



# Paradigm Metals

ABN 28 102 747 133

## ASX: PDM

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Office and postal address:

Suite 202, 122 Walker Street  
North Sydney, NSW 2060, Australia

Chief Executive Officer: Greg Curnow

Non-executive Director: Graham Carman

Non-executive Director: Brian McMaster

NED / Co. Secretary: Stephen Lonergan

Shares on issue: 211,276,860

12 month share price range: \$0.006 to \$0.02

Market capitalisation: \$1.7million (at \$0.008)

Cash at 30 September 2012: \$482,000

## 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 early 2013

#### 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
- Kangerlussuaq Zn-Pb-Ag JORC resource and oxide gold-silver cap available for farm-in

ASX / MEDIA ANNOUNCEMENT

31 Oct 2012

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

### HIGHLIGHTS

#### Non-Renounceable Rights Issue

- Paradigm (PDM) has announced a fully underwritten one for one non-renounceable entitlement issue to eligible shareholders.
- The issue price is \$0.008 per share and will raise \$1,694,215.00

#### Yellow Mountain Project Condobolin NSW (PDM 30% earning 51%)

- Review of geophysical data covering the Fountindale prospect underway.
- Planning an IP survey to confirm the size and nature of the Fountindale magnetic anomaly.
- Fountindale is part of a large magnetic anomaly which has been underexplored and has similarities to the geophysical signature over the Cadia-Ridgeway deposit.

#### Cloncurry Region QLD

- Toolebuc (EPM 16073 – PDM 50%) renewed for a further 3 years.
- Previous shallow drilling highlighted REE mineralisation.
- Toolebuc is prospective for IOCG Cu-Au & REE deposits.

#### Corporate

- PDM completed a successful placement at \$0.008 per share raising \$220,000 to Garrison Capital Pty Ltd and associated parties in September 2012.
- Brian McMaster, representing Garrison Capital, was appointed to the Board in September 2012.
- John Gaskell retired as a director in September 2012.

#### Opportunities

- PDM is continuing to review new opportunities for investment both in Australia and overseas.

## NON-RENOUNCEABLE RIGHTS ISSUE

Paradigm has announced a fully underwritten non-renounceable entitlement issue of one fully paid ordinary share for every one existing share to eligible shareholders at an exercise price of \$.0008 per share to raise \$1,694,215.00 before costs.

The rights issue is being jointly underwritten by Taylor Collison Ltd and Cunningham Peterson Shabaneer Securities Pty Ltd (CPS) and the offer will close on the 15 November 2012.

The proceeds raised by the offer are planned to be used primarily to fund the assessment of new projects as well as to progress existing projects (see Table 1 below).

**Table 1. Proposed use of funds from current Rights Issue**

<b>Proceeds of the Offer (full subscription)</b>	<b>\$</b>	<b>%</b>
Exploration program at the Yellow Mountain Gold Project	300,000	17.7
Exploration program on other existing projects	200,000	11.8
Assessment of business opportunities	600,000	35.4
Working capital	466,206	27.5
Expenses of the Offer	128,009	7.6
<b>Total</b>	<b>1,694,215</b>	<b>100%</b>

## 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.

PDM 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.

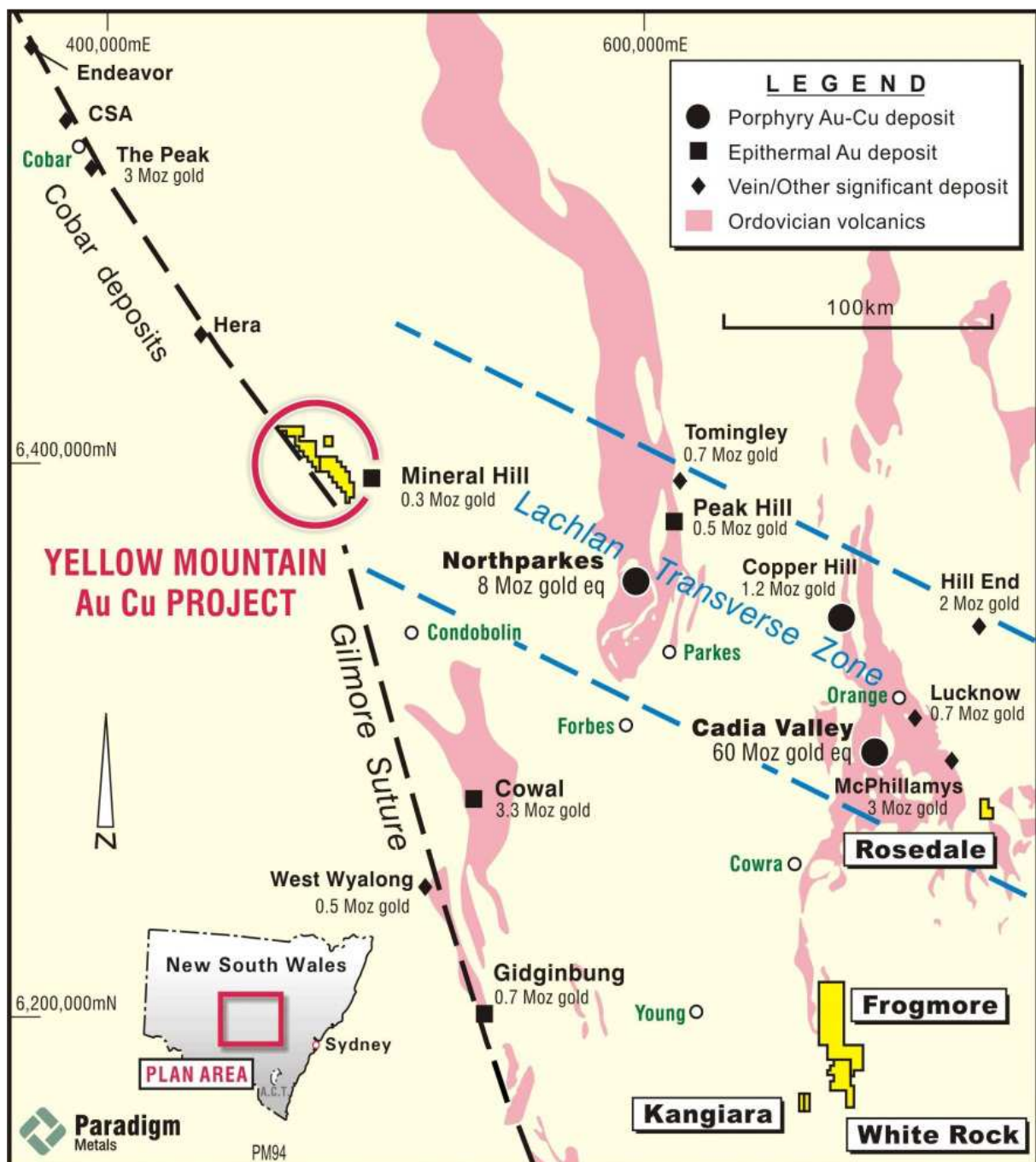
## FOUNTAINDALE COPPER-GOLD TARGET

Located within EL 6325 the Melrose anomaly, a 10 kilometre-long magnetic body, has been modelled to depths of > 2km. The anomaly has similarities in size and strength to the regional magnetic anomaly associated with Newcrest's Cadia-Ridgeway copper-gold deposit. Figure 2 shows a comparison of the magnetic anomalies at Melrose and Cadia at the same scale.

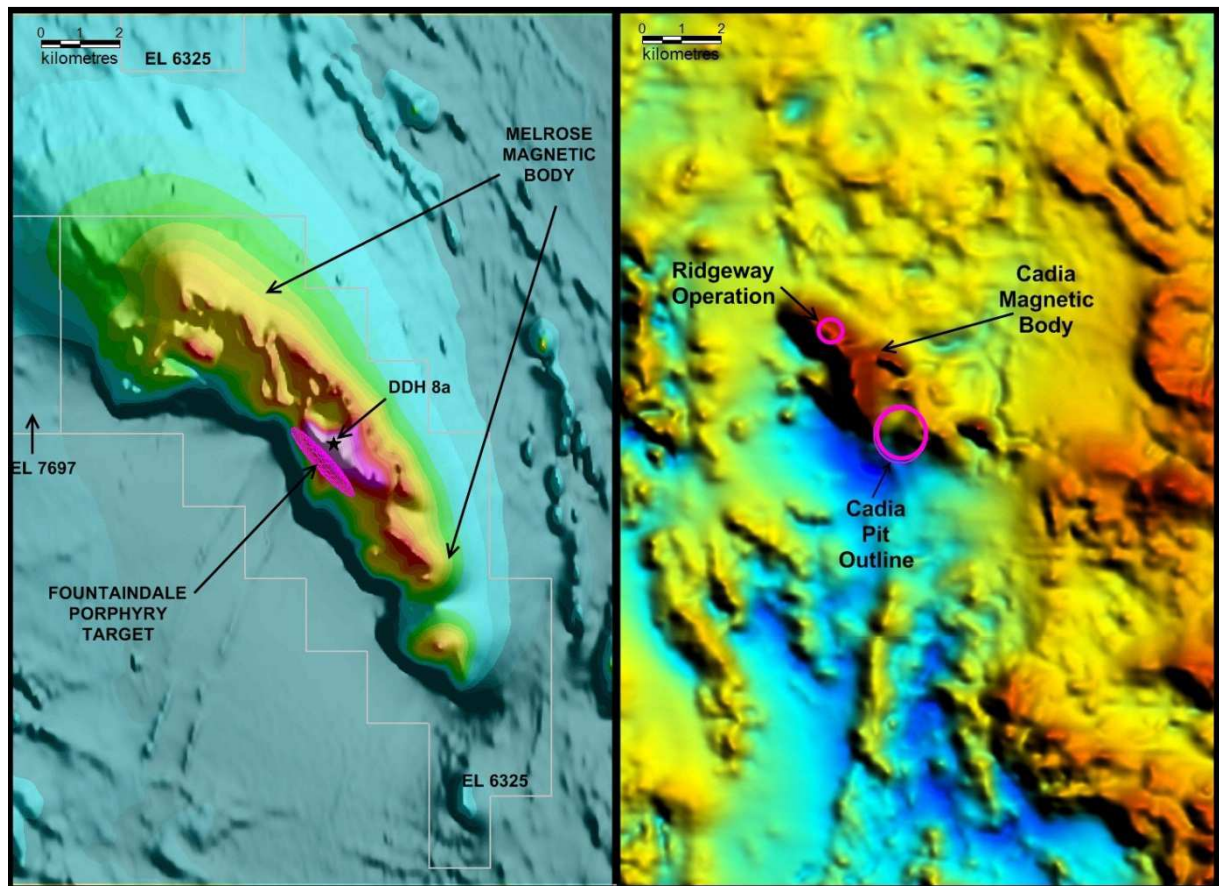
The shallowest and strongest part of magnetic anomaly at Yellow Mountain, known as the Fountaindale area, was targeted by a single 460m deep drill hole called DDH8A (see Fig 2). The hole intersected wide intervals of secondary magnetite with weak copper mineralisation of up to 400 ppm Cu. Although economic mineralisation was not intersected, the alteration in the hole suggests that a mineralised intrusive (or porphyry) is nearby.

PDM is currently reviewing the available geophysical data and is planning an IP geophysical survey over the Fountaindale area to assess the anomaly and assist in drillhole planning.

The IP survey could be undertaken once the wheat crop covering the Fountaindale prospect has been harvested in late November 2012.



**Figure 1: Paradigm NSW Tenement Plan**



**Figure 2: Comparison of the Yellow Mountain & Cadia magnetic bodies at the same regional scale**

## **TOOLEBUC PROJECT, QLD (PDM 50%)**

PDM and its joint venture partner Exco Resources Ltd were advised in September by the Queensland Department of Mines and Energy that EPM 16073 (Toolebuc) has been renewed for a further 3 years until March 2015.

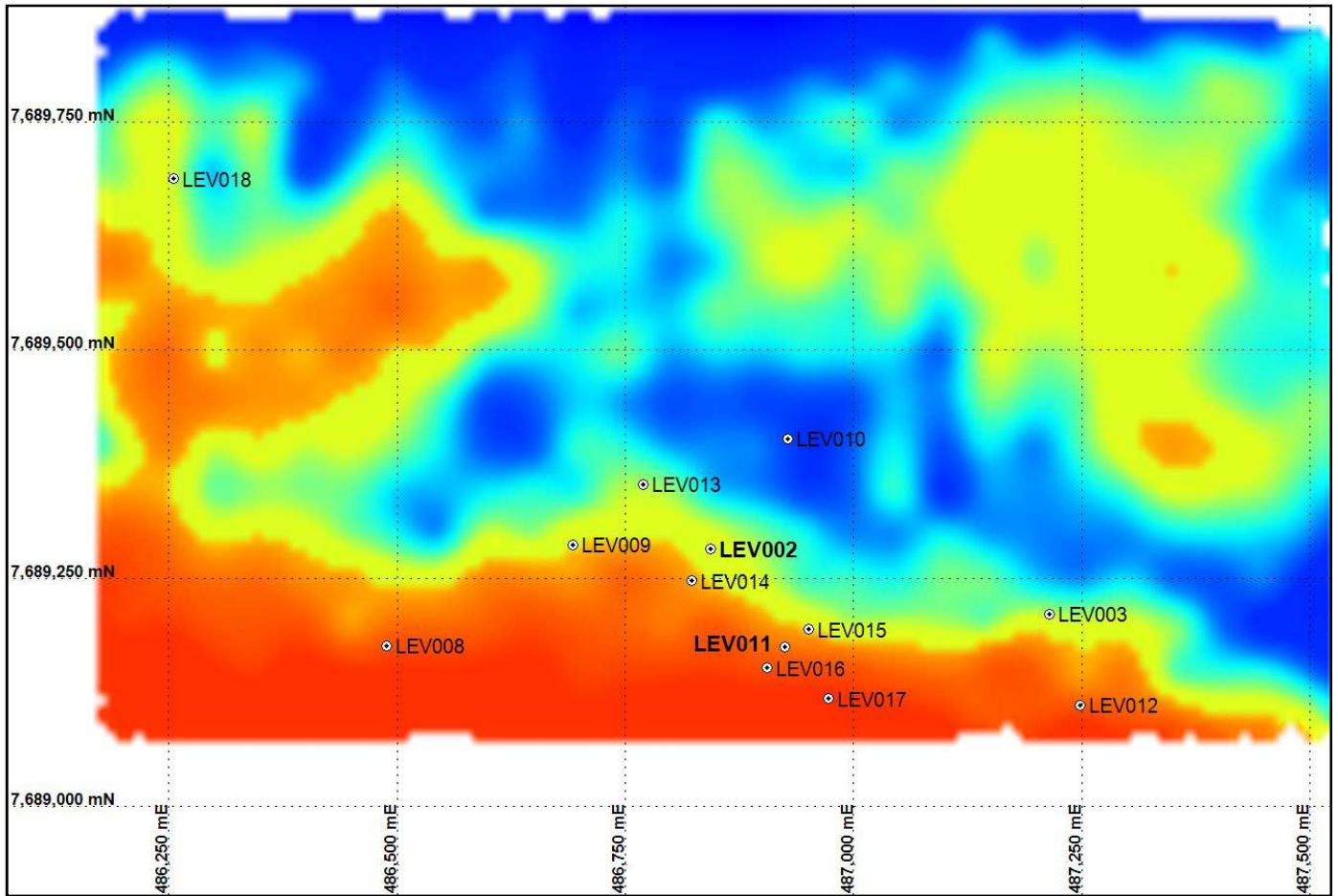
The Toolebuc project (EPM 16073) is located 40km southeast of Cloncurry and previous shallow aircore drilling has highlighted an area of REE mineralisation.

Two previous holes, LEV002 and LEV011 (see Fig 3), returned intersections of anomalous REE mineralisation:

- LEV002 - 4m @ 0.26% REEs from 37m depth;
- LEV011 – 7m@ 0.65% REEs from 35m depth.

PDM and Exco are now in the process of planning the next phase of work at Toolebuc and the future work may include:

- Shallow aircore drilling
- Geophysical surveys
- RC drilling



**Figure 3: Toolebuc Aircore Drilling & Gravity Survey**

*About the Toolebuc joint venture: The Toolebuc project (EPM 16073) is a 50:50 JV between PDM and Exco Resources Ltd 40km southeast of Cloncurry, well located only 2km from the Landsborough Highway. Paradigm is the manager of the JV, which is funded on a 50:50 basis by both parties. The joint venture has been in operation since late 2007.*

## **CORPORATE**

### **Share Placement & Board Restructure**

During the Quarter PDM completed a private placement of 15% of issued capital being 27,500,000 ordinary fully paid shares at \$0.008 raising \$220,000.00 before costs.

The shares were issued to Garrison Capital Pty Ltd (Garrison) and professional and sophisticated clients of Taylor Collison.

Garrison is a Perth based corporate advisory firm specialising in the acquisition, funding and management of resources opportunities globally. PDM believes that Garrison's involvement in the Company will assist in developing new opportunities for PDM.

As part of the placement agreement Mr Brian McMaster, representing Garrison, joined the board in September 2012 as a non-executive director.

### **Retirement of Director**

Mr John Gaskell retired from the Board at the end of the quarter. Mr Gaskell was a founding director of PDM.

### **Opportunities**

The Company is continuing its search for new projects both within Australia and elsewhere.

### **Annual General Meeting**

The Company will hold its Annual General Meeting at 10am on Wednesday 21<sup>st</sup> November at the Company's office in North Sydney. A Notice of Meeting has been circulated and the 2012 Annual Report has been provided to shareholders who have requested a printed copy.

The Notice of Meeting and 2012 Annual Report is available on the Company's website: [www.paradigmmetals.com.au](http://www.paradigmmetals.com.au).

### **Farm-outs**

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

Yours sincerely,



Greg Curnow  
Chief Executive Officer

31 October 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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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

<b>PARADIGM METALS LIMITED</b>
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ABN

<b>28 102 747 133</b>
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Quarter ended ("current quarter")

<b>30 September 2012</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date ( 3 Months ) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	2	2
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(41)	(41)
1.3 Dividends received	(81)	(81)
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid / GST refund	12	12
1.7 Other (provide details if material) Audit - 17 ASX - 11	(28)	(28)
<b>Net Operating Cash Flows</b>	<b>(132)</b>	<b>(132)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(132)	(132)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report – September 2012**

1.13	Total operating and investing cash flows (brought forward)	(132)	(132)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	206	206
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>206</b>	<b>206</b>
	<b>Net increase (decrease) in cash held</b>	<b>74</b>	<b>74</b>
1.20	Cash at beginning of quarter / year to date	408	408
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>482</b>	<b>482</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	36
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' Fees - \$36,300

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

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### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	70
4.2 Development	
4.3 Production	
4.4 Administration	50
<b>Total</b>	120

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	37	19
5.2 Deposits at call	445	389
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	482	408

+ See chapter 19 for defined terms.

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EPM15324 "Blue Bush"	Held by Paradigm QLD Pty Ltd 100%	0%
6.2	Interests in mining tenements acquired or increased			

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	211,776,860	211,776,860		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	27,500,000	27,500,000	\$0.08	\$0.08
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	22,110,294 unlisted options		<u>Exercise price</u> \$0.10	<u>Expiry date</u> 30 November 2012
	2,000,000 unlisted options		\$0.20	7 May 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_  
(Director)

Date: 31 Oct 2012

Print name: Mr Stephen J Lonergan

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.