 2012, and the consolidated statements of operations and comprehensive loss, shareholders equity and cash flows for the years ended December 31, 2013 and December 31, 2012 (the **Annual Financial Statements**), together with the independent auditors report thereon;

the Company s management s discussion and analysis relating to the Annual Financial Statements (**MD&A**);

the management information circular dated May 23, 2014 in connection with the June 23, 2014 annual general and special meeting of shareholders of NAP;

the management information circular dated March 3, 2014 in connection with the March 28, 2014 special meeting of shareholders of NAP;

the management information circular dated April 1, 2013 in connection with the May 9, 2013 annual and special meeting of the shareholders of NAP;

the unaudited condensed interim consolidated financial statements of NAP and the notes thereto for the nine months ended September 30, 2014 and September 30, 2013 (the **Interim Financial Statements**);

the management's discussion and analysis relating to the Interim Financial Statements;

the material change report dated January 23, 2014 in respect of the Company's public offering of up to \$75 million aggregate principal amount of 7.5% convertible unsecured subordinated debentures and associated warrants to be conducted in two tranches (the **Prior Offering**);

the material change report dated February 13, 2014 in respect of the first tranche of the Prior Offering; and

the material change report dated April 21, 2014 in respect of the second tranche of the Prior Offering. Any material change reports (excluding confidential material change reports, if any), annual information forms, interim consolidated financial statements of the Company (including the related management's discussion

Table of Contents

and analysis), annual audited consolidated financial statements of the Company (including the auditors' report thereon and the related management's discussion and analysis), business acquisition reports, information circulars, and any other disclosure documents required to be incorporated by reference herein under National Instrument 44-101 *Short Form Prospectus Distributions* that are filed by the Company with the securities commissions or similar authorities in each of the provinces of Canada other than Quebec (the "Qualifying Jurisdictions") after the date of this prospectus and prior to the termination of the offering of Securities hereunder shall be deemed to be incorporated by reference into this prospectus. In addition, any document filed by the Company with, or furnished by the Company to, the SEC pursuant to the *U.S. Securities Exchange Act of 1934*, as amended (the "U.S. Exchange Act"), subsequent to the date of this prospectus and prior to the termination of the offering of Securities hereunder shall be deemed to be incorporated by reference into the registration statement of which this prospectus forms a part (in the case of any Report on Form 6-K, if and to the extent expressly provided in such report).

Any statement contained in this prospectus or in a document (or part thereof) incorporated by reference herein, or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded, for purposes of this prospectus, to the extent that a statement contained in this prospectus or in any subsequently filed document (or part thereof) that also is, or is deemed to be, incorporated by reference in this prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Upon a new annual information form and corresponding annual financial statements and related management's discussion and analysis being filed by us with securities commissions or similar authorities in each of the Qualifying Jurisdictions during the currency of this prospectus, the previous annual information form and corresponding annual financial statements and related management's discussion and analysis all interim financial statements and management's discussion and analysis, and all material change reports filed prior to the commencement of the then current financial year will be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of Securities hereunder.

Upon each new filing of interim financial statements and related management's discussion and analysis filed with securities commissions or similar authorities in each of the Qualifying Jurisdictions during the currency of this prospectus, the previous interim financial statements and management's discussion and analysis filed prior to the commencement of the then current interim period will be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of Securities hereunder.

A prospectus supplement or prospectus supplements containing the specific terms for an issue of Securities will be delivered to purchasers of the Securities together with this prospectus to the extent required by applicable securities laws, and will be deemed to be incorporated by reference into this prospectus as of the date of such prospectus supplement but only for the purposes of the Securities issued thereunder.

CURRENCY AND FINANCIAL STATEMENT PRESENTATION

Unless otherwise specified or the context otherwise requires, all references to dollar amounts in this prospectus, in any prospectus supplement or in any documents incorporated by reference herein or therein are references to Canadian

dollars. References to \$ or Cdn.\$ are to Canadian dollars and references to US\$ are to U.S. dollars.

Unless otherwise indicated, all financial information included or incorporated by reference in this prospectus and the documents incorporated by reference herein and therein have been prepared in accordance with IFRS.

Table of Contents

The following table sets forth, for the Canadian dollar, expressed in United States dollars: (i) the high and low exchange rates during each period; (ii) the average of the exchange rates on the last day of each month during each period; and (iii) the exchange rate at the end of each period. These rates are based on the noon buying rate published by the Bank of Canada.

	Year Ended		Nine Months Ended	
	December 31,		September 30,	
	2012	2013	2013	2014
Highest rate during period	1.0299	1.0164	1.0164	0.9422
Lowest rate during period	0.9599	0.9348	0.9455	0.8888
Average rate during period	1.0004	0.9710	0.9770	0.9139
Rate at the end of period	1.0051	0.9402	0.9723	0.8922

On December 4, 2014 the noon buying rate for one Canadian dollar expressed in United States dollars, as quoted by the Bank of Canada, was \$1.00=US\$0.8793 (or US\$1.00=\$1.1373). The Canadian dollar/U.S. dollar exchange rate has varied significantly over the last several years and investors are cautioned that the exchange rates presented here are historical and are not indicative of future exchange rates.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward looking statements and/or forward looking information, which include future oriented financial information, within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws. All statements other than statements of historical fact are forward looking statements. The words expect, believe, anticipate, contemplate, target, plan, may, will, intend, estimate, and similar expressions identify forward looking statements, although these words may not be present in all forward looking statements. Forward looking statements included in this prospectus include, without limitation, statements in respect of an offering of Securities, information as to the Company's strategy, plans or future financial or operating performance, such as the Company's expansion plans, project timelines, production plans, projected cash flows or expenditures, liquidity, cost estimates, mining or milling methods, projected exploration results, resource and reserve estimates and other statements that express management's expectations or estimates of future performance.

The Company cautions the reader that such forward looking statements involve known and unknown risks that may cause actual results to be materially different from those expressed or implied by the forward looking statements. Such risks include, but are not limited to:

fluctuations in commodity prices, interest rates and foreign exchange rates;

deterioration of general economic conditions;

inability to achieve or maintain production and operating cost estimates;

inaccuracy of mineral resource and reserve estimates;

the demand for, and cost of, exploration, development and construction services;

risks related to future exploration programs, including the risk that future exploration will not replace mineral resources and mineral reserves that become depleted;

inherent risks associated with mining and processing including environmental hazards;

the potential uncertainty related to title to the Company's mineral properties;

Table of Contents

the risk that the Company may not be able to obtain external financing necessary to continue its expansion and productions plans;

the Company's reliance on third parties for smelting and refining the concentrate that is produced at the Lac des Iles (**LDI**) mill;

employment disruptions, including in connection with collective agreements between the Company and unions;

environmental and other regulatory requirements;

the costs of complying with environmental legislation and government regulations;

the risk that permits and regulatory approvals necessary to conduct operations will not be available on a timely basis, on reasonable terms or at all;

loss of key personnel;

competition from other current and potential new producers of platinum group metals (**PGMs**);

current or future litigation (including class actions) or regulatory proceedings;

the development of new technology or new alloys that could reduce the demand for palladium;

risks related to the Company's hedging strategies;

lack of infrastructure necessary to develop the Company's projects;

the ability of the Company to maintain adequate internal control over financial reporting and disclosure controls and procedures; and

the consequences of events of default provided in the Company's debt agreements outstanding from time to time.

Forward looking statements, including future oriented financial information, are necessarily based on a number of factors and assumptions that, while considered reasonable by management, are inherently subject to significant

business, economic and competitive uncertainties and contingencies. Factors and assumptions contained in this prospectus and the documents incorporated by reference herein that may prove to be incorrect, include, but are not limited to the following:

that the LDI mine will be and will remain viable operationally and economically;

that mill feed, head grade, recovery rates and mill performance will be as expected at the LDI mine;

that plans for mine production, mine development projects, mill production and exploration will proceed as expected and on budget;

that market fundamentals will result in reasonable demand and prices for palladium and by-product metals in the future;

that the Company will not be subject to any material environmental incidents, significant regulatory changes or material labour disruptions;

Table of Contents

that the information and advice the Company has received from its employees, consultants and advisors relating to matters such as mineral resource and mineral reserve estimates, engineering, mine planning, metallurgy, permitting and environmental matters is reliable and correct and, in particular, that the models used to calculate mineral resources and mineral reserves are appropriate and accurate;

that the Company will be able to attract and retain sufficient qualified employees; and

that financing for the Company's expansion and production plans will be available on reasonable terms. Forward looking statements are not guarantees of future performance.

All of the forward looking statements made in this prospectus and the documents incorporated by reference herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the projected results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Readers are cautioned not to put undue reliance on these forward looking statements. All forward looking statements in this prospectus are made as of the date hereof and 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.

THE COMPANY

This summary highlights information contained elsewhere in this prospectus and the documents incorporated by reference herein. It does not contain all the information that may be important to you. You should carefully read the entire prospectus, including the documents incorporated by reference herein. See Documents Incorporated by Reference and Available Information in this prospectus. You should also carefully consider the matters discussed under Risk Factors in this prospectus.

Corporate Structure

The Company is the successor to Madeleine Mines Ltd., a company incorporated under the *Mining Companies Act* (Québec) by letters patent in 1968. In January 1992, Madeleine Mines Ltd. was amalgamated with 2945-2521 Québec Inc. and the amalgamated company was wound up into the federally incorporated parent company, 2750538 Canada Inc. This entity changed its name to Madeleine Mines Ltd. and, in June 1993, the name was changed to North American Palladium Ltd. The Company continues to exist under the *Canada Business Corporations Act* (**CBCA**).

The Company has one material wholly owned subsidiary, Lac des Iles Mines Ltd. The following chart describes the Company's structure as at the date hereof.

Table of Contents

Description of the Business

The Company is an established precious metals producer that has been operating its flagship LDI mine in Ontario, Canada since 1993. LDI is one of two primary palladium producers in the world. Located approximately 85 kilometres northwest of Thunder Bay, Ontario, the LDI property consists of an open pit, an underground mine (accessible by ramp and by shaft) and a mill with a nominal capacity of approximately 15,000 tonnes per day. The primary deposits on the property are the Roby Zone and the Offset Zone, both disseminated magmatic nickel copper-PGM deposits. The Company has also identified other mineralized areas close to or on the LDI property.

Outside of the LDI mine property, the Company's regional greenfields properties cover approximately 29,016 hectares (71,701 acres), including several mafic complexes in the area. The Company maintains a portfolio of development-stage and exploration-stage projects at and near the mine property.

The AIF contains additional information on the business and properties of the Company. See Documents Incorporated by Reference .

RISK FACTORS

An investment in the Securities involves risk. In addition to the other information contained in this prospectus, the AIF and the documents incorporated by reference herein, prospective investors should carefully consider the factors set out below and in the applicable prospectus supplement in evaluating the Company and its business before making an investment in the Securities. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be adversely affected, the value of the Securities could decline and all or part of any investment in the Securities may be lost. Additional risks and uncertainties not currently known to the Company or that the Company currently deems immaterial may also materially and adversely affect the Company's business, prospects, financial condition, results of operations or cash flows.

Table of Contents

Risks Related to the Company

Investors should carefully consider the risks described under the heading "Risk Factors" in the AIF and the Company's other publicly filed documents which are incorporated herein by reference. See "Documents Incorporated by Reference".

Risks Related to the Securities

Future sales or issuances of equity securities could decrease the value of the Securities, dilute investors' voting power and reduce the Company's earnings per share.

The Company may sell additional equity securities in subsequent offerings and may issue additional equity securities to finance future projects and to satisfy its obligations pursuant to the exercise of convertible securities.

Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Securities. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and the Company may experience dilution in its earnings per share.

The value of the Securities may be volatile.

The value of the Securities may be subject to large fluctuations which may result in losses to investors. The value of the Securities may increase or decrease in response to a number of events and factors, including but not limited to:

the Company's operating performance and the performance of competitors and other similar companies;

volatility in palladium and other metal prices and expectations for future prices;

volatility in currency exchange rates;

the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;

changes in earnings estimates or recommendations by research analysts who track the Company or other companies in the mineral resource sector;

changes in general economic and/or political conditions;

the number of Securities to be publicly traded after any offering;

the arrival or departure of key personnel;

acquisitions, strategic alliances or joint ventures involving the Company or its competitors;

the risks listed under the heading **Cautionary Note Regarding Forward Looking Statements**.

the market for all mineral resource sector securities;

the breadth of the public market for the Securities; and

the attractiveness of alternative investments.

Table of Contents

The effect of these and other factors on the market price of the Common Shares on the exchanges on which the Common Shares trade has historically made the Company's share price volatile and suggests that the market prices of the Securities could be volatile in the future.

The Securities may not have an active market. Purchasers may be unable to sell the Securities at a desirable price or at all.

There is no existing trading market for the Debt Securities, Warrants or Subscription Receipts. As a result, there can be no assurance that a liquid market will develop or be maintained for those securities, or that you will be able to sell any of those securities at a particular time (if at all). The Company may not list the Debt Securities, Warrants or Subscription Receipts on any Canadian or U.S. securities exchange, and the Common Shares may be delisted or suspended. The liquidity of the trading market in those securities, and the market price quoted for those securities, may be adversely affected by, among other things:

- changes in the overall market for those securities;
- changes in the Company's financial performance or prospects;
- changes or perceived changes in the Company's creditworthiness;
- the prospects for companies in our industry generally;
- the number of holders of those securities;
- the interest of securities dealers in making a market for those securities; and
- prevailing interest rates.

The Debt Securities may be unsecured debt of the Company and, if so, will rank equally in right of payment with all other existing and future unsecured debt of the Company.

The Debt Securities may be unsecured debt of the Company and, if so, will rank equally in right of payment with all other existing and future unsecured debt of the Company. Unless collateralized or guaranteed, the Debt Securities will be effectively subordinated to all existing and future secured debt of the Company to the extent of the assets securing such debt. If the Company is involved in any bankruptcy, dissolution, liquidation or reorganization, the secured debt holders would, to the extent of the value of the assets securing the secured debt, be paid before the holders of unsecured debt securities, including if applicable, the Debt Securities. In that event, a holder of Debt Securities may not be able to recover any principal or interest due to it under the Debt Securities.

Unless the Debt Securities are guaranteed or collateralized in some other way, holders of the Debt Securities will effectively be subordinated to the claims of the holders of third party indebtedness of the Company's subsidiaries.

The Company conducts its operations through subsidiaries and the holders of the Debt Securities will, unless the Debt Securities are guaranteed or collateralized in some other way, be effectively subordinated to the claims of creditors of non-guarantor subsidiaries, including in the event of liquidation or upon a realization of the assets of any such subsidiary.

USE OF PROCEEDS

Unless otherwise indicated in an applicable prospectus supplement, the Company anticipates using the net proceeds received from the sale of Securities for exploration and development expenditures at the LDI mine and to fund exploration and development expenditures at other properties, and for general corporate purposes, which may potentially include future acquisitions or the payment of interest and/or principal of debt obligations. It is

Table of Contents

anticipated that the Company will invest funds that it does not immediately require in investment grade income securities or short-term marketable securities.

The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly and will depend on a number of factors, including those listed under "Risk Factors" in this prospectus, AIF and the other documents incorporated by reference. See "Documents Incorporated by Reference".

PRICE RANGE AND TRADING VOLUME

The Company's outstanding Common Shares are listed for trading on the NYSE MKT and the TSX under the trading symbols "PAL" and "PDL", respectively. The following table sets out the reported high and low closing prices and trading volume of the Common Shares on the NYSE MKT and the TSX (as reported by Quotemedia) for the periods indicated:

	NYSE MKT			TSX		
	High (US\$)	Low (US\$)	Volume	High (Cdn.\$)	Low (Cdn.\$)	Volume
2014						
December (1 to 4)	0.1475	0.141	4,007,786	0.17	0.16	605,135
November	0.18	0.133	42,595,286	0.20	0.15	7,618,351
October	0.195	0.133	47,958,879	0.215	0.16	6,034,453
September	0.28	0.187	58,619,162	0.30	0.20	10,937,213
August	0.275	0.251&n				