

NORTH AMERICAN PALLADIUM LTD  
Form F-10/A  
May 21, 2009  
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As filed with the Securities and Exchange Commission on May 21, 2009.

Registration No. 333- 158082

## U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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Amendment No. 2 to

### FORM F-10

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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## NORTH AMERICAN PALLADIUM LTD.

(Exact name of Registrant as specified in its charter)

**Canada**  
(Province or other Jurisdiction of  
Incorporation or Organization)

**1099**  
(Primary Standard Industrial Classification  
Code Number)

**Not Applicable**  
(I.R.S. Employer Identification Number,  
if any)

130 Adelaide Street West, Suite 2116, Toronto, Ontario, Canada M5H 3P5, (416) 360-7590

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(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)

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

**Trent C. A. Mell, Esq.**  
**North American Palladium Ltd.**  
130 Adelaide Street West, Suite 2116  
Toronto, Ontario, Canada M5H 3P5  
(416) 360-7590

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

**Ian G. Putnam, Esq.**  
**Stikeman Elliott LLP**  
5300 Commerce Court West, 199 Bay Street  
Toronto, Ontario, Canada M5L 1B9  
(416) 869-5506

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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)

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

- 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 appropriate box below)
  - 1.  pursuant to Rule 467(b) on ( ) at ( ) (designate a time not sooner than seven calendar days after filing).
  - 2.  pursuant to Rule 467(b) on ( ) at ( ) (designate a time seven calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ( ).
  - 3.  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.
  - 4.  after the filing of the next amendment to this Form (if preliminary material is being filed).

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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.

**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 of 1933, as amended, or on such date as the Commission, acting pursuant to Section 8(a) of the Act, may determine.**

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**PART I**

**INFORMATION REQUIRED TO BE DELIVERED TO  
OFFEREES OR PURCHASERS**

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*No securities regulatory authority in Canada or the United States has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of securities only in those jurisdictions where they may lawfully be offered for sale and therein only by persons permitted to sell such securities in those jurisdictions.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary, Suite 2116, 130 Adelaide Street West, Toronto, Ontario M5H 3P5, telephone (416) 360-7590, and are also available electronically at the Corporation's profile at [www.sedar.com](http://www.sedar.com).*

**SHORT FORM BASE SHELF PROSPECTUS DATED MAY 15, 2009**

Secondary Offering

**NORTH AMERICAN PALLADIUM LTD.**

**14,240,047 COMMON SHARES**

**This prospectus covers resales, from time to time, of securities of North American Palladium Ltd. (the Corporation) by two security holders pursuant to the terms of a registration rights agreement dated March 24, 2006 between North American Palladium Ltd. and such security holders. Since no securities are being offered by the Corporation pursuant to this prospectus, the Corporation will not receive the proceeds from any sales of such securities. All expenses incurred in connection with the preparation and filing of this prospectus will be paid by the Corporation.**

On March 29, 2006, the Corporation issued Series I convertible notes due August 1, 2008 (the Series I Notes) in the aggregate principal amount of US\$35,000,000 to Kaiser-Francis Oil Company (KFOC) and IP Synergy Finance Inc. (IP Synergy) and, collectively with KFOC, the Holders) on a private placement basis pursuant to a securities purchase agreement dated March 24, 2006 (the Securities Purchase Agreement) between the Corporation and the Holders.

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On June 23, 2006, the Corporation issued a Series II convertible note due December 1, 2008 (the Series II Note ) in the principal amount of US\$13,500,000 to KFOC on a private placement basis. The Series II Note was issued upon exercise by the Corporation of its option to sell the Series II Note to KFOC pursuant to the Securities Purchase Agreement.

The Series I Notes and Series II Note (collectively, the Notes ) accrued interest at a rate of 6.5% per annum, which was paid bi-monthly, on the 1st day of February, April, June, August, October and December (each such date, an Interest Payment Date ) commencing on June 1, 2006, in the case of the Series I Notes, and on August 1, 2006, in the case of the Series II Note. At the option of the Holders, all of the interest that became due on any Interest Payment Date was satisfied through the issuance of the Corporation's common shares ( Common Shares ) at a price per Common Share which reflected a 10% discount from the volume weighted average trading price per Common Share on the NYSE-Amex (formerly, the American Stock Exchange) for the five consecutive trading days immediately prior to the applicable Interest Payment Date (as such number of Common Shares may have been adjusted pursuant to the terms of the Notes). The principal amount of the Series I Notes was repaid in nine equal instalments. The first and last instalment payment dates were April 1, 2007 and August 1, 2008, respectively. The principal amount of the Series II Note was repaid in nine equal instalments. The first and last instalment payment dates were August 1, 2007 and December 1, 2008, respectively. At the option of the Holders, all of the principal amount of the Notes that became due at any date under the terms of the Notes (a Principal Payment Date ) was satisfied through the issuance of Common Shares at a price

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per Common Share which reflected a 10% discount from the volume weighted average trading price per Common Shares on the NYSE-Amex for the five consecutive trading days immediately prior to the applicable Principal Payment Date (as such number of Common Shares may have been adjusted pursuant to the terms of the Notes). See Convertible Note and Common Share Purchase Warrant Financing .

In addition, common share purchase warrants, exercisable until March 29, 2010, to purchase 1,805,016 Common Shares (as adjusted) (the Series I Warrants ) were issued to the Holders with the Series I Notes, and common share purchase warrants, exercisable until June 23, 2010, to purchase 951,649 Common Shares (as adjusted) (the Series II Warrants ) were issued to KFOC with the Series II Note. Each of the Series I and Series II Warrants (collectively, the Warrants ) is exercisable to purchase one Common Share at an adjusted exercise price of US\$10.73, in the case of the Series I Warrants, and US\$7.85, in the case of the Series II Warrants. The number of Common Shares issuable under the Warrants and the exercise price of the Warrants has been adjusted and may be adjusted in the future upon the occurrence of certain events pursuant to the terms of the Warrants.

As of May 14, 2009, KFOC owned or controlled approximately 44% of the Corporation s Common Shares and IP Synergy did not own or control any of the Corporation s Common Shares.

This prospectus may be used by the Holders (see Selling Securityholders ), in connection with resales, from time to time, during the period that this prospectus, including any amendments thereto, remains valid, of 14,240,047 Common Shares, consisting of:

- (a) up to 518,853 Common Shares issued to the Holders in satisfaction of the interest paid on the Series I Notes;
- (b) up to 244,760 Common Shares issued to KFOC in satisfaction of the interest paid on the Series II Note;
- (c) up to 6,490,218 Common Shares issued to the Holders in satisfaction of the repayment of the aggregate principal amount of the Series I Notes;
- (d) up to 4,229,551 Common Shares issued to KFOC in satisfaction of the repayment of the aggregate principal amount of the Series II Note; and
- (e) up to 2,756,665 Common Shares issuable to the Holders upon the exercise of the Series I and Series II Warrants.

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The Common Shares included in paragraphs (a) to (e) above are referred to in this prospectus as the Qualified Shares .

**This prospectus has not been filed in respect of, and will not qualify, any distribution of Qualified Shares in Ontario or in any other Province or Territory of Canada at any time.**

The Qualified Shares may be offered by the Holders in negotiated transactions or otherwise, to or through underwriters or dealers purchasing as principals or directly to purchasers at varying prices determined at the time of the sale or at negotiated prices. In addition, the Qualified Shares may be offered from time to time through ordinary brokerage transactions on the NYSE-Amex. See Plan of Distribution . This prospectus is filed in the Province of Ontario, Canada and as part of a registration statement in the United States pursuant to a multijurisdictional disclosure system adopted by the United States and Canada ( MJDS ). The Holders may be deemed to be underwriters as defined in the United States Securities Act of 1933, as amended (the U.S. Securities Act ). Any profits realized by the Holders may be deemed to be underwriting compensation. If the Holders use any broker-dealers, any commissions paid to underwriters or dealers and, if underwriters or dealers purchase any Qualified Shares as principals, any profits received by such underwriters or dealers on the resale of the Qualified Shares, may be deemed to be underwriting compensation under the U.S. Securities Act.

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The Common Shares are listed under the symbol PAL on the NYSE-Amex and on the Toronto Stock Exchange ( TSX ) under the symbol PDL . The last reported sale price of the Common Shares on the NYSE-Amex on May 13, 2009 was US\$2.37 per share, and on the TSX on May 13, 2009 was Cdn\$2.78 per share.

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**Investing in the Qualified Shares involves risk. Please carefully consider the Risk Factors section beginning on page 11 of this prospectus.**

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**Under the MJDS, the Corporation is permitted to prepare this prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such disclosure requirements are different from those of the United States. The financial statements incorporated herein by reference have been prepared in accordance with Canadian generally accepted accounting principles ( Canadian GAAP ) and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.**

**Owning Qualified Shares may subject you to tax consequences both in the United States and Canada. This prospectus may not describe these tax consequences fully. You should read the tax discussion under Canadian Federal Income Tax Considerations and United States Federal Income Tax Considerations . These discussions are of a general nature only and are not intended to be exhaustive of all possible tax consequences.**

**The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Corporation 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 the registration statement to which this prospectus relates are residents of a foreign country, and that a substantial portion of the assets of the Corporation 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 OF THE QUALIFIED SHARES, OR PASSED ON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

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Unless otherwise indicated or the context suggests otherwise, all references in this prospectus to the Corporation refer to North American Palladium Ltd., together with its wholly-owned subsidiary, Lac des Iles Mines Ltd.

Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus has been prepared in accordance with Canadian GAAP, which may differ from generally accepted accounting principles in the United States ( U.S. GAAP ). The Corporation's financial statements that are incorporated by reference into this prospectus have been reconciled to U.S. GAAP, as described therein. Please see the supplementary schedule of Reconciliation to Accounting Principles Generally Accepted in the United States for the fiscal year ended December 31, 2008 which is incorporated by reference into this prospectus, for a summary of the significant differences between Canadian GAAP and U.S. GAAP as they apply to the Corporation's financial statements.

In this prospectus, unless otherwise specified or the context otherwise requires, all monetary amounts are expressed in Canadian dollars. References to \$ or Cdn\$ are to Canadian dollars and references to US\$ are to U.S. dollars.



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You should rely only upon the information included in, or incorporated by reference into, this prospectus. The Corporation and the Holders have not authorized any other person to provide you with different or inconsistent information, and you should not rely upon any such information. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus. The Corporation's business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this prospectus nor the registration of the Qualified Shares hereunder shall, under any circumstances, create any implication that there has been no change in the Corporation's business or affairs since the respective dates as of which information is given herein.

This prospectus summarizes certain documents and other information and you are referred to this documentation and other information for a more complete understanding of what is discussed in this prospectus. In making an investment decision, you must rely on your own examination of the Corporation and the terms of the Qualified Shares, including the merits and risks involved.

The Corporation and the Holders are not making any representation to any person acquiring the Qualified Shares regarding the legality of an investment in the Qualified Shares by such purchaser under any laws or regulations. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, accountant, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Qualified Shares.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or resale of the Qualified Shares under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or resale, and the Corporation and the Holders will not have any responsibility therefor.

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**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 and any documents incorporated by reference herein, and any prospectus supplement 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 . U.S. investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. 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. U.S. investors are cautioned not to assume that any part of a measured resource or indicated resource will ever be converted into a reserve . U.S. investors should also understand that inferred resources have a great amount of uncertainty as to their existence and great uncertainty 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. Disclosure of contained ounces in a mineral resource is permitted 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. The requirements of NI 43-101 for identification of reserves are also not the same as those of the SEC, and reserves reported by the Corporation in compliance with NI 43-101 may not qualify as reserves under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Information has been incorporated by reference in this prospectus from documents filed with the Ontario Securities Commission ( OSC ) and filed with, or furnished to, the SEC in the United States. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at Suite 2116, 130 Adelaide Street West, Toronto, Ontario M5H 3P5, telephone: (416) 360-7590, 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](http://www.sedar.com), which is the Canadian equivalent of the SEC's Electronic Document Gathering and Retrieval System (EDGAR). Disclosure documents filed with, or furnished to, the SEC are available through EDGAR at [www.sec.gov](http://www.sec.gov).

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

- (a) the annual information form of the Corporation dated March 16, 2009 for the fiscal year ended December 31, 2008 (the AIF );
- (b) the audited comparative financial statements of the Corporation and the notes thereto for the financial year ended December 31, 2008, together with the report of the auditors thereon;
- (c) the management's discussion and analysis for the annual comparative financial statements referred to in paragraph (b) above;
- (d) the supplementary schedule of Reconciliation to Accounting Principles Generally Accepted in the United States prepared in connection with the audited comparative financial statements referred to in paragraph (b) above;
- (e) the management information circular of the Corporation dated April 30, 2009, prepared in connection with the Corporation's annual and special meeting of shareholders held on May 28, 2009, excluding those portions under the headings Solicitation of Proxies , Appointment and Revocation of Proxy , Exercise of Discretion by Proxies , Performance Graph , Corporate Governance and Obligations, Duties and Role of the Board of Directors ;
- (f) the audited financial statements of Cadiscor Resources Inc. ( Cadiscor ) and the notes thereto for the financial year ended December 31, 2008, together with the report of the auditors thereon (which are available on SEDAR under Cadiscor's profile);

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(g) the material change report dated April 3, 2009 prepared in connection with the proposed merger by way of plan of arrangement (the Arrangement ) with, and \$7.5 million loan (the Loan ) to, Cadiscor;

(h) the unaudited comparative financial statements of the Corporation and the notes thereto for the three month period ended March 31, 2009; and

(i) the management s discussion and analysis for the unaudited comparative financial statements referred to in paragraph (h) above.

Scott Wilson Roscoe Postle Associates Inc. ( Scott Wilson RPA ) prepared a NI 43-101 Technical Report for the Lac des Iles property (including the Lac des Iles mine and the Offset High Grade Zone) (the LDI Report ), dated and filed on SEDAR March 13, 2009. Des Cullen, P.Geo., Consulting Geologist, F.H. Brown, CPG, Pr. Sci. Nat., Consulting Geologist, and Laila Potvin, P.Eng. (formerly Laila Sedore), Mill Superintendent at Lac des Iles Mines Ltd., prepared a NI 43-101 Technical Report for the Shebandowan West Property (the Shebandowan Report ), dated August 9, 2007 and filed on SEDAR October 26, 2007.

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The Shebandowan Report has not been updated to reflect any new information since the date of the report, including, but not limited to, resources and reserves, mine and plant production, metallurgy, operating and capital costs and environmental data. The qualified persons who prepared the LDI Report were Deborah A. McCombe, P.Geo, Richard E. Routledge, M.Sc. P.Geo, Ian T. Blakley, P.Geo and Jason J. Cox, P.Eng. and are each employees of Scott Wilson RPA and independent for the purposes of NI 43-101. The qualified persons mentioned above who prepared the Shebandowan Report are independent from the Corporation, with the exception of Laila Potvin, P.Eng., who would not be considered independent for the purposes of NI 43-101.

**The LDI Report includes and updates technical information from a NI 43-101 resource estimate for the Offset High Grade Zone (the Offset Zone Report ) dated January 15, 2009. As a result, any reference to, or information originating from, the Offset Zone Report that may be presented in the documents incorporated by reference to this prospectus, is no longer relevant and is excluded from this prospectus and the documents incorporated by reference hereto.**

Any material change reports (excluding confidential material change reports), annual information forms, interim consolidated financial statements of the Corporation (including the management's discussion and analysis in the interim reports for such periods), annual audited consolidated financial statements of the Corporation, including the auditors' report thereon and including the management's discussion and analysis in respect of such annual financial statements, business acquisition reports, information circulars, and any other disclosure documents required to be incorporated by reference under National Instrument 44-101 *Short Form Prospectus Distributions* which are required to be filed by the Corporation with the OSC 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. Any similar document filed by the Corporation with, or furnished by the Corporation to, the SEC pursuant to the United States Securities Exchange Act of 1934, as amended (the U.S. Exchange Act ), after the date of this prospectus shall be deemed to be incorporated by reference in this prospectus, or as exhibits to the registration statement of which this prospectus forms a part, if and to the extent provided in such document.

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

Upon a new annual information form for the year ended December 31, 2009 and the related annual financial statements being filed with the OSC during the currency of this prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and information circulars (to the extent the disclosure is inconsistent) 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 resales of Qualified Shares hereunder.

Upon each new filing of interim financial statements and related management discussion and analysis filed with the OSC during the currency of this prospectus, the previous interim financial statements and management discussion and analysis (to the extent the disclosure is inconsistent) 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 resales of Qualified Shares hereunder.





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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference herein contain forward-looking statements, which includes future-orientated information, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 and the securities legislation of certain of the provinces of Canada, including the *Securities Act* (Ontario). Forward-looking statements, including future-oriented financial information, are necessarily based on estimates and assumptions made by the Corporation in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. These estimates and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies, many of which, with respect to future events, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by the Corporation, or on its behalf.

In making the forward-looking statements in this prospectus and the documents incorporated by reference herein, the Corporation has applied several material factors and assumptions, including, but not limited to:

- placing the Lac des Iles mine on care and maintenance is temporary and the mine will eventually resume operations;
- the Lac des Iles mine would remain viable operationally and economically if and when market prices for palladium, platinum and other metals produced at the mine return to historical averages;
- the expectations for mill feed head grade and mill performance will proceed as expected if and when the Lac des Iles mine resumes operations;
- the plans for mill production, sustainable recoveries from the Lac des Iles mine, exploration at Lac des Iles and elsewhere will all proceed as expected if and when metal prices return to historical averages;
- market fundamentals will result in reasonable demand and prices for palladium and by-product metals in the future;
- the Corporation will not be subject to any environmental disasters, significant litigation, significant regulatory changes or significant labour disruptions;
- the advice the Corporation has received from its consultants and advisors relating to matters such as mineral resource and mineral reserve estimates, metallurgy, permitting and environmental matters is reliable and correct and, in particular, that the models, dilution strategies and mining recovery estimates used to calculate mineral resources and mineral reserves are appropriate and accurate; and
- financing will be available on reasonable terms.

The Corporation cannot assure you that any of these assumptions will prove to be correct.

The words expect, anticipate, estimate, may, will, should, intend, believe, target, budget, plan, projection and similar expressions identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered

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forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

In light of the risks and uncertainties inherent in all forward-looking statements, including future-oriented financial information, the inclusion or incorporation by reference of forward-looking statements in this prospectus or in any document incorporated by reference should not be considered as a representation by the Corporation or any other person that its objectives or plans will be achieved. Numerous factors could cause the Corporation's actual results to differ materially from those in the

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forward-looking statements, including the following, which are discussed in greater detail under the heading Risk Factors :

- a prolonged suspension of production at the Corporation's Lac des Iles mine;
- continuing weak commodity prices or fluctuations in commodity prices;
- the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting metal supply and demand;
- fluctuations in foreign currency exchange rates, particularly the Canadian dollar/U.S. dollar exchange rate;
- the ability of the Corporation to meet operating cost estimates;
- the accuracy of mineral resource and mineral reserve estimates;
- demand for, and cost of, exploration, development and construction services and equipment;
- risks related to future exploration programs, including the risk that future exploration will not replace mineral resources and mineral reserves that are depleted in the Lac des Iles mine;
- risks of acquisitions and the failure to integrate acquired mining properties;
- risks associated with the proposed acquisition of Cadiscor Resources Inc.;
- the Corporation's history of losses and the possibility of future losses;
- inherent risks and hazards associated with mining and processing operations;
- failure to maintain projected production levels;
- potential uncertainty related to title to the Corporation's mineral properties;
- changes in the life-of-mine plan;
- the Corporation's dependence on a third party for smelting and refining its metal;
- competition for exploration, development and construction services and equipment;
- the ability of the Corporation to obtain external financing to explore and develop its properties;
- employment disruptions, including the failure to renew on acceptable terms or at all the collective agreement between the Corporation and the employee union;
- costs of complying with environmental laws and regulations;

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- costs of complying with other government regulations;
- the risk that permits and regulatory approvals necessary to develop and operate mines on the Corporation's properties will not be available on a timely basis, on reasonable terms or at all;
- competition from larger producers of platinum group metals and from potential new producers;
- the development of new technology or new alloys that could reduce the demand for palladium or platinum;
- loss of key personnel;
- the ability of the Corporation to comply with the terms of its credit facilities;
- the ability of KFOC to control the Corporation;
- risk related to hedging strategies;
- lack of infrastructure necessary to develop the Corporation's projects;
- risks involved in current or future litigation or regulatory proceedings; and
- the ability of the Corporation to maintain adequate internal control over financial reporting and disclosure controls and procedures.

These factors should be considered carefully, and readers should not place undue reliance on the Corporation's forward-looking statements. The Corporation believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this prospectus and the documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those

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described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Corporation undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as expressly required by law. Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Corporation and may not be appropriate for other purposes.

**RECENT DEVELOPMENTS**

On October 21, 2008, the Corporation announced that due to declining metal prices, the Lac des Iles mine would be placed on temporary care and maintenance. Declining sales and production in the automotive industry, the major consumer of palladium and platinum, suggests that platinum group metal ( PGM ) producers would be facing significant challenges in the near term. Placing the mine on temporary care and maintenance resulted in the layoff of over 350 employees. The Corporation has not determined when, or if, the Lac des Iles mine will re-open.

On October 1, 2008, William J. Biggar joined the Corporation as President and Chief Executive Officer, replacing James Excell, with the dual mandate of growing the Corporation's core assets and leveraging the Corporation's strong balance sheet to pursue potential acquisitions and joint venture opportunities. Mr. Biggar also joined the Corporation's Board of Directors. Mr. Biggar has 10 years of experience in investment banking and most recently held the position of Managing Director at Richardson Capital Limited. He has served as Senior Vice President at Barrick Gold Corporation and the Horsham Corporation, as Executive Vice-President of Magna International and as President and CEO of MI Developments.

**The Arrangement with Cadiscor Resources Inc.**

On March 31, 2009, the Corporation announced that it had entered into a definitive agreement pursuant to which it proposed to acquire by way of a plan of arrangement all of the outstanding common shares of Cadiscor in an all-share transaction, whereby Cadiscor shareholders would receive 0.33 of a common share of the Corporation for each common share of Cadiscor held (the Exchange Ratio ).

Based on the common shares of Cadiscor outstanding at March 31, 2009, this is expected to result in the Corporation issuing approximately 14.3 million common shares of the Corporation to Cadiscor shareholders, who would own approximately 14% of the Corporation upon completion of the transaction.

The transaction has been structured as a plan of arrangement under the *Canada Business Corporations Act*, and is subject to approval by the shareholders of Cadiscor and by applicable stock exchanges. The required shareholder approval is two-thirds of the votes cast by Cadiscor shareholders at a special meeting to consider the transaction. Cadiscor has mailed an information circular to its shareholders and will hold the special meeting on May 22, 2009. The closing of the transaction is expected to take place as soon as practicable following the special meeting in May 2009 and will be considered the date of the acquisition for accounting purposes.

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Holders of options, warrants and the convertible debenture of Cadiscor will be entitled to exercise their convertible securities for common shares of the Corporation in lieu of Cadiscor shares, based on the Exchange Ratio described above. Some or all of these instruments may be converted into or exercised for Cadiscor common shares prior to closing, in which case such holders would participate as described above and additional common shares of the Corporation would be issued at closing.

The definitive agreement includes a commitment by Cadiscor not to solicit alternative transactions. In certain circumstances, if Cadiscor terminates the definitive agreement in order to enter into another transaction, then Cadiscor is obligated to pay to the Corporation a termination payment of \$1 million. In other circumstances in which the definitive agreement is terminated, Cadiscor would be required to pay

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the out of pocket expenses of the Corporation up to an amount of \$250,000. The Corporation also has the right to match competing offers that may be made to Cadiscor. A former director of Cadiscor is expected to be added to the Corporation's board of directors following the closing of the transaction.

Concurrent with the signing of the definitive agreement, the Corporation has