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## **Porphyry mineralization hit at Lighthouse Gully, Cracow Qld**

Paradigm announces that a 48 metre intersection of evenly disseminated low-grade gold-copper mineralization has been made at the Lighthouse Gully project, 30 km south of Newcrest Limited's Cracow mine in southeastern Queensland located on EPM 13878. This is a newly discovered mineralized system which is 'blind' lying beneath soft sedimentary cover. The find demonstrates the merit of Paradigm's targeting of covered areas in eastern Australia. All holes intersected porphyry-style alteration.

The 48m gold-copper intersection grades 0.1 grams per tonne gold and 320 ppm copper from a depth of 95-143 metres. It was made in drillhole LGP006 near the edge of a large magnetic core within altered volcanic rocks (see diagram). This grade of intersection is often adjacent to economic intersections in porphyries. The top 95 m (80 m true) drilled unconsolidated sediments that are younger than the mineralization.

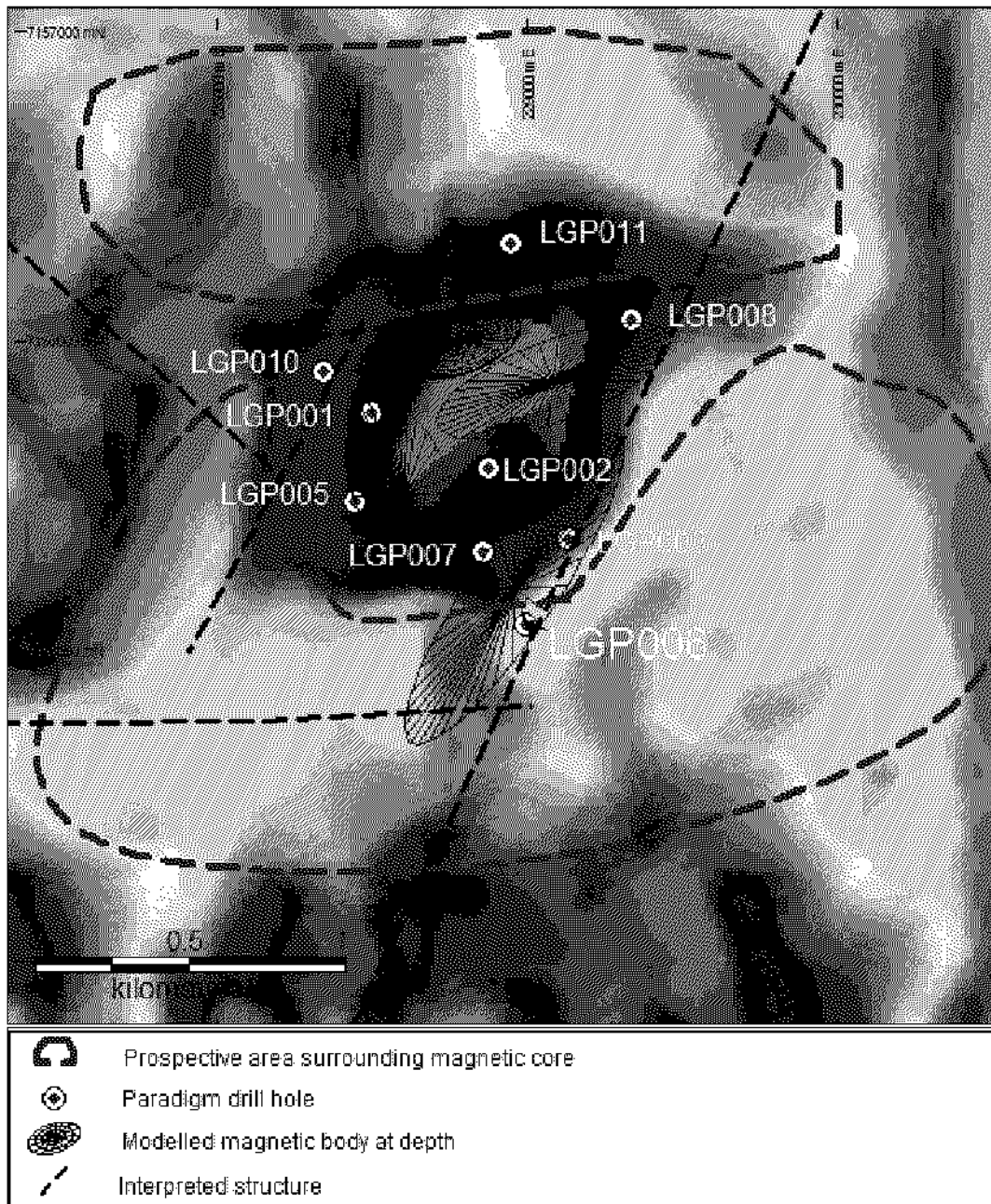
Assays have been received for seven of the nine wide-spaced holes which tested part of the central magnetic core. Drilling was over an area of one square kilometre and has established the prospectivity of an additional nine square kilometres of surrounding geology. The two nearest drill holes from LGP006 are about 300 m away and are also weakly gold anomalous (averaging 20 ppb Au).

A refined interpretation of the magnetics post drilling is shown in the diagram and better resolves the various magnetic targets. The Lighthouse Gully prospect may host ore-grade mineralization inside the magnetic core, or disseminated in volcanic rocks surrounding the core. Cracow vein style mineralization is also possible.

All drilling to 150 m downhole was by reverse circulation and the first three holes LGP001-003 were deepened with diamond tails up to 250 m. The styles of porphyry geology intersected include calc-silicate alteration (secondary magnetite-actinolite) of monzodiorite intrusions, propylitic alteration (chlorite-epidote-albite-pyrite) and silicic alteration (quartz-sericite-pyrite) in volcanic rocks. This sets the stage for locating the potassic alteration and economic grade mineralization that classically forms within the core and other styles of mineralization within the porphyry halo.

Modelling of new ground magnetic data indicates further untested targets. More-detailed ground geophysics will be completed early in the New Year, to refine targeting for the second round of drilling scheduled for February 2005.

Two percussion holes were drilled on targets elsewhere with assay results pending, although no obvious mineralization was observed. The program comprised 11 RC pre-collars for 1648 m total advance and four diamond tails for 262 m.



The diagram shows a magnetic image of the porphyry target. Drill locations and an interpretation of structures and prospective areas for future drilling are shown. Ellipsoids are models of vertical magnetic cylinders the tops of which are at depths of between 150 and 200 m from surface. The magnetic core is surrounded by relatively non-magnetic rocks – these may be prospective for disseminated or vein style epithermal gold mineralization.

Yours faithfully,

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Managing Director

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