15 October 2004

UPDATE OF CURRENT DRILLING

- **Volcanic-hosted massive sulphide-style mineralisation found at Brown Mt, NSW**
- **Porphyry-style alteration intersected in a buried monzonitic intrusive with diameter of about 1 km at Lighthouse Gully, SE QLD**

Brown Mountain (ELs 5980/6277)

Brown Mountain is situated in a relatively unexplored part of the Lachlan Fold Belt 40 km northeast of Bombala in southern NSW. Several small shafts occur along a trend of sheared Palaeozoic acid volcanics and metasediments (known as the Bull Mountain prospect). Soil and rock chip sampling have identified a semi-continuous gold-arsenic ±copper-bismuth anomaly along a 4 km strike length consisting of the Main Gossan, the Central Gossan, and Northern Gossan zones. This area has not previously been drilled.

Shallow drilling at the Main Gossan has intersected a 10 to 40 m thick zone of gossan/massive sulphide over a 300 m strike length. The zone is open at depth and along strike. All mineralised intervals contain gossanous iron oxide material with relatively minor sulphide. Iron oxide and pyrite (5 to 30%) is associated with better gold grade, suggesting that grade in the sulphide zone may improve with depth. Mineralised zones were sampled on 2m-composite intervals, with the better results from the first nine holes being:

BMRC03: 29 m @ 0.32 g/t Au, 0.14% Cu from 40 to 69 m (incl. 2 m @ 1.0 g/t Au from 52m)
BMRC06: 36 m @ 0.48 g/t Au, 0.08% Cu from 65 to 101 m (incl. 4 m @ 1.0 g/t from 67m)
BMRC08: 26 m @ 0.50 g/t Au, 0.12% Cu from 85 to 111 m (incl. 4m @ 1.2 g/t Au from 85 m)
BMRC01: 20 m @ 0.18% Cu from 46 to 66 m (incl. 2m @ 0.6% Cu from 52 m).

Some of these first nine holes will be deepened (including BMRC04, BMRC05, and BMRC07). At least two additional deeper holes are planned with diamond tails to test the sulphide potential at about 200 m depth beneath the Main Gossan (Figures 1 and 2).

Holes BMRC09 through BMRC14 are shallow wildcat drill holes planned to test surface geochemical anomalies at the Central and Northern Gossan zones. Strong alteration with disseminated sulphide was intersected in several of these holes. Assays are still awaited.

Given the host rock geology, style of mineralisation and semi-continuous lenticular nature of the mineralised zones, the Brown Mountain mineralisation is interpreted to be of similar style to several volcanic-hosted massive sulphide (VHMS) occurrences in the Lachlan Fold Belt including the Woodlawn deposit (past production and resources of about 18 Mt @ 2% Cu, 4% Pb, 10% Zn, 80 g/t Ag, 0.4 g/t Au).

Lighthouse Gully (EPM 13878)

The Company is drilling a minimum of three holes into a strong 1 km-wide magnetic anomaly beneath Jurassic sedimentary cover at the Lighthouse Gully project 30 km south of the Cracow gold district in southeastern Queensland. The first hole intersected altered monzodiorite porphyry of probable Permian age beneath 100 m of cover to a depth of 245 m

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(vertical depth). The monzodiorite is cross-cut by numerous magnetite-Kfeldspar ±pyrite veins, minor quartz-sericite-pyrite ±epidote and abundant carbonate veins. Although assay results are awaited from beneath 150 m depth, no significant copper-gold mineralization is observed. However, assays from the 50-m pre-collar interval in RCGL01 are anomalous (up to 30ppb Au and 650 ppm Cu respectively in 2 m composites). Holes RCGL02 and RCGL03 are currently being drilled with diamond tails on the same section line at 400 m spacing.

The Company has discovered a new porphyry system under cover with typical porphyry-style alteration features including high-temperature proximal alteration, veining, and intrusive rocks. Once the next two holes are completed a clearer picture of the gold-copper mineralization potential of the target at Lighthouse Gully will emerge.

North Cadia (ELs 5963, 6028, 6259)

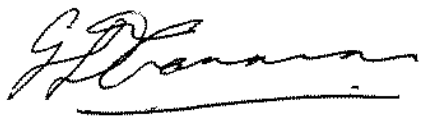
Drill testing of three deep magnetic targets on the eastern side of the North Cadia licence area is now complete, with assays now received. There is no apparent increase in the previously reported gold-copper anomalism. The Company will complete a review of all data to determine the future potential of the project.

Other Projects

Paradigm has signed a 6-month option agreement under which it may elect to earn a 90% interest in the Kaiser copper-gold project in central NSW (EL 6209). Under the terms of the agreement, Paradigm must spend a minimum of $60,000 during the option period, after which Paradigm may elect to earn a 90% interest in the project by expending $2 million in exploration over 3 years. Following the earn-in period, the current tenement holder may participate or dilute to a 3% NSR royalty. The Company plans to initiate a RC percussion drill program of approximately 1000 m within the next month.

Exploration has commenced at the Abington and Monogorilby tenements. An airborne magnetic survey is planned for the Guyra-Ben Lomond project areas late this calendar year.

Yours sincerely,



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Compliance Statement:
Information regarding exploration results contained in this Report has been compiled by Graham Carman who is a "competent person" for the purposes of the ASX Listing Rules. Mr Carman is a full time employee of Paradigm Gold Limited and has consented in writing to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

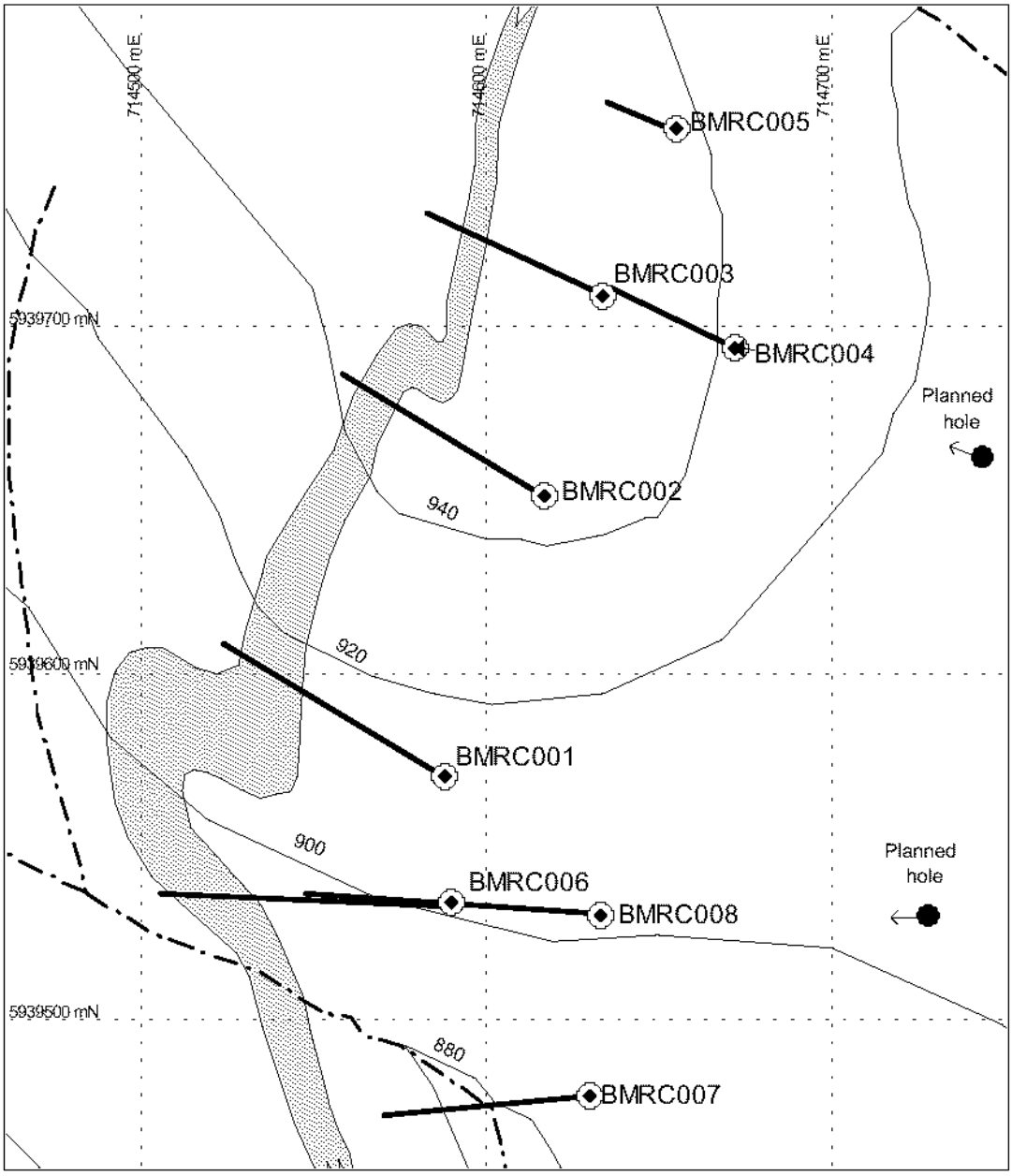

Figure 1. Simplified geology of the mineralized gossan/massive sulphide at Main Gossan, Brown Mt project. The gossan dips to the east at about 75-80 degrees. The drill hole collars and projected surface traces of each of the holes is shown with 20 m spaced topographic contours.

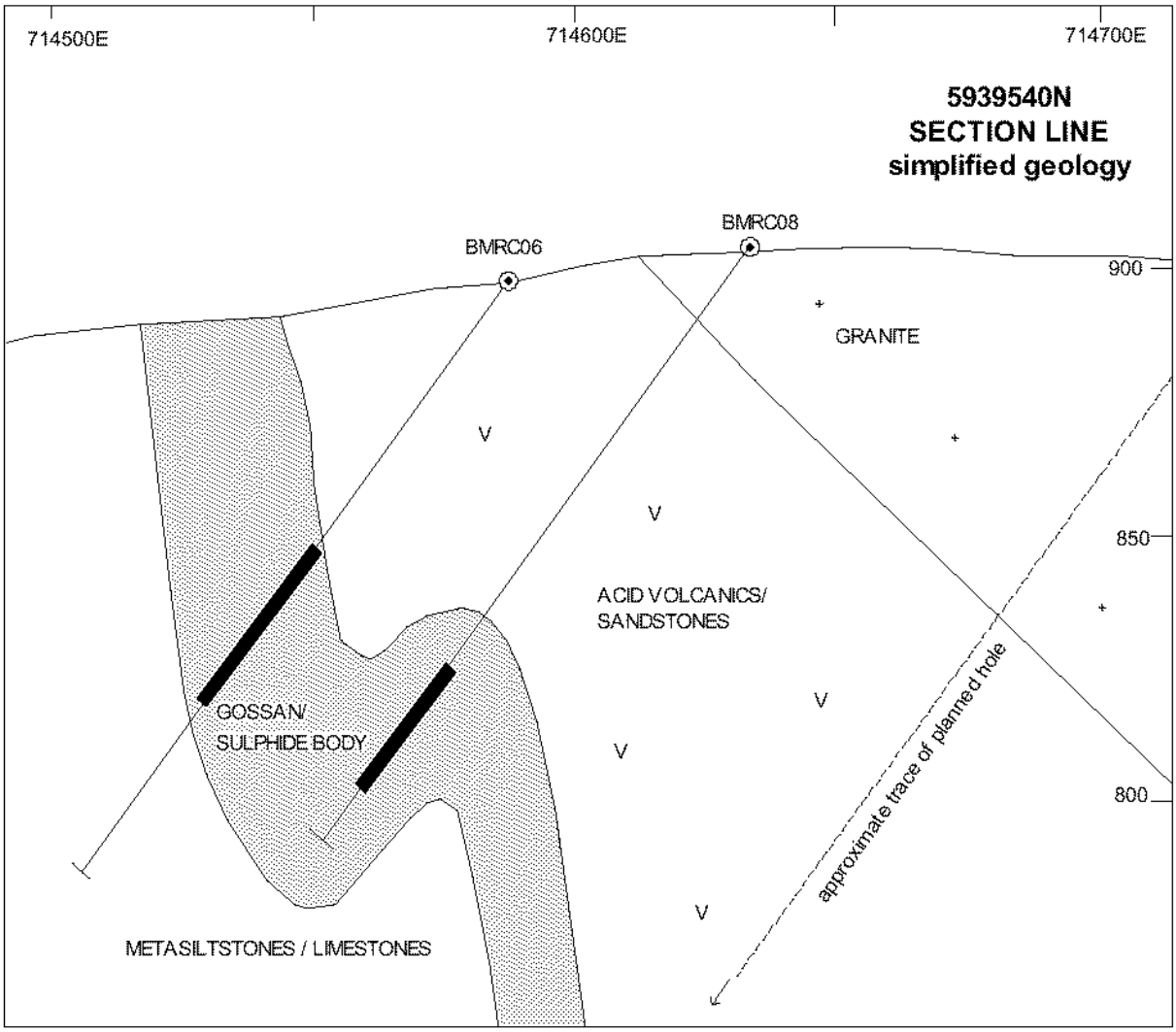

Figure 2. Simplified geological cross-section of the mineralized gossan/massive sulphide zone on section 5939540 N. The black bars correspond to the mineralized intervals of each hole as detailed in this update.