



# Paradigm Metals

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## ASX: PDM

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North Sydney, NSW 2060, Australia

Chief Executive Officer: Greg Curnow

Non-executive Director: Graham Carman

Non-executive Director: John Gaskell

NED / Co. Secretary: Stephen Lonergan

Shares on issue: 184,276,860

12 month share price range: \$0.006 to \$0.03

Market capitalisation: \$1.1million (at \$0.006)

Cash at 30 June 2012: \$408,000

## Gold - Base Metals Explorer Eastern Australia

### KEY PROJECTS

#### Yellow Mountain Project, NSW

- Extensive Cu-Au mineralisation at Yellow Mountain Mine
- Oxide gold - 6m @ 3.1g/t Au from 5m at Quarry Hill
- Porphyry Cu-Au targets under cover
- Drilling planned late 2012

#### Frogmore copper Project, NSW

- High-grade copper-silver intersections
- Well located close to infrastructure NSW

#### Copper & Rare Earths, Cloncurry

- REE mineralisation discovered in initial drilling (PDM 50%)
- Other EPMs prospective for Cu-Au

#### Base Metals & Tungsten, NSW

- Tungsten-magnetite JORC resource under option to third party
- Kangiara Zn-Pb-Ag JORC resource and oxide gold-silver cap available for farm-in

ASX / MEDIA ANNOUNCEMENT

30 July 2012

## Quarterly Activities Report for the period ending 30 June 2012

### HIGHLIGHTS

#### Yellow Mountain Project Condobolin NSW (PDM 30%)

- Four historic diamond holes from the Yellow Mountain Mine area were re-assayed for gold and silver.
- Best results:
  - 37m @ 0.31g/t Au and 21g/t Ag (with 0.31% Cu) from 77m in YD02;
  - 28m @ 0.30g/t Au and 19g/t Ag (with 0.33% Cu) from 46m in YD05;
- Past drill results include:
  - 32m @ 1.7g/t Au, 34g/t Ag, 0.36% Cu from 185m in YD13
- Geophysical modelling has highlighted an additional untested copper-gold target (Fountaindale area) which is located 13 kms south of the Yellow Mountain Mine area and has similarities to the geophysical signature over the Cadia-Ridgeaway deposit;
- Drilling at Yellow Mountain planned for late 2012.

#### White Rock NSW (3<sup>rd</sup> party option to earn 100%)

- A conceptual study of the Rye Park tungsten deposit is underway and results to date are encouraging with a potential upgrade in the Resource expected.

#### Cloncurry Region QLD

- The Ladies application (EPM 19016, PDM 100%) has progressed to Native Title approval stage, with granting expected next quarter.
- Four Mile Tank (EPM 18294 – PDM 100%) granted April 2012 for 5 years prospective for Cu-Au deposits.

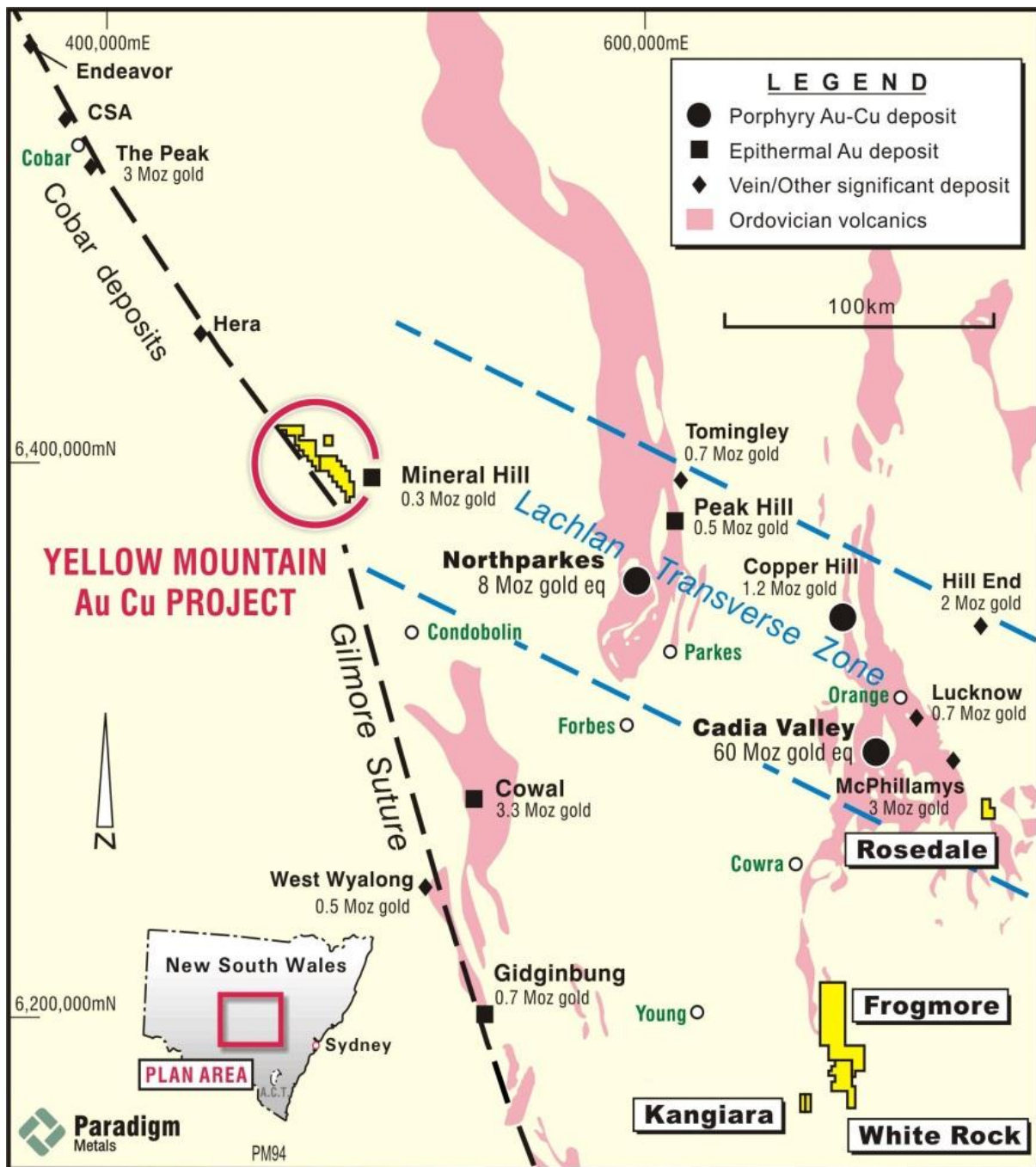
#### Corporate

- PDM completed a successful SPP raising \$194,674 in June 2012.

#### Opportunities

- PDM has continued reviewing new opportunities for investment both in Australia and overseas.

Figure 1: Paradigm NSW Tenement Plan

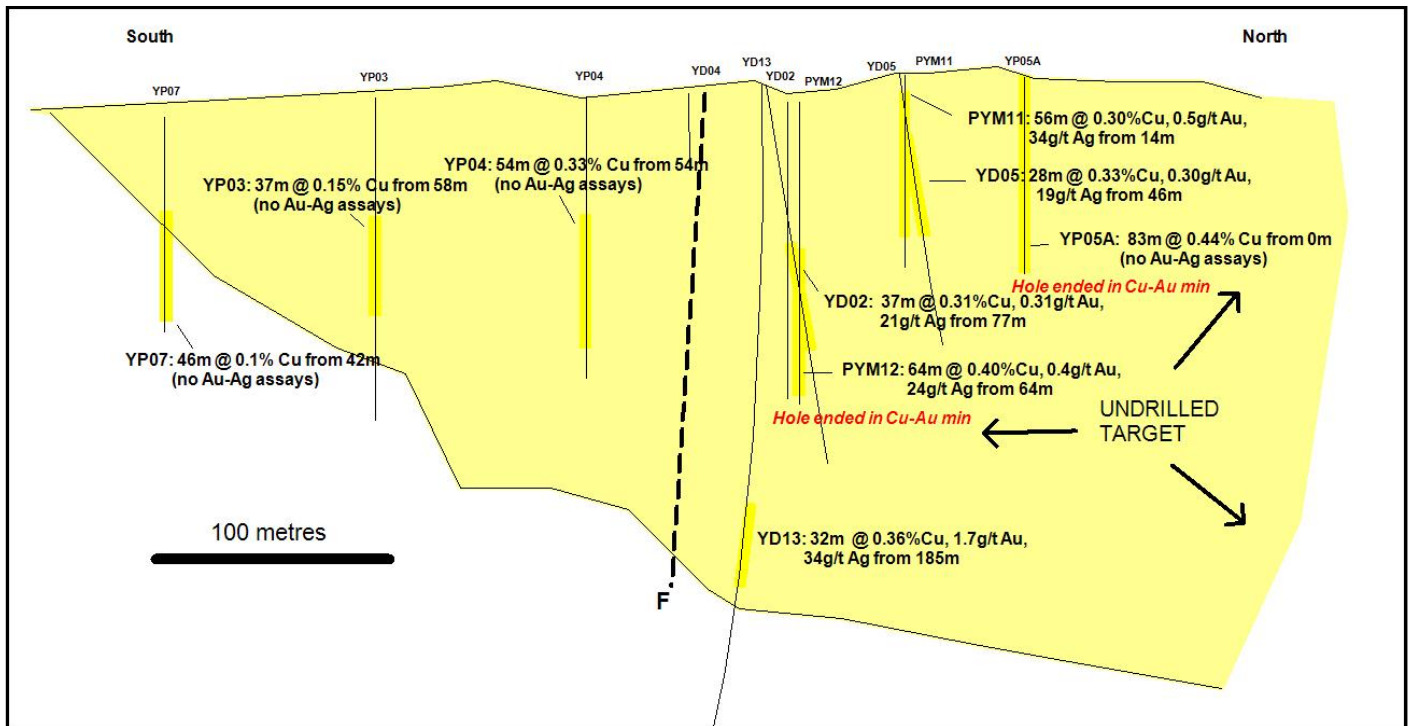


## YELLOW MOUNTAIN GOLD PROJECT, NSW (PDM 30% earning 51%)

EL 6325 (Yellow Mountain ) is a joint venture between PDM (30%), Triako Resources Pty Ltd (40%) and Golden Cross Resources Pty Ltd (30%) and is located 75kms north-west of Condobolin in the central west part of NSW (see Fig 1) in a region that contains a number of world class mines.

Paradigm has the option to earn an additional 21% Joint Venture interest by spending \$450,000 between 1 April 2012 and 31 March 2013. PDM has already earned a 30% interest.

**Figure 2: Longitudinal section of the drill results at the Mine Shaft area showing key drill holes**



## YELLOW MOUNTAIN MINE: MAIN SHAFT AREA

PDM has compiled drilling and other data from the old Yellow Mountain Mine area which includes a database of 72 drill holes for 8,737 metres of drilling. Four of the historic holes were recently re-logged, re-cut and sampled for gold and silver for the first time.

New results from assaying of two re-cut diamond drill holes from the Main Shaft area are as follows:

- YD02: 37 m @ 0.31g/t Au, 21g/t Ag & 0.31% Cu from 77m depth;
- YD05: 28 m @ 0.30g/t Au, 19g/t Ag & 0.33% Cu from 46m depth.

Two other holes YD04 and YD08 returned weak gold-silver and copper results up to 0.1g/t Au and 0.1% Cu.

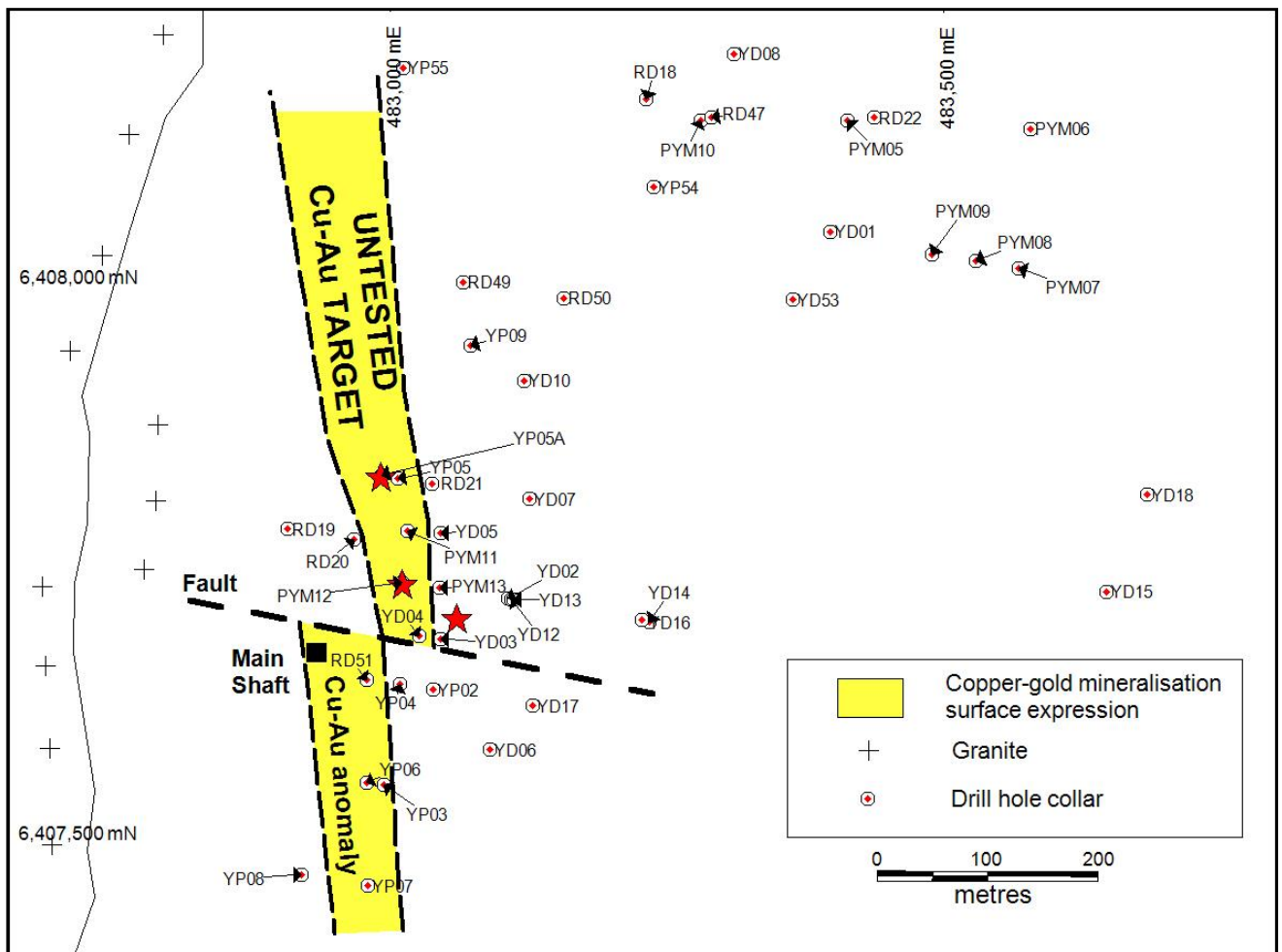
Past explorers' percussion drill results from the Main Shaft area include:

- PYM012: 64m @ 0.40g/t Au, 24g/t Ag, and 0.40% Cu from 64m;
- PYM011: 56m @ 0.50g/t Au, 34g/t Ag, and 0.30%Cu from 14m;
- YP05A: 83m @ 0.44% Cu (no Au-Ag assays) from 0m depth;

Percussion drill holes YP05A and PYM012 were stopped in strong copper mineralisation (>0.2% Cu) – see Figure 2. Unfortunately some historic percussion holes were not assayed for gold and silver.

The gold and silver mineralisation at the Main Shaft area occurs with copper in chlorite-sericite altered and brecciated dacite volcanics of Silurian age.

**Figure 3: Plan of the Main Shaft area highlighting the best mineralised Cu-Au holes and targets**



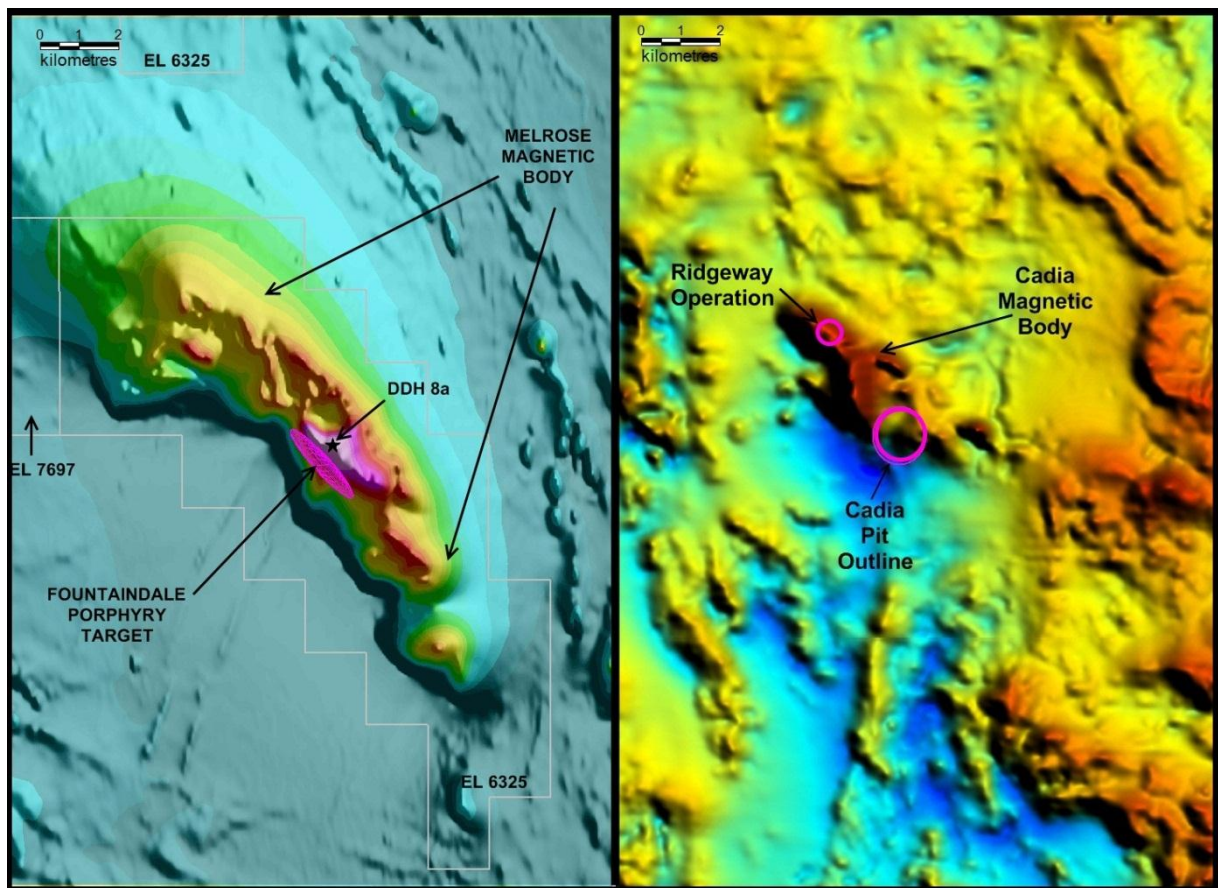
The mineralisation is disseminated within the host rocks and associated with minor silicification. Zinc and lead mineralisation also occurs. The mineralisation dips steeply to the east and the style of mineralisation is interpreted to be related to a deep porphyry intrusion, which does not outcrop.

### **FOUNTAINDALE COPPER-GOLD TARGET**

Located within EL 6325 is the Melrose anomaly, a 10 kilometre-long magnetic body that has been modelled to depths of > 2km. The anomaly has similarities in size and strength to the magnetic anomaly at Newcrest's Cadia-Ridgeway mine which has a combined resource of 510MT @ 0.47g/t Au & 0.18% Cu (source Newcrest website). The Ridgeway ore-body was discovered approximately 500m below the surface and Figure 4 shows a comparison of the magnetic anomalies at Melrose and Cadia at the same scale.

The shallowest and strongest part of magnetic anomaly at Yellow Mountain, known as the Fountaindale area (see Figure 4), was targeted by a single historic drill hole in 1968. DDH8A was drilled by Australian Oil and Gas to a depth of 460m. The hole intersected wide intervals of secondary magnetite with weak copper mineralisation. Although economic mineralisation was not intersected, the alteration in the hole suggests a mineralised intrusive (or porphyry) is nearby.

**Figure 4: Comparison of the Yellow Mountain & Cadia magnetic bodies at the same scale**



Recent modelling of the Fountaindale target by Paradigm indicates drillhole DDH8A did not intersect the magnetic anomaly, as it was drilled sub-parallel to it and never reached the centre of it. Paradigm has modelled the Fountaindale target to be 1.5km long, 1km deep and 250m wide. The top of the anomaly is modelled at 200m below the surface.

## **FUTURE WORK**

Paradigm has now identified two priority copper-gold targets at Yellow Mountain. Work currently in progress includes:

- Completion of land access agreements;
- Continued evaluation of the Mine Shaft area including reprocessing of historic IP geophysics;
- Planned drilling of the Mine Shaft area and Fountaindale areas in late 2012.

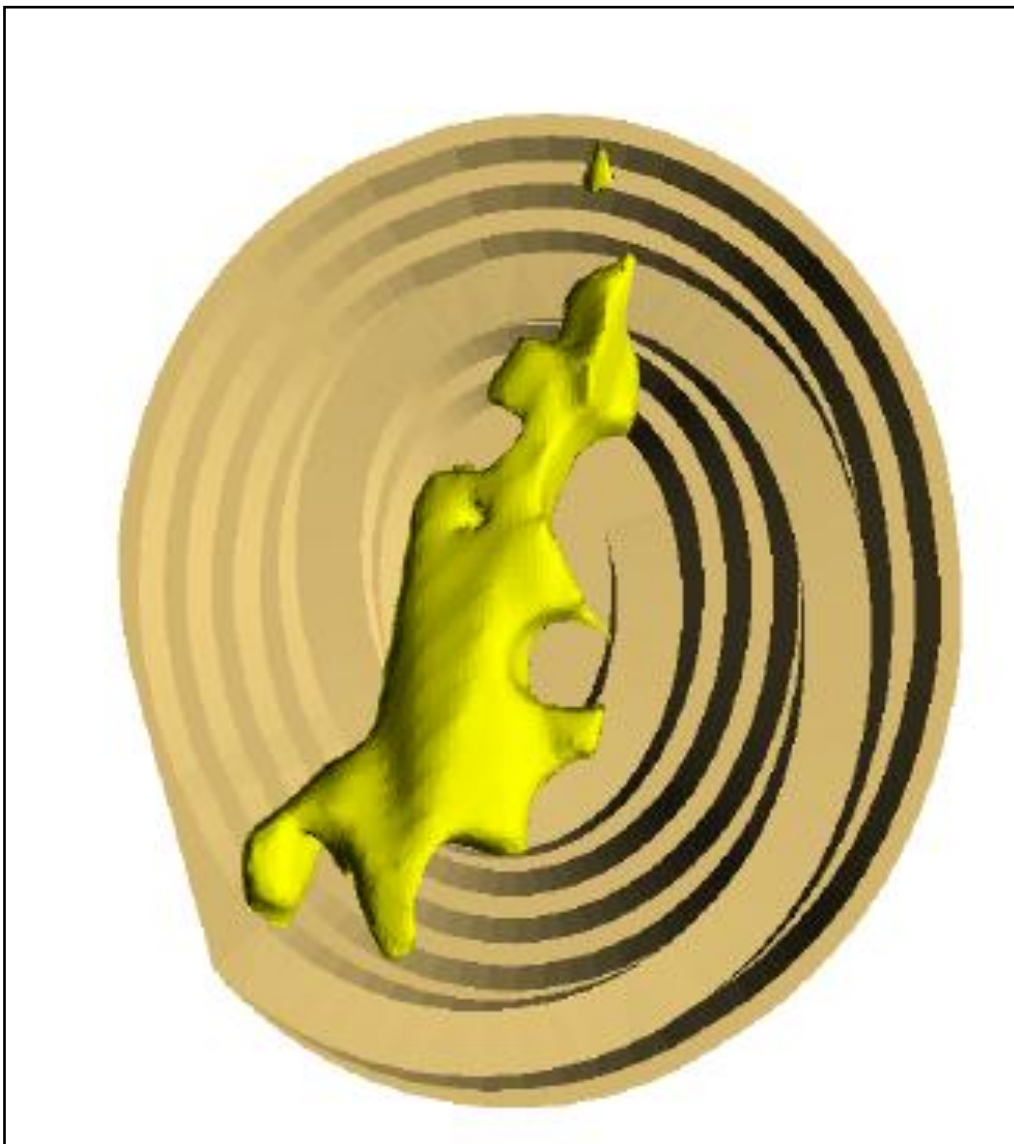
## **WHITE ROCK PROJECT, NSW (3<sup>rd</sup> party option to earn 100%)**

Resmetco Limited, an unlisted Australian public company, has an option to purchase PDM's 100% interest in Exploration Licence 6724 (White Rock) by listing on the ASX by August 2013 and issuing to PDM 4,000,000 shares in Resmetco. Resmetco has been conducting a conceptual study of the Rye Park tungsten project. The conceptual study is focussing on mine design, ore resource calculations and ore processing options and Resmetco expects the study to be completed in late 2012.

At present the Rye Park tungsten project has a JORC compliant Inferred Resource of 260,000 tonnes of 0.7% tungsten oxide and 0.15% tin oxide.

Preliminary results from the conceptual study have been encouraging with positive results from computer modelling of the ore resource suggesting a potential increase in the ore resource.

**Figure 5: Conceptual model of the Rye Park ore-body & conceptual pit design**

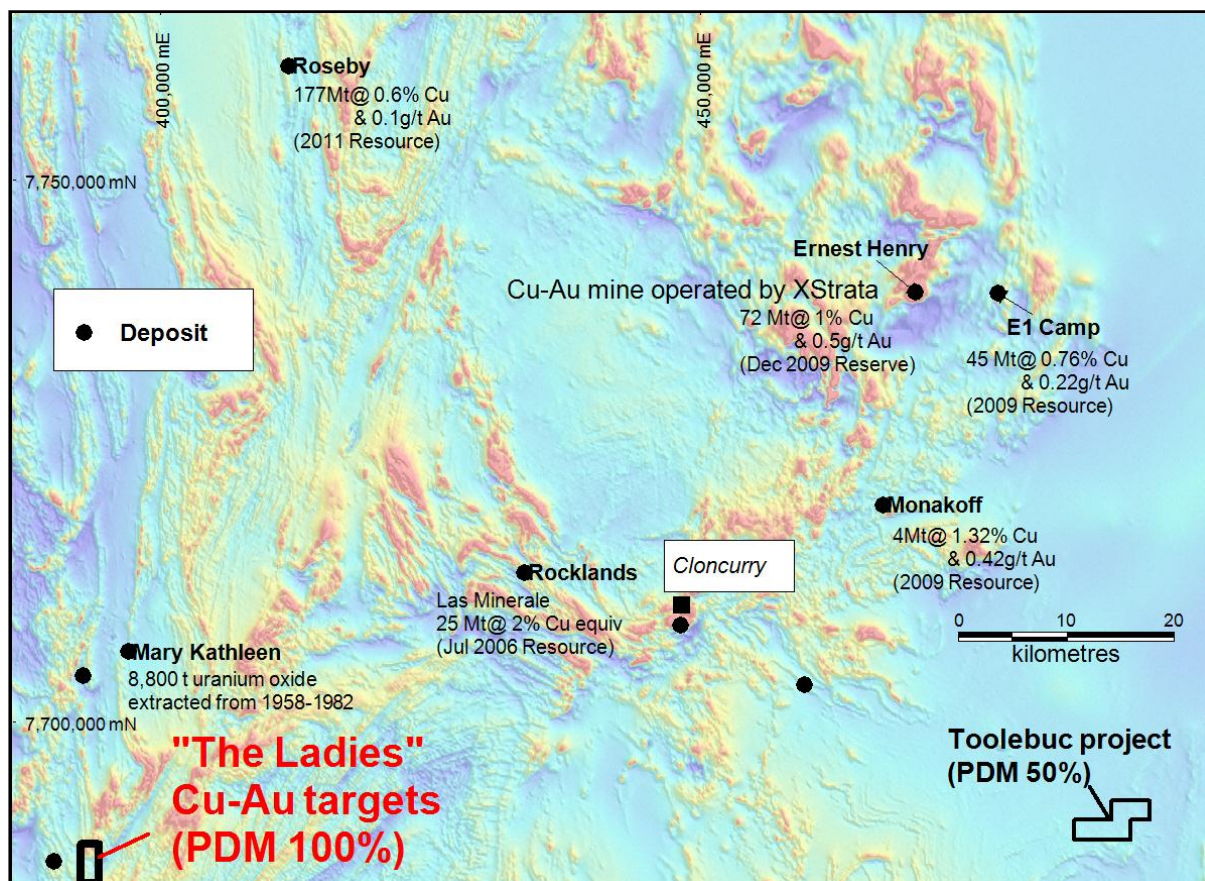


## FROGMORE COPPER-SILVER PROJECT, NSW (PDM 100%)

No exploration was carried out during the quarter.

A deep RC drilling program of 2-3 holes, approximately 350 metres in depth, has been postponed.

Figure 6: Location plan PDM's tenements in the Cloncurry area



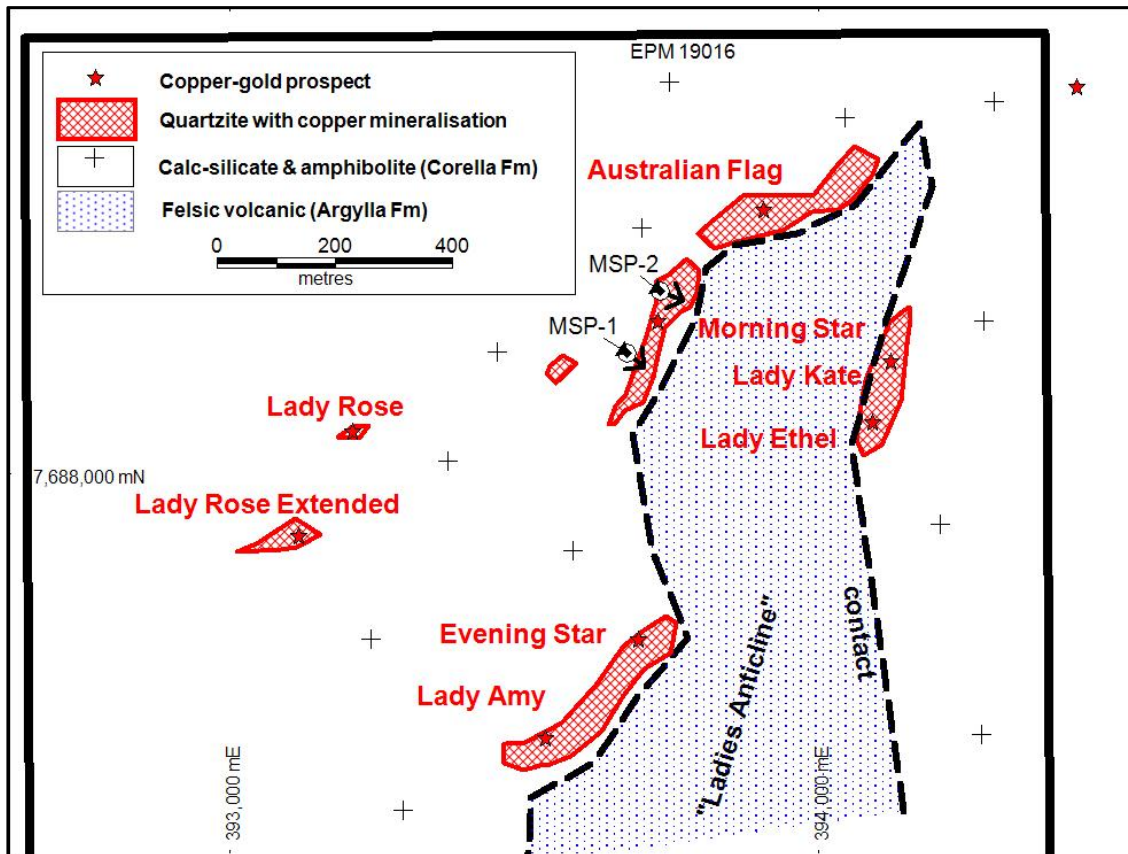
## TOOLEBUC RARE EARTHS PROJECT, QLD (PDM 50%)

PDM is waiting on renewal of EPM 16073 before planning any more work at Toolebuc.

## THE LADIES, CLONCURRY (PDM Application 100%)

Exploration permit application EPMA 19016 "The Ladies", which covers more than twenty small 19<sup>th</sup> century copper mines along a 2km trend between Cloncurry and Mt Isa (see Fig 6), has progressed in the approval process to Notification of Proposed Grant for Native Title purposes. Granting of the title could occur within 4 months if negotiations with the Native Title parties go as expected.

Figure 7: The Ladies prospect map



The Ladies project is well located in a very prospective belt, being 17km south of the Mary Kathleen mine, and approximately 40km southwest of Cudeco's Rocklands copper project between Mount Isa and Cloncurry (see Fig 6).

Previous exploration by Placer Exploration highlighted a number of the prospects during the early 1990s, and Placer named the area "The Ladies". Since Placer's work there has been no systematic exploration in the area.

Placer's exploration included reconnaissance mapping and sampling of the various prospects, and the drilling of two shallow percussion holes at the Morning Star which returned the following results:

- MSP1 - 16m @ 0.76% Cu & 0.12g/t Au from 46m depth (sulphide)
- MSP2 - 22m @ 0.23% Cu & 0.05g/t Au from 8m depth (oxide)

Placer concluded that the mineralisation at Morning Star downgraded the potential for high-grade mineralisation however PDM believes that more detailed evaluation of the prospects is required given extensive outcropping of copper mineralisation around a prospective anticline structure, and that no systematic work has been carried out since Placer's work.

The mineralised interval in MSP-2 was oxidised, and likely depleted of copper by weathering. Also in relatively recent times, large copper-gold deposits such as Ernest Henry, Rocklands, and E1 have been discovered in the Cloncurry region highlighting the prospectivity of the belt (see Fig 6).

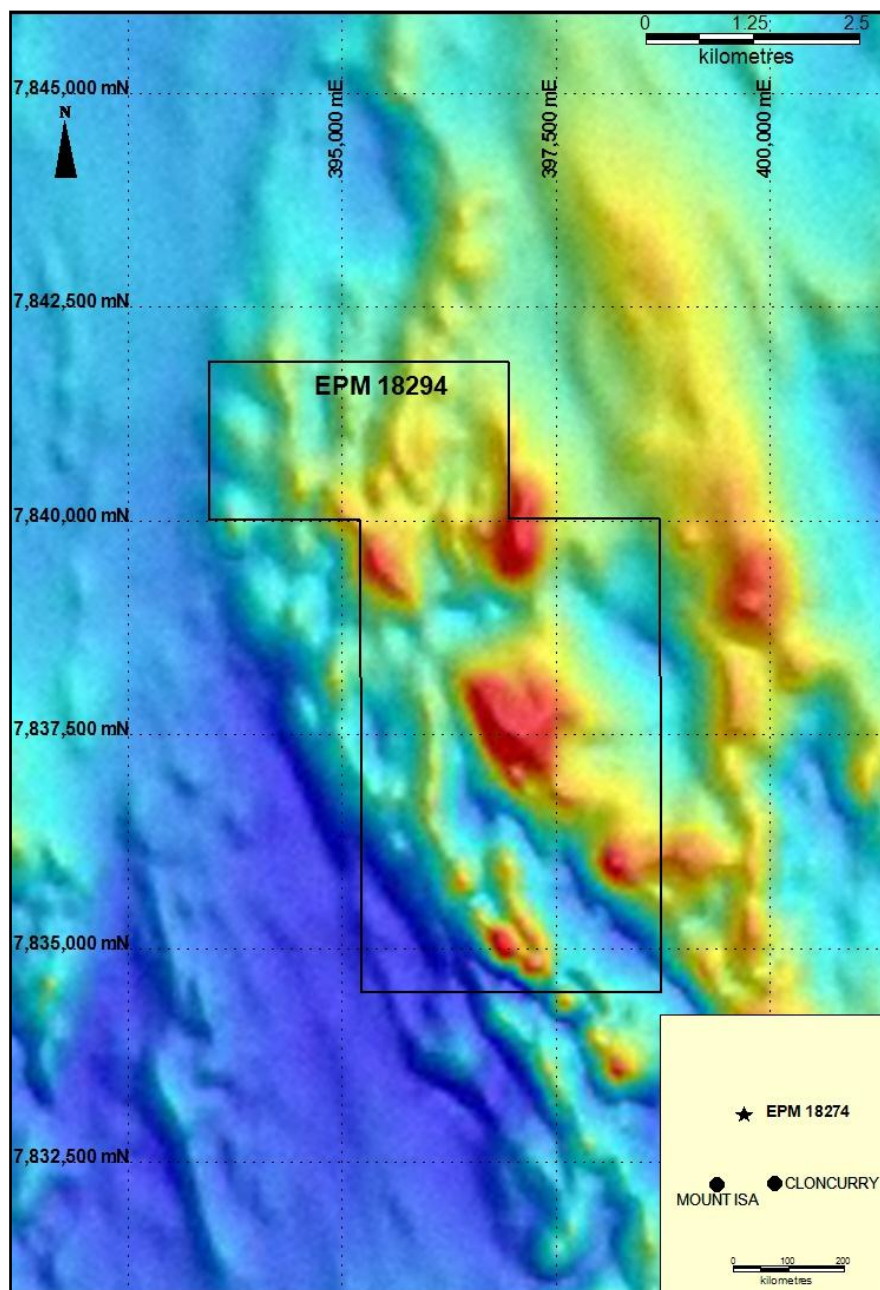
## FOUR MILE TANK, CLONCURRY (PDM 100%)

The Four Mile Tank project (EPM 18294) was granted on the 23 April 2012 for a period of five years.

Four Mile Tank is located 140 km north-east of Mt Isa and is prospective for copper/gold, Rare Earth Element &/or uranium mineralisation and contains a number of prospective magnetic targets (see Fig 8).

PDM will commence exploration at Four Mile Tank when it next conducts work in the Cloncurry area.

Figure 8: EPM 18294 & TMI magnetic image



## CORPORATE

### Share Purchase Plan

PDM closed a Share Purchase Plan (SPP) on 15 June 2012 with a total of 82 applications for 35,395,368 shares which raised \$194,674.52.

The offer was taken up by approximately 10% of shareholders and raised almost 80% of the maximum amount the Company was able to accept pursuant to the rules of the SPP which the Directors consider to be a good result.

Paradigm expects to spend the money on the continued development of existing projects as well as seeking and exploring new opportunities.

### Opportunities

The Company is broadening its search for new projects beyond eastern Australia to include prospective overseas opportunities with the potential of hosting world class projects and PDM has been reviewing a number of new project opportunities.

### Farm-outs

Paradigm is continuing its discussions with parties interested in farming-in to its non-core base metals and silver projects in NSW.

Yours sincerely,



Greg Curnow  
Chief Executive Officer

30 July 2012

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Greg Curnow who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Curnow is the Chief Executive Officer of the Company, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Curnow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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