



**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

North American Palladium Ltd.

275053-8

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the above-named corporation were amended

Je certifie que les statuts de la société susmentionnée ont été modifiés :

(a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;

a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;

(b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;

b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;

(c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;

c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;

(d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization.

d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes.

Director - Directeur

September 17, 1997/le 17 septembre 1997
Date of Amendment - Date de modification



Consumer and
Corporate Affairs Canada

Consommation et
Affaires commerciales Canada

Canada Business
Corporations Act

Loi régissant les sociétés
par actions de régime fédéral

FORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 177)

FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLES 27 OU 177)

1 — Name of corporation — Dénomination de la société

NORTH AMERICAN PALLADIUM LTD.

2 — Corporation No. — N° de la société

275-53-8

3 — The articles of the above-named corporation are amended as follows: Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante :

The annexed Schedule 1 is incorporated into and forms part of these Articles.

September 17, 1997

Signature

Title — Titre

Michael P. Amsden
President

SEP 17 1997

SCHEDULE 1

to Articles of Amendment of North American Palladium Ltd.

I. The Articles of the Corporation be amended by the creation of 10,000,000 shares of the first series of Special Shares, to be designated as "Series A Preferred Shares", which, in addition to the rights, privileges, restrictions and conditions attaching to the Special Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

(1) The holders of the Series A Preferred Shares shall be entitled to receive, as and when declared by the Board of Directors out of the moneys of the Corporation properly applicable to the payment of dividends, in priority to the holders of the Common Shares and to the holders of the shares of any other class of shares of the Corporation ranking junior to the Series A Preferred Shares, cumulative annual dividends, payable quarterly on the last day of December, March, June and September of each year, equal to:

(a) on or before December 31, 2002, a percentage of the sum of \$5.00, being the amount at which such shares are to be issued, equal to the National Prime Rate in effect on the first New York City business day of the calendar quarter in respect of which the dividend is due, plus two per cent (2%);

(b) after December 31, 2002 and on or before December 31, 2005, a percentage of the sum of \$5.00, being the amount at which such shares are to be issued, equal to the National Prime Rate in effect on the first New York City business day of the calendar quarter in respect of which the dividend is due, plus four per cent (4%); and

(c) after December 31, 2005, a percentage of the sum of \$5.00, being the amount at which such shares are to be issued, equal to the National Prime Rate in effect on the first New York City business day of the calendar quarter in respect of which the dividend is due, plus six per cent (6%);

such percentages being hereinafter called the "Dividend Rate." "National Prime Rate" shall be that rate of interest identified as the United States of America "National Prime Rate" in the Money Rates Section of the Wall Street Journal, or, if unavailable, such rate as may be indicative of the United States of America prime lending rate for commercial transactions nationally, as published in a recognized financial publication and as determined by the Corporation.

Payment of dividends shall be made by cheque, in Canadian funds, payable at par at any branch of the Corporation's bankers in Canada and mailed, on the fifteenth day of the month following the month in which such dividends are payable, to each such shareholder at his address as it appears on the records of the Corporation or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder, and payment thereof shall satisfy such dividends.

If, on any dividend payment date, the dividend payable on such date is not paid in full on all the Series A Preferred Shares then issued and outstanding, the part thereof which is paid shall be paid pro rata to each registered holder of such shares in the proportion that the total number of such shares owned bears to the total number of Series A Preferred Shares at the time outstanding.

No dividend shall at any time be declared and paid on or set apart for payment on the Series A Preferred Shares or the Common Shares or on any other shares ranking junior to the Series A Preferred Shares in any financial year unless and until the accrued preferential cumulative cash dividends on all the Series A Preferred Shares outstanding in respect of such financial year have been declared and paid or set apart for payment.

The holders of Series A Preferred Shares shall not be entitled to any dividends other than or in excess of the preferential cumulative cash dividends hereinbefore provided.

(2) In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Series A Preferred Shares, in priority to the holders of the Common Shares or shares ranking junior to the Series A Preferred Shares, shall be entitled to receive, out of the assets of the Corporation, an amount equal to \$5.00 for each Series A Preferred Share then issued and outstanding, together with all dividends which shall have accrued thereon and which shall be treated as accruing from day to day from the expiration of the last period for which cumulative dividends have been paid, up to and including the date of distribution (such total amount being hereinafter referred to as the "Liquidation Amount"). After payment to the holders of the Series A Preferred Shares of the Liquidation Amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

If the assets of the Corporation shall be insufficient to pay the Liquidation Amount in full on all Series A Preferred Shares then outstanding, then such assets shall be distributed rateably among the holders of the Series A Preferred Shares, in accordance with the respective amounts which would be payable on such shares if all amounts payable thereon were paid in full.

(3) Subject as hereinafter provided, any holder of fully paid Series A Preferred Shares shall be entitled at his option at any time to have all or any of the Series A Preferred Shares held by him converted into fully paid Common Shares as the same shall be constituted at the time of conversion at a rate equal to the sum of (a) Cdn. \$5.00 divided by Cdn. \$4.60 plus, subject to any necessary regulatory approval, (b) the amount of all dividends which shall have accrued thereon and which shall be treated as accruing from day to day from the expiration of the last period for which cumulative dividends have been paid, up to and including the close of business on the day prior to such conversion, divided by the weighted average trading price in Canadian dollars of the Common Shares during the period of 20 trading days immediately preceding the date of conversion for each Series A Preferred Share in respect of which the conversion privilege is exercised, such rate being hereinafter referred to as the "Conversion Rate". For the purposes hereof, the

weighted average trading price shall be determined solely by reference to trading volumes and prices on the Toronto Stock Exchange ("TSE") or, in the event that the Common Shares are not at the relevant time listed and traded on the TSE then by reference to the trading volumes and prices on the published market on which the greatest volume of trading occurs; provided that in the event that the Common Shares are not at the relevant time traded on any published market, the weighted average price shall be deemed to be equal to Cdn. \$4.60.

(4) The conversion privilege herein provided for may only be exercised by notice in writing given to the Corporation at its registered office accompanied by the certificate or certificates for Series A Preferred Shares in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Corporation as the holder of the Series A Preferred Shares which the holder desires to have converted. Any such conversion will be deemed effected at the close of business on the date on which the notice and certificate or certificates representing the Series A Preferred Shares to be converted have been delivered by the holder to the Corporation at its principal office. Upon the Corporation receiving such notice it shall issue certificates for Common Shares at the applicable rate herein prescribed and in accordance with the provisions hereof to the registered holder of the Series A Preferred Shares represented by the certificate or certificates accompanying such notice. If less than all of the Series A Preferred Shares represented by any such certificate are converted, the holder shall be entitled to receive a new certificate for that number of Series A Preferred Shares represented by the original certificate which are not converted.

(5) Upon conversion of any Series A Preferred Shares, the Corporation shall make a payment to the holder of such shares of an amount equal to all dividends declared and unpaid on such shares at the date of conversion but shall make no payment or adjustment on account of any dividends on the Common Shares issuable upon such conversion.

(6) At such time as a conversion has been effected, the rights of the holder or holders of the Series A Preferred Shares shall cease and the holder or holders of record of such Series A Preferred Shares will be deemed to have become the holder or holders of record of the Common Shares resulting from such conversion.

(7) If the Corporation shall subdivide its Common Shares into a greater number of shares or shall issue in exchange for such Common Shares a greater number of Common Shares then in such case from and after the effective date of such subdivision or exchange of shares the Conversion Rate shall be increased in proportion to the increase in the number of outstanding Common Shares resulting from such subdivision or exchange; and if the Corporation shall reduce the number of Common Shares by combination or consolidation of shares or shall issue in exchange for its outstanding Common Shares a smaller number of Common Shares, then, in each case, from and after the effective date of such combination, consolidation or exchange of shares the Conversion Rate shall be decreased in proportion to the decrease in the number of the outstanding Common Shares resulting from such combination, consolidation or exchange of shares.

(8) All shares issued for the purpose of or with respect to any conversion of Series A Preferred Shares into Common Shares under the foregoing provisions shall be deemed to be issued as fully paid and non-assessable.

(9) The Corporation may, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Series A Preferred Shares on payment of an amount for each share to be redeemed of the sum of Cdn.\$5.00, together with all dividends which shall have accrued thereon and which shall be treated as accruing from day to day from the expiration of the last period for which cumulative dividends have been paid, up to and including the date of redemption, the whole constituting and being herein referred to as the "Redemption Amount".

(10) In the case of redemption of Series A Preferred Shares under the provisions of paragraph (9) hereof, the Corporation shall at least 21 days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Series A Preferred Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series A Preferred Shares. Such notice shall be mailed by letter, postage prepaid, addressed to each such shareholder at his address as it appears on the records of the Corporation or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided, however, that accidental failure to give any such notice to one or more of such shareholders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series A Preferred Shares to be redeemed the Redemption Amount thereof on presentation and surrender at the registered office of the Corporation or any other place designated in such notice of the certificates representing the Series A Preferred Shares called for redemption. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. If a part only of the shares represented by any certificate be redeemed a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in any such notice the Series A Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Amount shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the shareholders shall remain unaffected. The Corporation shall have the right at any time after the mailing of notice of its intention to redeem any Series A Preferred Shares to deposit the Redemption Amount of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or in any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series A Preferred Shares called for redemption upon the presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders

thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively and any interest allowed on such deposit shall belong to the Corporation; provided, however, nothing herein shall limit the right of the holders of the Series A Preferred Shares to exercise the conversion privilege herein provided at any time prior to the Redemption Date.

(11) So long as any of the Series A Preferred Shares are outstanding, the Corporation will not, without the consent of the holders of at least two-thirds (2/3) of the votes cast at a meeting of the holders of the outstanding shares of such series, voting as a series, or by written consent of such holders, amend, alter or repeal by any means (including amalgamation or reorganization) any of the rights, privileges, conditions or restrictions attaching to the Series A Preferred Shares.

(12) The holders of the Series A Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting unless and until the Corporation fails for any period aggregating two (2) years or more to pay dividends on the Series A Preferred Shares pursuant to paragraph (1) hereof. In such event the holders of the Series A Preferred Shares shall, until all arrears of such dividends on the Series A Preferred Shares have been paid, be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one (1) vote at all such meetings in respect of each Series A Preferred Share held.