



Paradigm Metals

Limited

ABN 28 102 747 133

Annual Report

30 June 2013

Corporate Directory

Directors

Mr. Anthony Reilly (Executive Director)

Dr. Graham Carman (Non-Executive Director)

Mr. Brian McMaster (Non-Executive Director)

Chief Executive Officer

Mr. Anthony Reilly

Company Secretary

Mr David McEntaggart

Registered Office and Principal Place of Business

Level 1

330 Churchill Avenue

SUBIACO, WA 6008

Australia

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Facsimile: + 618 9200 4469

Share Registry

Boardroom Pty Ltd

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Sydney, NSW 2000

Telephone: 61 2 9290 9600

Facsimile: 61 2 9279 0664

Auditors

BDO East Coast Partnership

Level 11, 1 Margaret Street

SYDNEY, NSW 2000

Stock Exchange Listing

Australian Securities Exchange

ASX Code: PDM

Contents

	Page No
Directors' Report	1
Corporate Governance Statement	14
Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Consolidated Statement of Financial Position	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Consolidated Financial Statements	22
Directors' Declaration	43
Auditor's Independence Declaration	44
Independent Auditor's Report	45
ASX Additional Information	47
Tenement Table	48

Paradigm Metals Limited - Directors' Report

The directors of Paradigm Metals Limited ("Paradigm" or the "Group") submit the financial report of the Group for the year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names, qualifications and experience of the Group's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire financial year unless otherwise stated.

Mr. Anthony Reilly – Executive Director (appointed 13 September 2013), Chief Executive Officer (appointed 24 June 2013)

Mr Reilly has over 20 years experience in financial markets, financial risk management and corporate finance. Working in investment banking, his clients have included a number of global corporations and fund managers based in Australia, the UK and Europe. He has also served as an Executive Director of ASX listed Venturex Resources Pty Ltd and brings outstanding industry experience to Paradigm Metals as it continues to aggressively seek new project opportunities. Mr. Reilly was previously a Director of Venturex Resources Limited (appointed 1 July 2009, resigned 30 June 2012). He has not held any other listed directorships in the past three years.

Dr. Graham Carman – Non-executive Director

Dr Carman graduated with a Bachelor of Science (Hons) from Victoria University of Wellington New Zealand in 1986. He spent several years exploring in Western Australia, North Queensland and Lihir Island in Papua New Guinea, completing a PhD at Monash University in 1994. He was seven years in Peru, firstly with Rio Tinto Exploration and then with Savage Resources Ltd (latterly Pasminco Ltd) as Exploration Manager until 2000. Dr Carman then returned to Australia as Exploration Manager Australia for Pasminco prior to founding Paradigm in 2002. Dr Carman is currently a director of Darwin Resources Corp (TSXV Listed) (appointed 1 January 2012).

Mr. Brian McMaster – Non-executive Director (appointed 14 September 2012)

Mr. McMaster is a Chartered Accountant, a registered and official liquidator and has over 20 years' experience in the area of corporate reconstruction and turnaround/performance improvement. Mr. McMaster's experience includes numerous reorganisations and turnarounds, including being instrumental in the recapitalisation and listing of 12 Australian companies on the ASX. Recently, Mr. McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and India.

Mr. McMaster is currently a Director of Caravel Energy Limited (appointed 2 December 2011), Wolf Petroleum Limited (appointed 24 April 2012), The Waterberg Coal Company Limited (appointed 12 April 2012), Black Star Petroleum Limited (appointed 9 August 2012), Lindian Resources Limited (appointed 20 June 2011), Firestone Energy Limited (appointed 14 June 2013) and Castillo Copper Limited (appointed 31 August 2013). He has not held any other listed directorships in the past three years. Mr. McMaster is also a director in venture capital and advisory firm Garrison Capital Pty Limited.

Mr. Mattheus Pieterse – Executive Director (appointed 18 December 2012, resigned 13 September 2013)

Mr Pieterse has 20 years' experience as an investment banking and corporate finance professional. He is the co-founder and former Managing Director of The Beijing Axis, a China-focused advisory firm specializing in corporate finance advisory and transaction origination services. Prior to founding The Beijing Axis, he was the co-founder and Investment Director of Creative Ventures Limited, a UK Venture Capital Fund Manager and has held senior investment banking roles with Calyon and UBS. Mr Pieterse holds a B.Com Honours Degree from the University of Johannesburg. Mr Pieterse has not held any listed directorships in the past three years.

John Gaskell – former Non-executive Director (resigned on 30 September 2012)

Mr Gaskell graduated as a geologist from the University of Leeds in 1966 and has been involved in the exploration industry world-wide in a number of public and private companies since then.

Paradigm Metals Limited - Directors' Report

Stephen Lonergan – former Non-executive Director (resigned on 31 December 2012)

Mr Lonergan is a commercial lawyer based in Sydney. He has some 30 years experience in the Australian and international mining industry having been General Counsel of the Pancontinental Mining Group, a partner in the law firm Baker and McKenzie, and General Counsel and Company Secretary of Savage Resources Ltd. Mr Lonergan was General Counsel and Company Secretary of CBH Resources Ltd prior to its takeover in 2011. Mr Lonergan is an Honours graduate in law from the Australian National University and holds a Masters degree in law from McGill University, Montreal.

Mr. Greg Curnow – former Chief Executive Officer (resigned 24 June 2013)

Mr Curnow graduated with a Bachelor of Science from Monash University, Melbourne in 1986. He then spent the next four years as a mine and exploration geologist in Western Australia and the Northern Territory for Austwhim Resources and Dominion Mining. Mr Curnow then joined Western Mining Corporation as a mine and underground geologist in Western Australia which was followed by a number of senior geological roles. In 2005 Mr Curnow joined Sydney based geological consulting firm Geos Mining where he was involved in carrying out exploration activities, resource modelling and project reviews for a number of companies including Central West Gold who he was the Exploration Manager. In 2009 he joined Morning Star Gold as its Chief Geologist and in late 2010 he was promoted to General Manager

Mr. David McEntaggart – Company Secretary (appointed 18 December 2012)

Mr. McEntaggart has a Bachelor of Commerce and is a qualified Chartered Accountant with experience in the mining industry and accounting profession. His experience includes exposure to Australian and international resource companies. Mr. McEntaggart provides services to a number of companies specialising in financial accounting and securities exchange compliance.

INTERESTS IN THE SECURITIES OF THE GROUP

As at the date of this report, the interests of the Directors in the securities of Paradigm Metals Limited were:

Director	Ordinary Shares	Options
A. Reilly	-	-
G. Carman	7,372,822	-
B. McMaster	15,454,085	-

RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was \$801,386 (2012: \$514,559).

DIVIDENDS

No dividend was paid or declared by the Group during the year and up to the date of this report.

CORPORATE STRUCTURE

Paradigm Metals Limited is a company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Paradigm Metals Limited ("Paradigm") is continuing its focus on gold and copper exploration in central New South Wales and northwest Queensland. The Group also continues to review opportunities for investment in Australia and overseas.

EMPLOYEES

The Group had one employee at 30 June 2013 (2012: Nil).

Paradigm Metals Limited - Directors' Report

REVIEW OF OPERATIONS

THE LADIES (PDM 100%)

EPM 19016 "The Ladies" is a new copper-gold project for the Company, located 70km southwest of Cloncurry in northwest Queensland, and about 20km south of the old Mary Kathleen uranium mine. "The Ladies" is derived from prospects described in old exploration reports including Lady Rose, Lady Kate, Lady Ethel and Lady Amy.

The exploration permit was granted to Paradigm in February 2013 for a period of five years.

Key facts:

- 8 Cu-Au prospects occur along a 2 km trend about a prospective dome structure;
- Located in Iron Oxide Copper Gold (IOCG) belt close to existing roads and infrastructure;
- Paradigm rock chips from 2 of the 8 prospects returned up to 11% copper (oxide) and 18 g/t gold;
- 2 past drill holes at the Morning Star prospect intersected shallow copper-gold mineralisation including 16m @ 0.76% Cu and 0.12g/t Au from 46m in MSP-1;
- Paradigm to carry out low-cost exploration to generate drill targets.

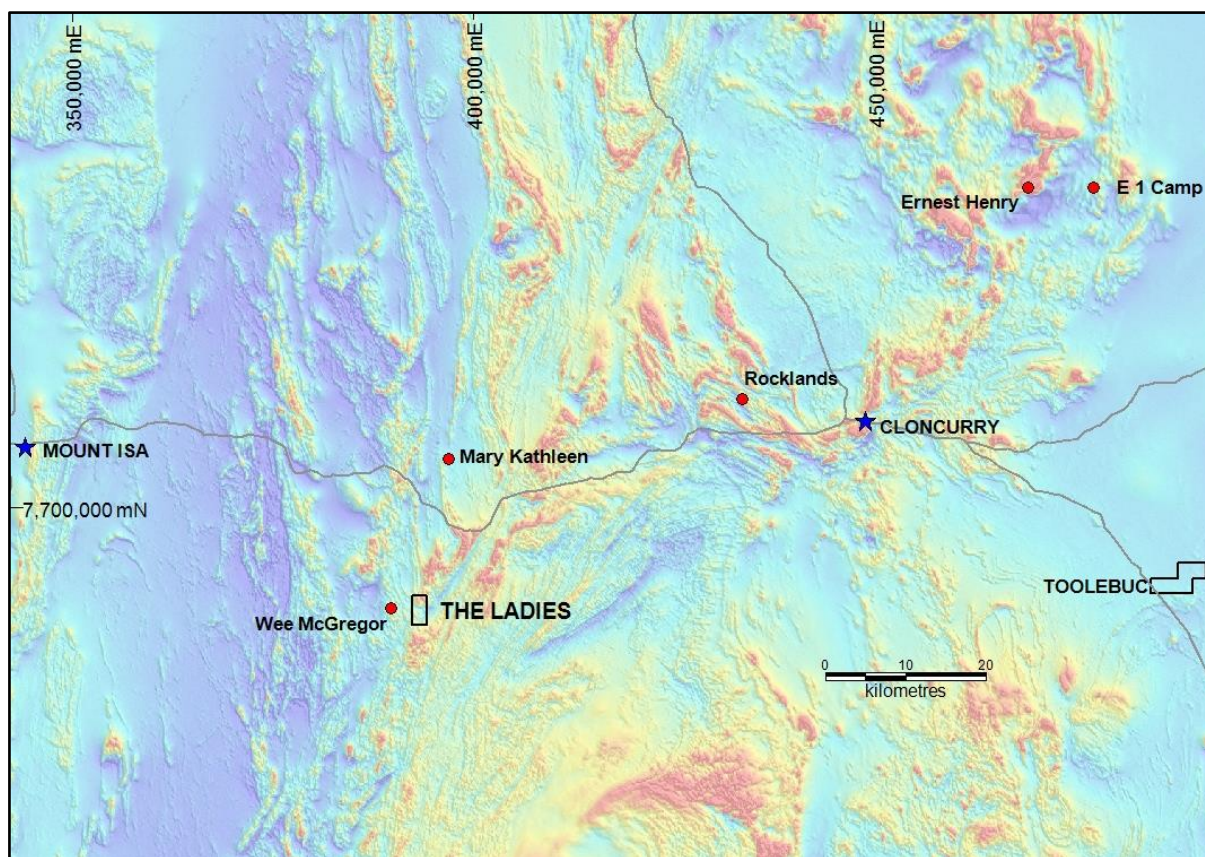


Figure 1: Regional Location Map

About The Ladies

"The Ladies" area was staked by Paradigm late in 2010 and was granted in February 2013. At least eight historical copper oxide workings are known on the property.

The Ladies permit covers a number of historic copper-gold prospects over a 2km north-south trend near the contact between quartzite metasediments and felsic volcanics of the Argylla Formation with calc-silicate rocks of the Corella Formation. The surface copper and gold mineralisation is generally associated with iron oxide outcrops (commonly magnetite). Values up to 11% Cu in oxide and 18g/t gold have been sampled by Paradigm in the surface outcrops.

Paradigm Metals Limited - Directors' Report

Modern exploration at the property is limited. Two shallow percussion holes drilled at the Morning Star prospect in the early 1990s is the only known drilling at the Ladies. These holes returned the following results:

- 16m @ 0.76% copper and 0.12g/t gold from 46m depth (sulphide) in MSP-1;
- 22m @ 0.23% copper and 0.05g/t gold from 8m depth (oxide) in MSP-2 .



Photo of oxidised copper mineralisation at Australian Flag (above) & Morning Star (below)



Geophysics

During the June quarter 2013, Paradigm carried out ground-based magnetics and gravity geophysical prospecting covering an area of 2km². The data was collected on 100m- spaced east-west lines. Gravity was collected on 50m stations, while magnetic data was collected continuously along the east-west lines.

Interpretation of the data proved encouraging, as there appears to be a general coincidence between the obvious magnetic anomalies and the known surface copper mineralisation – see Figure 2. This indicates that the geophysical data will be useful in targeting areas for future drilling.

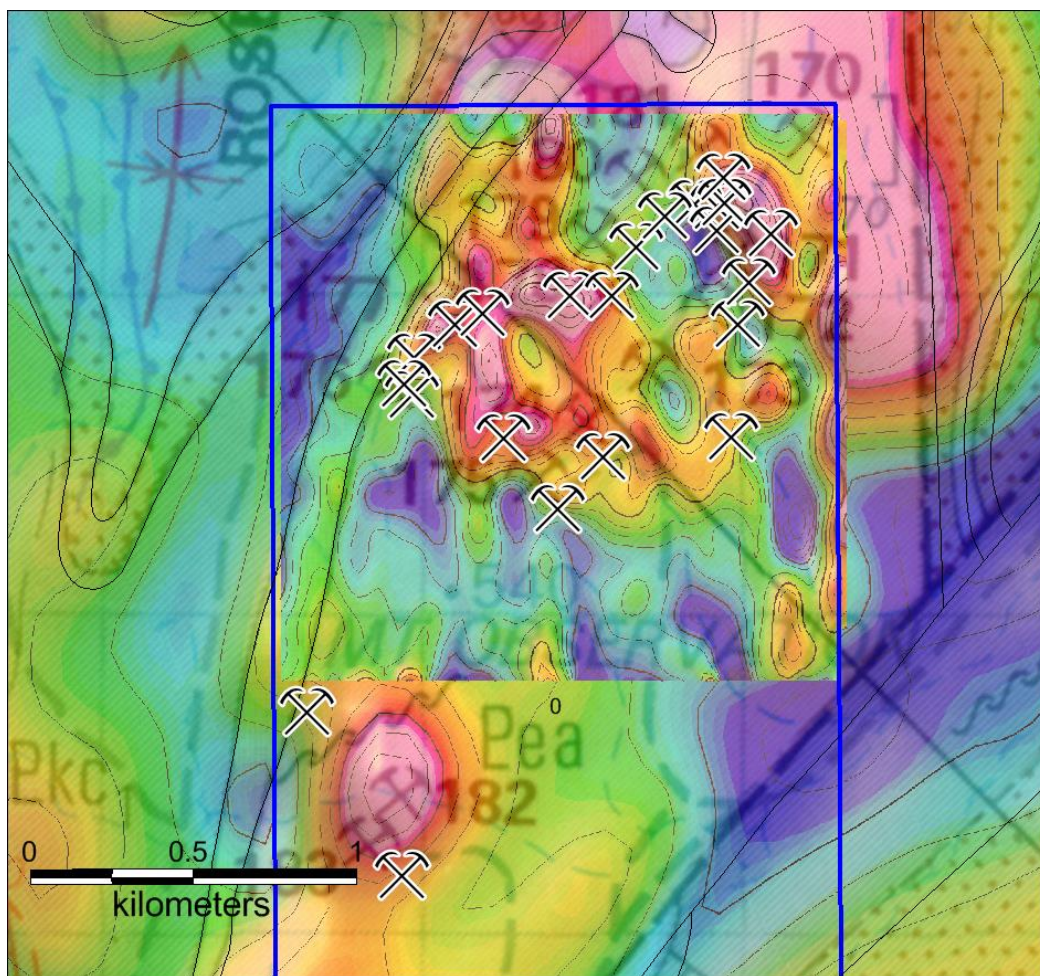


Figure 2: Ground magnetics (RTP) image from recent data collected at Ladies superimposed on the regional airborne magnetics

Subsequent to the processing and interpretation of the geophysical data, geophysical anomalies were checked in the field and a systematic soil sampling program over the principal targets area, and more detailed geological mapping, was carried out. Results from this sampling program are currently pending.

Future Work

Subject to positive assay results from pending soil geochemistry the company will plan an initial drilling program over prospective targets.

YELLOW MOUNTAIN (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 75km north-west of Condobolin in the central west of NSW (see Fig 3) in a region that contains a number of world class mines.

FOUNTAINDALE COPPER-GOLD TARGET

In December 2012 Paradigm completed a pole – dipole IP survey covering the Fountaindale prospect, which is part of the Melrose magnetic anomaly. The IP survey was designed to target the Fountaindale prospect and complement earlier IP surveys carried out by Triako Resources in 2003 and 2004.

The Melrose magnetic anomaly is a 10 kilometre-long magnetic body that has been modelled to depths of > 2km and has similarities in size and strength to the magnetic anomaly at Newcrest's Cadia-Ridgeway mine(see Figure 4).

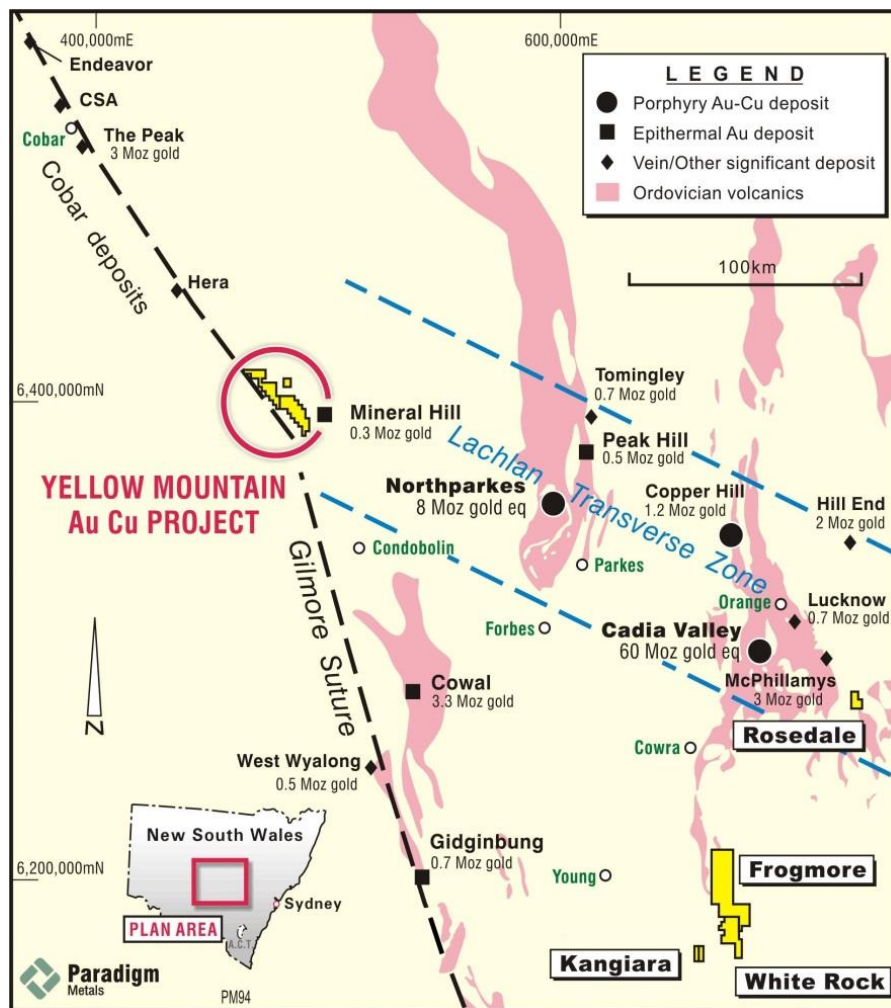


Figure 3: Paradigm NSW Tenement Plan

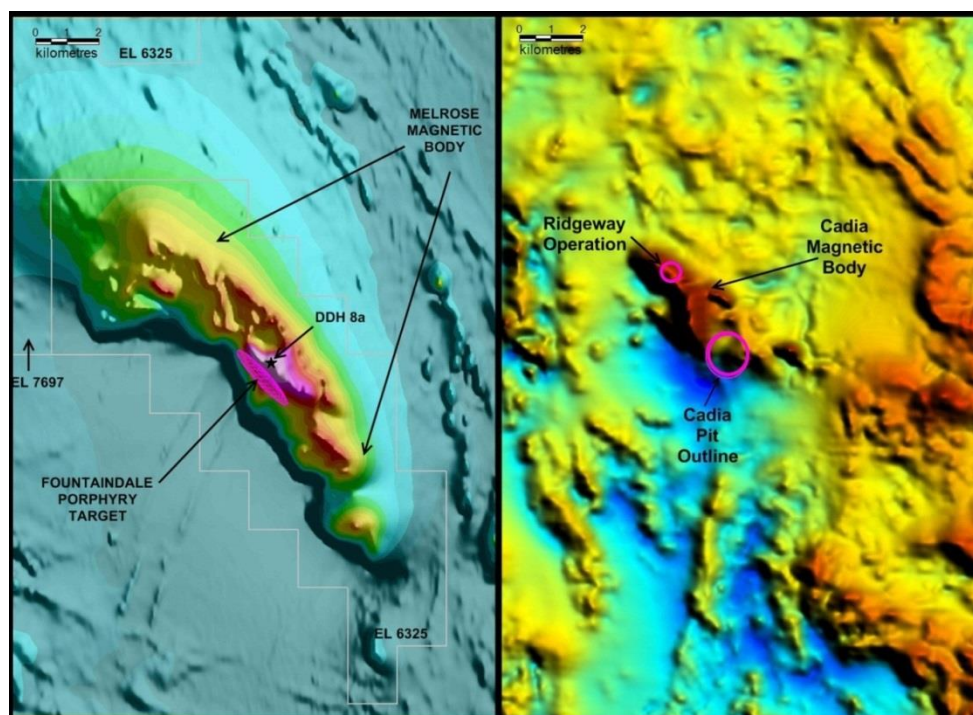


Figure 4: Comparison of the Yellow Mountain & Cadia magnetic bodies at the same scale

Paradigm Metals Limited - Directors' Report

YELLOW MOUNTAIN MINE AREA

During the year the company conducted desk top reviews of exploration targets in the Yellow Mountain Mine area. The company is considering a drill program to target untested zones below historic drilling that ended in mineralisation. Previous drilling in that area found broad zones of copper and gold mineralization including:

- 32m @ 1.69g/t Au, 0.36% Cu & 34g/t Ag from 185m;
Including 7.4m @ 7.40g/t Au, 0.70% Cu & 102g/t Ag from 206.6m;
- PYM011: 56m @ 0.50g/t Au, 0.30% Cu & 34g/t Ag from 14m;
- PYM012: 64m @ 0.40g/t Au, 0.40% Cu & 24g/t Ag from 64m;
- PYM013: 41m @ 0.36g/t Au, 0.23% Cu & 17g/t Ag from 10m;
- YD02: 37m @ 0.31g/t Au, 0.31% Cu & 21g/t Ag from 77m;
- YD05: 28m @ 0.30g/t Au, 0.33% Cu & 19g/t Ag from 46m;
- YP05A: 83m @ 0.44% Cu (no Au or Ag assays) from surface;

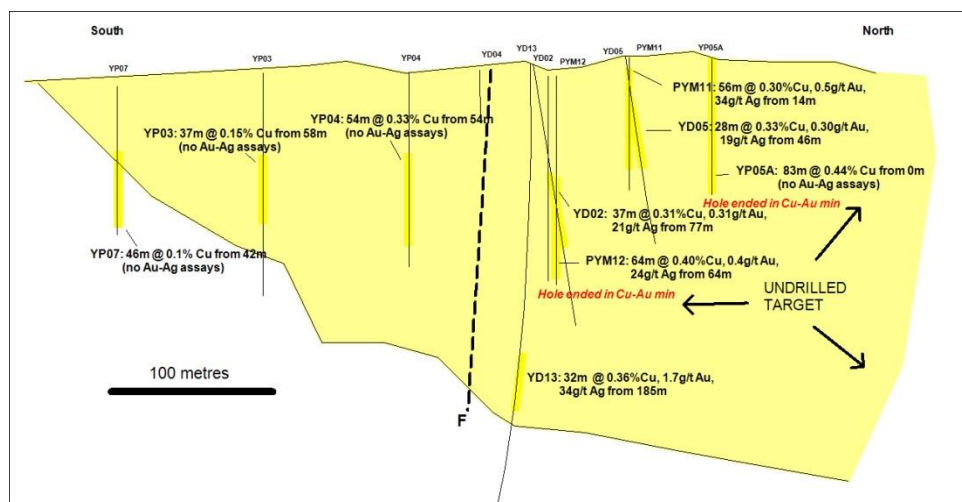


Figure 5: long Section of the Main Shaft area

Amendment to the Yellow Mountain JV

During the year the company successfully renegotiated the Yellow Mountain JV agreement to reduce its exploration expenditure required to earn an additional 21%.

Under the original agreement the company was required to expend \$500,000 by the 31st March 2013 to earn an additional 21%. Under the amended agreement the company is now required to expend \$180,000 on exploration before 19th October 2015 to earn the additional 21%.

WHITE ROCK (PDM 100%)

Resmetco Ltd, held an option agreement to purchase White Rock, and were planning an exploration program to test for extra tungsten mineralisation at the Rye Park deposit as well as at other areas adjacent to Rye Park.

In June 2013 Resmetco Ltd advised the Company that it did not intend to exercise its option to purchase EL 6274 "White Rock", which contains a tungsten Inferred Resource of 260,000t at 0.7% WO₃. The Resmetco option formally lapsed on the 7th August 2013. All data gathered by Resmetco will be returned to Paradigm, and Resmetco will withdraw with no retained interest.

The Company is considering alternative options to advance the project.

FROGMORE (PDM 100%)

No work was carried out on EL 6590 Frogmore, located near Boorowa in New South Wales, during the year.

Paradigm Metals Limited - Directors' Report

KANGIARA (PDM 100%)

No work was carried out on EL 7273 Kangiara, located near Boorowa in NSW, during the year.

FOUR MILE TANK (PDM 100%)

No work was carried out on EPM 18294 Four Mile Tank, near Cloncurry Queensland, during the year.

TOOLEBUC PROJECT, QLD (PDM 50%)

Paradigm and its joint venture partner Exco Resources Ltd were advised in September 2012 by the Queensland Department of Mines and Energy that EPM 16073 (Toolebuc) has been renewed for a further 3 years till 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 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 considering options for the Toolebuc Project.

PROPERTIES RELINQUISHED

During the year the Company has been undertaking a project by project review of the existing portfolio with the objective of rationalising exploration expenditure. Subsequently the following properties were relinquished in full during the June quarter:

- EPM 15324 Bluebush, Cloncurry Queensland
- EL 7343 Rosedale, Orange NSW
- EL 7697 Marranoonbah, Condobolin NSW

CORPORATE

Share Placement

On 3 September 2012 the Company completed a private placement of 15% of its issued capital being 27,500,000 ordinary fully paid shares at \$0.008 raising \$220,000 before costs.

The shares were issued to Garrison Capital Pty Ltd and professional and sophisticated clients of Taylor Collison. Garrison Capital is a Perth based corporate advisory firm specialising in the acquisition, funding and management of resources opportunities globally. PDM believes that Garrison involvement in the Company will assist in developing new opportunities for PDM.

Non-Renounceable Rights Issue

The company successfully completed a fully underwritten non-renounceable entitlement issue of one fully paid ordinary share for every one existing share to eligible shareholders. The rights issue was at an exercise price of \$.008 per share and raised \$1,694,215.

Board and Management Changes

There were several Board and Management changes during the year with Mr Brian McMaster and Mr Mattheus Pieterse appointed to the Board and Mr Anthony Reilly being appointed Chief Executive Officer. Mr Stephen Lonergan and Mr John Gaskell resigned as Directors and Mr Greg Curnow resigned as Chief Executive Officer.

NEW OPPORTUNITIES

The Company continues to review new project opportunities both in Australia and overseas.

Paradigm Metals Limited - Directors' Report

A number of prospective opportunities have been reviewed and, in the case of projects considered to have the highest potential, the Company has advanced these into an initial phase of technical and corporate due diligence. The underlying investment drivers being considered by the company is the potential for large scale resources in cost competitive jurisdictions.

FARM-OUTS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 13 September 2013, Mr. Anthony Reilly was appointed as Executive Director of the Company following the resignation of Mr. Mattheus Pieterse.

There were no other known significant events from the end of the financial year to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are set out in the above review of operations in this annual report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of future exploration and evaluation.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Group are presently subject to environmental regulation under the laws of the Commonwealth of Australia, the State of Queensland and the State of New South Wales. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licences.

SHARE OPTIONS

As at the date of this report, there were no shares under options.

No options were issued during the financial year.

The following options expired during the financial year:

Number	Exercise Price \$	Expiry Date
22,110,294	0.10	30 November 2012
2,000,000	0.20	7 May 2013

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has entered into deeds with each of the Directors under which the Group has agreed to indemnify the Directors on a full indemnity basis and to the full extent permitted by law for losses or liabilities incurred as an officer of the Group.

During the financial year, the Group has paid an insurance premium in respect of a contract insuring each of the Directors and Group Secretary of the Group, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. Disclosure of the total amount of the premium and the nature of the liabilities in respect of such insurance is prohibited by the policy.

Paradigm Metals Limited - Directors' Report

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. Mattheus Pieterse	3	2
Dr. Graham Carman	9	9
Mr. Brian McMaster	5	4
Mr. John Gaskell	5	5
Mr. Stephen Lonergan	7	7

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of the court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Paradigm Metals Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Paradigm Metals is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Paradigm Metals Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within this report

Non-audit services provided by the auditors of the consolidated entity during the year are detailed in note 17 of the financial report. The Directors are satisfied that the provision of the non-audit services during the year by the auditor did not compromise the general principles relating to auditor independence in accordance with APES110, Code of Ethics for professional accountants set by the Accounting Professional and Ethics Standards Board.

Paradigm Metals Limited - Directors' Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Paradigm Metals Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any officer (whether executive or otherwise) of the Group.

Details of Key Management Personnel

Mr. Anthony Reilly	Executive Director, Chief Executive Officer
Dr. Graham Carman	Non-Executive Director
Mr. Brian McMaster	Non-Executive Director
Mr. Mattheus Pieterse	Former Executive Director
Mr. John Gaskell	Former Non-executive Director
Mr. Stephen Lonergan	Former Non-executive Director
Mr. Greg Curnow	Former Chief Executive Officer

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by loss per share since 2011:

As at 30 June	2013	2012	2011
Loss per share (cents)	(0.24)	(0.34)	(0.43)

Paradigm Metals Limited - Directors' Report

Details of the nature and amount of each element of the emolument of each Director of the Group for the financial year are as follows:

	Short term			Options	Post employment		
2013	Base Salary	Directors' Fees	Consulting Fees	Share based Payments	Superannuation	Total	Option Related
	\$	\$	\$	\$	\$	\$	%
Director							
Mr. Mattheus Pieterse ¹	-	-	51,871	-	-	51,871	-
Dr. Graham Carman	-	44,000	-	-	-	44,000	-
Mr. Brian McMaster ¹	-	35,078	-	-	-	35,078	-
Mr. John Gaskell ²	-	11,000	-	-	-	11,000	-
Mr. Stephen Lonergan ³	-	22,000	-	-	-	22,000	-
Executive							
Mr. Anthony Reilly ⁴	4,587	-	-	-	413	5,000	-
Mr. Greg Curnow ⁴	-	-	118,850	-	-	118,850	-
	4,587	112,078	170,721	-	413	287,799	-

¹ Mr. McMaster was appointed on 14 September 2012 and Mr. Pieterse on 18 December 2012. Mr Pieterse resigned on 13 September 2013

² Mr. Gaskell resigned on 30 September 2012

³ Mr. Lonergan resigned on 31 December 2012

⁴ Mr. Reilly was appointed CEO on 24 June 2013 and Mr. Curnow resigned on 24 June 2013. Mr Reilly was appointed an Executive Director on 13 September 2013.

	Short term			Options	Post employment		
2012	Base Salary	Directors' Fees	Consulting Fees	Share based Payments	Superannuation	Total	Option Related
	\$	\$	\$	\$	\$	\$	%
Director							
Dr. Graham Carman ¹	80,278	53,363	-	-	7,225	140,866	-
Mr. John Gaskell	-	44,000	-	-	-	44,000	-
Mr. Stephen Lonergan	-	44,000	-	-	-	44,000	-
Executive							
Mr. Greg Curnow ²	-	-	118,510	-	-	118,510	-
	80,278	141,363	118,510	-	7,225	347,376	-

¹ Dr. Carman was employed under an employment contract until 2 December 2011

² Mr. Curnow was appointed on 5 December 2011

There were no other key management personnel of the Group during the financial years ended 30 June 2013 and 30 June 2012. No remuneration is performance related.

Executive Directors

The Executive Director, Mr. Mattheus Pieterse is paid an annual consulting fee on a monthly basis. His services may be terminated by either party at any time.

Non-Executive Director

The Non-Executive Directors, Mr. Graham Carman and Mr. Brian McMaster are paid an annual director's fee on a quarterly basis. Their services may be terminated by either party at any time.

Paradigm Metals Limited - Directors' Report

Chief Executive Officer

On 24 June 2013 Mr Anthony Reilly was appointed Chief Executive Officer of the Group. Mr Reilly's agreement commenced on 24 June 2013 and is for a term of 24 months. Under the agreement, Mr Reilly receives a fixed salary of \$220,184 plus superannuation plus the following bonus's as set out below, subject to shareholder approval being obtained at the time the following milestones are achieved:

- upon the Company maintaining a market capitalisation of \$10,000,000 for at least 40 consecutive trading days, the Company will award ordinary shares to the value of \$250,000;
- upon the Company maintaining a market capitalisation of \$20,000,000 for at least 40 consecutive trading days, the Company will award ordinary shares to the value of \$500,000.

Mr Reilly may terminate the employment agreement by giving three months written notice and the Company may terminate the employment agreement by giving three months written notice or by paying an amount equal to three month's salary. In the event that the agreement is terminated as a result of a change of control event and Mr Reilly is not required to serve out the notice period, the Company must pay an amount equal to six month's salary.

End of Remuneration Report

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



Brian McMaster

Non-executive Director

16 September 2013

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Graham Carman who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Carman is a director of the Group, 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'. Dr Carman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Paradigm Metals Limited – Corporate Governance Statement

The Board of Directors of Paradigm Metals Limited (“Paradigm” or “the Group”) is responsible for corporate governance of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Group has established a set of corporate governance policies and procedures. These were based on the Australian Securities Exchange Corporate Governance Council’s (the Council’s) “Principles of Good Corporate Governance and Best Practice Recommendations” (the Recommendations). In accordance with the Council’s recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Group has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure.

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors’ Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

“An Independent Director is a Director who is not a member of management, is a Non-executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Group.”

In accordance with the definition of independence above, no directors are considered independent. Accordingly, a majority of the board is not independent.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group’s expense. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr. Anthony Reilly	1 month
Dr. Graham Carman	10 years
Mr. Brian McMaster	1 year

Paradigm Metals Limited – Corporate Governance Statement

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Group is of sufficient size a separate Nomination Committee will be formed.

Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Group.

Performance

The Board of Paradigm Metals conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

Remuneration

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. The Group does not link the nature and amount of executive and directors' emoluments to the Group's financial and operational performance.

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

Diversity Policy

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

Paradigm Metals Limited – Corporate Governance Statement

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report.

	Actual	
	Number	Percentage
Women in the whole organisation	-	-
Women in senior executive positions	-	-
Women on the board	-	-

Trading Policy

Under the Group's securities trading policy, an executive or director must not trade in any securities of the Group at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Chairman. Only in exceptional circumstances will approval be forthcoming inside of the period commencing at the beginning of the month in which the Group is required to release its Quarterly Activities Report and Quarterly Cashflow Report and ending two days following the date of that release.

Assurance

The CEO and CFO (or equivalent) periodically provide formal statements to the Board that in all material aspects:

- the Group's financial statements present a true and fair view of the Group's financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

Shareholder Communication Policy

Pursuant to Principle 6, the Group's objective is to promote effective communication with its shareholders at all times.

Paradigm Metals Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the *Corporations Act* in Australia; and
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Paradigm Metals Limited – Corporate Governance Statement

Corporate Governance Compliance

During the financial year Paradigm Metals has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Group does not have a majority of independent directors	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.
2.4	The Group does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
3.3	The Group has not disclosed in its annual report its measurable objectives for achieving gender diversity and progress towards achieving them.	The Board continues to monitor diversity across the organization. Due to the size of the Group, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.
4.1 and 4.2	The Group does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.
8.1	The Group does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Consolidated Statement of Profit or Loss and Other Comprehensive Income *for the year ended 30 June 2013*

	Notes	2013 \$	2012 \$
Revenue			
Interest received		39,139	33,675
Other income		1,934	3,741
Total Revenue		41,073	37,416
Accounting and audit expenses		(78,724)	(71,696)
Listing and public company expenses		(40,338)	(38,391)
Employee benefit expense		(5,000)	(54,677)
Consulting and directors' fees		(250,369)	(194,729)
Share of Joint Venture losses	14	(284)	(177)
Impairment of exploration expenditure	6	(281,901)	(63,030)
Other expenses	4	(185,843)	(129,275)
Loss before income tax		(801,386)	(514,559)
Income tax expense	5	-	-
Loss after tax		(801,386)	(514,559)
Other comprehensive income		-	-
Total comprehensive income for the year		(801,386)	(514,559)
Basic and diluted loss per share (cents per share)	16	(0.24)	(0.34)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2013

	Notes	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	13	1,681,925	408,502
Trade and other receivables	8	42,480	86,823
Share of Joint Venture current assets	14	879	1,041
TOTAL CURRENT ASSETS		1,725,284	496,366
NON CURRENT ASSETS			
Deferred exploration and evaluation expenditure	6	3,203,959	3,354,624
Plant and equipment	7	27,433	55,739
Trade and other receivables	8	47,500	12,500
Share of Joint Venture non-current assets	14	61,596	60,370
TOTAL NON-CURRENT ASSETS		3,340,488	3,483,233
TOTAL ASSETS		5,065,772	3,979,599
CURRENT LIABILITIES			
Trade and other payables	9	101,637	20,962
Share of Joint Venture current liabilities	14	9,488	6,663
TOTAL CURRENT LIABILITIES		111,125	27,625
NON-CURRENT LIABILITIES			
Long term provisions		5,000	5,000
TOTAL NON-CURRENT LIABILITIES		5,000	5,000
TOTAL LIABILITIES		116,125	32,625
NET ASSETS		4,949,647	3,946,974
EQUITY			
Issued capital	10	12,995,389	10,927,027
Reserves	11	103,409	367,712
Accumulated losses	12	(8,149,151)	(7,347,765)
TOTAL EQUITY		4,949,647	3,946,974

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity *for the year ended 30 June 2013*

	Issued Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2012	10,927,027	367,712	(7,347,765)	3,946,974
Loss for the year	-	-	(801,386)	(801,386)
Total comprehensive income for the year	-	-	(801,386)	(801,386)
Transactions with owners in their capacity as owners				
Placement of shares	1,927,505	-	-	1,927,505
Transaction costs relating to issue of shares	(123,446)	-	-	(123,446)
Options lapsed during the year	264,303	(264,303)	-	-
Balance as at 30 June 2013	12,995,389	103,409	(8,149,151)	4,949,647
Balance as at 1 July 2011	10,732,353	367,712	(6,833,206)	4,266,859
Loss for the year	-	-	(514,559)	(514,559)
Total comprehensive income for the year	-	-	(514,559)	(514,559)
Transactions with owners in their capacity as owners				
Placement of shares	194,674	-	-	194,674
Balance as at 30 June 2012	10,927,027	367,712	(7,347,765)	3,946,974

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows *for the year ended 30 June 2013*

	Notes	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		29,509	33,675
Receipts from other income		-	3,741
Payments to suppliers and employees		(441,078)	(566,179)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	13	(411,569)	(528,763)
CASH FLOWS FROM INVESTING ACTIVITIES			
Tenement expenditure guarantees refunded / (paid)		7,500	(2,500)
Acquisition of property and equipment		(1,635)	-
Exploration and evaluation expenditure		(124,933)	(231,431)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(119,068)	(233,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of issue costs)		1,804,060	194,674
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,804,060	194,674
Net increase / (decrease) in cash and cash equivalents		1,273,423	(568,020)
Cash and cash equivalents at beginning of year		408,502	976,522
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	1,681,925	408,502

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

1. Corporate Information

The financial report consists of the consolidated financial statements of Paradigm Metals Limited and its subsidiaries ("Paradigm" or "the Group") for the year ended 30 June 2013 and was authorised for issue in accordance with a resolution of the directors on 16 September 2013.

Paradigm Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Group are described in the Directors Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). The financial report has also been prepared on a historical cost basis. The presentation currency is Australian dollars.

The accounting policies disclosed below have been consistently applied to all of the years presented unless otherwise stated.

(b) Statement of Compliance

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

(c) Principles of Consolidation

A controlled entity is one which Paradigm Metals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a 30 June financial year end.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Paradigm Metals Limited ('Company' or 'parent entity') as at 30 June 2013 and the results of all controlled entities for the year then ended. Paradigm Metals Limited and its controlled entities together are referred to in these Financial Statements as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Joint Ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 14.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

(d) New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2013 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2015
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i>.	The Group has considered these standards and determined there is no material impact on the Company's financial statements.	1 July 2013

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.		
AASB 11	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.	The Group has considered these standards and determined there is no material impact on the Company's financial statements.	Annual reporting periods beginning on or after 1 January 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	The Group has considered these standards and determined there is no material impact on the Company's financial statements.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	The Group has considered these standards and determined there is no material impact on the Company's financial statements.	1 July 2013
AASB 119	Employee Benefits	Changes to AASB 119 include: - Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans; - Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods;	The Group has considered these standards and determined there is no material impact on the Company's financial statements.	Annual reporting periods beginning on or after 1 January 2013

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		- Amendments to timing for recognition of liabilities for termination benefits - Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.		
AASB 124	Related Party Disclosures	AASB 124 establishes guidance for disclosure of related party transactions and outstanding balances that could impact on an entity's financial position and profit or loss. The amendment removes the disclosure requirements for individual key management personnel. The adoption of these amendments will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report.	The Group has considered these standards and determined there is no material impact on the Company's financial statements.	1 July 2013

The Group has not elected to early adopt any new Standards or Interpretations.

(e) Impairment of non financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is impaired, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 *Exploration for and evaluation of mineral resources (AASB 6)*. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(g) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit and loss and other comprehensive income.

(h) Plant and Equipment

Plant and equipment are included at cost. Assets in plant and equipment (except for capitalised leased assets) are depreciated on a straight line basis over their estimated useful lives. The depreciation rates used for each class of assets are as follows:

Class of Fixed Asset	Depreciation Rate
Office Equipment	5% - 50%
Leasehold Improvements	5%

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss.

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered.

They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Consolidated Entity has a present obligation to pay resulting from employee services provided up to reporting date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs.

The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

(j) Cash and Cash Equivalents

Cash and short term deposits in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

(m) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in

respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

(n) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(r) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(s) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Paradigm Metals Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit and loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 16).

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(u) Comparative information

Where appropriate, comparative information has been reclassified to be consistent with the presentation in the current year.

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves exploration for metals. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and all of the Group's non-current assets reside in Australia.

4. Other expenses	2013	2012
	\$	\$
Occupancy	58,053	45,624
Administration	38,102	53,371
Insurance	14,675	11,793
Travel and accommodation	27,795	6,296
Depreciation	16,607	12,191
Loss on disposal of plant and equipment	13,334	-
Other	17,277	-
Total other expenses	185,843	129,275

Paradigm Metals Limited
Notes to the Financial Statements for the year ended 30 June 2013

5. Income Tax

Income tax recognised in profit / (loss)	2013	2012
	\$	\$

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss from operations	(801,386)	(514,559)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)		
Consolidated Entity	(240,416)	(154,368)
Add: tax effect of non-allowable items	5,290	2,505
Less: tax effect of temporary differences not brought to account	(11,000)	(20,789)
Deferred tax assets not brought to account	246,126	171,219
Income tax attributable to the entity	-	-

As at 30 June 2013, the consolidated entity had estimated unrecouped operating income tax losses of \$12,590,038 (2012: \$11,769,616). The tax benefit of these losses of \$3,777,011 (2012: \$3,530,885) has not been brought to account as realisation is not probable.

The benefit will only be obtained if:

- (i) The Consolidated Entity derives future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realized.
- (ii) The Consolidated Entity continues to comply with the conditions for deductibility imposed by the law;
- (iii) No changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses.

As at 30 June 2013 there were no franking credits available for subsequent financial years.

6. Deferred Exploration and Evaluation Expenditure

At beginning of the year	3,354,624	3,312,953
Exploration expenditure during the year	131,236	104,701
Impairment expense	(281,901)	(63,030)
Total exploration and evaluation	3,203,959	3,354,624

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The impairment loss relates to the withdrawal from various tenements held that the Group has made a decision to not continue exploration work and accordingly wrote down the carrying value to nil.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

		2013	2012
		\$	\$
7. Plant and Equipment			
Plant and equipment at cost		50,290	112,637
Accumulated depreciation		(22,857)	(56,898)
Total plant and equipment		27,433	55,739
Movement in carrying amounts:			
Balance at beginning of the year		55,739	67,929
Additions		1,635	-
Disposals		(13,334)	-
Depreciation		(16,607)	(12,190)
Total plant and equipment		27,433	55,739
8. Trade and other receivables			
Current			
Trade receivables		-	1,001
GST Receivable		11,849	11,433
Tenement guarantees		20,000	62,500
Prepayments		10,631	11,889
		42,480	86,823
Non-Current			
Tenement guarantees		47,500	12,500

Tenement guarantees are classified as current if expected to be refunded within 12 months upon relinquishment of exploration tenement.

9. Trade and other payables

Current

Trade creditors	57,384	13,377
Accruals & other payables	44,253	7,585
	101,637	20,962

Trade and other payables are non-interest bearing and payable on demand. Due to their short term nature, the carrying value of trade and other payables is assumed to approximate their fair value.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

	2013	2012
	\$	\$

10. Issued Capital

(a) Issued and paid up capital

Ordinary shares fully paid	12,995,389	10,927,027
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	2013		2012	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Opening Balance	184,276,860	10,927,027	148,881,492	10,732,353
Placement of shares	29,161,290	233,290	35,395,368	194,674
Rights issue	211,776,860	1,694,215	-	-
Options lapsed during the year	-	264,303	-	-
Transaction costs on share issue	-	(123,446)	-	-
	425,215,010	12,995,389	184,276,860	10,927,027

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

(d) Share options

At 30 June 2013 there are no ordinary shares under options (2012: 24,110,187).

No options were issued during the financial year.

The following options expired during the financial year:

Number	Exercise Price \$	Expiry Date
22,110,294	0.10	30 November 2012
2,000,000	0.20	7 May 2013

(e) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2013, the Group has net assets of \$4,949,647 (2012: \$3,946,974). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. Refer to note 20 for further information on the Group's financial risk management policies.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

11. Reserves

	2013 \$	2012 \$
Share based payments reserve	<u>103,409</u>	<u>367,712</u>

Movements in Reserves:

Share based payment reserve

At beginning of the period	367,712	367,712
Options lapsed during the year	(264,303)	-
Balance at the end of the year	<u>103,409</u>	<u>367,712</u>

The share based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and non-employees for their services.

12. Accumulated losses

Movements in accumulated losses were as follows:

Opening balance	7,347,765	6,833,206
Loss for the year	801,386	514,559
Balance at the end of the year	<u>8,149,151</u>	<u>7,347,765</u>

13. Cash and cash equivalents

Reconciliation of operating loss after tax to net the cash flows used in operations

Loss from ordinary activities after tax	(801,386)	(514,559)
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Non-cash items

Exploration expenditure written off	281,901	63,030
Loss on the disposal of fixed assets	13,334	-
Depreciation expense	16,607	12,190

Changes in assets and liabilities:

Increase / (decrease) in trade and other creditors	80,346	(79,304)
Increase in trade and other receivables	(2,371)	(10,120)
Net cash out flow from operating activities	<u>(411,569)</u>	<u>(528,763)</u>

(b) Reconciliation of cash

Cash balance comprises:

Cash at bank	1,671,590	398,167
Rental Bond	10,335	10,335
	<u>1,681,925</u>	<u>408,502</u>

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

14. Joint Venture

The Group has entered into a Joint Venture agreement with Exco Resources Limited. Together with Paradigm the two companies jointly control Toolebuc Resources Pty Limited which was specifically incorporated to explore for Uranium and other minerals near Cloncurry.

Paradigm's 50% interest in the Joint Venture entity is accounted for in the consolidated financial statements using the proportional consolidation method of accounting. Paradigm's interest in the Joint Venture is reflected below:

	2013	2012
	\$	\$
Current assets	879	1,041
Non-current assets	61,596	60,370
Total assets	62,475	61,411
Current liabilities	9,488	6,663
Total liabilities	9,488	6,663
Revenue	-	-
Expenses	(284)	(177)
Loss before income tax	(284)	(177)
Income tax	-	-
Loss after income tax	(284)	(177)

(a) Loans with Associates

The Company's interest in the Joint Venture includes a loan payable of \$8,750 and a loan receivable of \$1,349 to the Joint Venture partner. Loans with associates are unsecured, interest free and have no fixed repayment terms.

15. Subsequent events

On 13 September 2013, Mr. Anthony Reilly was appointed as Executive Director of the Company following the resignation of Mr. Mattheus Pieterse. There were no other known significant events from the end of the financial year to the date of this report.

16. Loss per Share

Loss used in calculating basic and dilutive EPS	(801,386)	(514,559)
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	Number of Shares	
	2013	2012
Weighted average number of ordinary shares used in calculating basic loss per share:	328,074,363	150,428,830
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	328,074,363	150,428,830

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

	2013	2012
	\$	\$
17. Auditor's Remuneration		
The auditor of Paradigm Metals Limited is BDO East Coast Partnership		
Amounts received or due and receivable BDO East Coast Partnership for:		
- an audit or review of the financial report	30,500	41,000
- tax compliance and other services	9,980	8,960
	<u>40,480</u>	<u>49,960</u>

18. Key management personnel disclosures

(a) Details of Key Management Personnel

Mr. Anthony Reilly	Executive Director, Chief Executive Officer
Dr. Graham Carman	Non-Executive Director
Mr. Brian McMaster	Non-Executive Director
Mr. Mattheus Pieterse	Executive Director (former)
Mr. John Gaskell	Non-executive Director (former)
Mr. Stephen Lonergan	Non-executive Director (former)
Mr. Greg Curnow	Chief Executive Officer (former)

(b) Compensation of Key Management Personnel

Short term employee benefits	287,386	340,151
Post employment benefits	413	7,225
Share based payments	-	-
Total remuneration	<u>287,799</u>	<u>347,376</u>

(c) Shareholdings and option holdings of key management personnel

Share holdings

The number of shares in the company held during the financial year held by key management personnel of Paradigm Metals Limited, including their personally related parties, is set out below.

30 June 2013	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Mr. Mattheus Pieterse ¹	-	-	-	1,250,000	1,250,000
Dr. Graham Carman	5,420,746	-	-	1,952,076	7,372,822
Mr. Brian McMaster ¹	-	-	-	15,454,085	15,454,085
Mr. John Gaskell ²	2,760,328	-	-	(2,760,328)	-
Mr. Stephen Lonergan ³	2,123,969	-	-	(2,123,969)	-
Executive					
Mr. Anthony Reilly ⁴	-	-	-	-	-
Mr. Greg Curnow ⁴	1,050,000	-	-	(1,050,000)	-

¹ Mr. McMaster was appointed on 14 September 2012 and Mr. Pieterse on 18 December 2012. Mr. Pieterse resigned on 13 September 2013.

² Mr. Gaskell resigned on 30 September 2012

³ Mr. Lonergan resigned on 31 December 2012

⁴ Mr. Reilly was appointed as CEO on 24 June 2013 and Mr. Curnow resigned on 24 June 2013. Mr. Reilly was appointed an Executive Director on 13 September 2013.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

30 June 2012	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Dr. Graham Carman	4,320,746	-	-	1,100,000	5,420,746
Mr. John Gaskell	1,960,328	-	-	800,000	2,760,328
Mr. Stephen Lonergan	1,223,969	-	-	900,000	2,123,969
Executive					
Mr. Greg Curnow ¹	-	-	-	1,050,000	1,050,000

¹Mr. Curnow was appointed on 5 December 2011

Option holdings

The number of options in the company held during the financial year by key management personnel of Paradigm Metals Limited, including their personally related parties, is set out below.

30 June 2013	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Expired during the year	Balance at the end of the year
Directors					
Mr. Mattheus Pieterse ¹	-	-	-	-	-
Dr. Graham Carman	317,915	-	-	(317,915)	-
Mr. Brian McMaster ¹	-	-	-	-	-
Mr. John Gaskell ²	245,041	-	-	(245,041)	-
Mr. Stephen Lonergan ³	166,667	-	-	(166,667)	-
Executive					
Mr. Anthony Reilly ⁴	-	-	-	-	-
Mr. Greg Curnow ⁴	-	-	-	-	-

¹Mr. McMaster was appointed on 14 September 2012 and Mr. Pieterse on 18 December 2012

²Mr. Gaskell resigned on 30 September 2012

³Mr. Lonergan resigned on 31 December 2012

⁴Mr. Reilly was appointed as CEO on 24 June 2013 and Mr. Curnow resigned on 24 June 2013. Mr. Reilly was appointed Executive Director on 13 September 2013.

30 June 2012	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Expired during the year	Balance at the end of the year
Directors					
Dr. Graham Carman	317,915	-	-	-	317,915
Mr. John Gaskell	245,041	-	-	-	245,041
Mr. Stephen Lonergan	166,667	-	-	-	166,667
Executive					
Mr. Greg Curnow ¹	-	-	-	-	-

¹Mr. Curnow was appointed on 5 December 2011

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

(d) Other transactions with key management personnel

Bluerock Geological Pty Ltd, a company in which Dr. Graham Carman is a director, charged the Group director's fees of \$44,000 (2012: \$140,866). The director's fees are included in Note 18(b) "Compensation of key management personnel". \$11,000 (2012: Nil) was outstanding at year end.

Vega Funds Pty Ltd, a company in which Mr. Brian McMaster is a director, charged the Group director's fees of \$35,078 (2012: Nil). The director's fees are included in Note 18(b) "Compensation of key management personnel". \$11,000 (2012: Nil) was outstanding at year end.

Beijing Axis Capital (UK) Ltd, a company in which Mr. Mattheus Pieterse is a director, charged the Group consultancy fees of \$51,871 (2012: Nil). The consultancy fees are included in Note 18(b) "Compensation of key management personnel". \$6,834 (2012: Nil) was outstanding at year end.

Geoff Curnow and Associates, a company in which Mr. Greg Curnow is a director, charged the Group consultancy fees of \$118,850 (2012: \$118,510). The consultancy fees are included in Note 18(b) "Compensation of key management personnel". \$10,000 (2012: \$9,700) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr. McMaster is a director and shareholder was reimbursed \$50,876 (2012: Nil) for company secretarial services, accounting services, courier and other minor expenses paid during the year and paid \$23,688 for sub-underwriting the rights issue. \$8,292 (2012: Nil) was outstanding at year end.

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

There were no other transactions with key management personnel for the year ended 30 June 2013.

19. Related party disclosures

(a) Key Management Personnel

For Director related party transactions please refer to Note 18 "Key management personnel disclosures".

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of Paradigm Metals Limited and the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Holding	
		2013	2012
Paradigm NSW Pty Limited	Australia	100%	100%
Paradigm Queensland Pty Limited	Australia	100%	100%
Tungsten NSW Pty Limited	Australia	100%	100%

(c) Joint Venture

The Group has entered into a Joint Venture agreement with Exco Resources Limited. Together with Paradigm the two companies jointly control Toolebuc Resources Pty Limited.

There were no other related party disclosures for the year ended 30 June 2013.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

(d) Loans with associates

Refer to note 14 for loans with Associates.

20. Financial Risk Management

Exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's principal financial instruments comprise mainly of deposits with banks. The totals for each category of financial instruments are as follows:

	2013	2012
	\$	\$
Financial Assets		
Cash and cash equivalents	1,681,925	408,502
Trade and other receivables	89,980	99,323
Financial Liabilities		
Trade and other payables	101,637	20,962

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2013 all financial liabilities are contractually matured within 60 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2013	2012
	\$	\$
Cash and cash equivalents	1,681,925	408,502

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (\$) Increase/(Decrease)		Effect on Equity including retained earnings (\$) Increase/(Decrease)	
	2013	2012	2013	2012
Increase 100 basis points	16,819	4,085	16,819	4,085
Decrease 100 basis points	(16,819)	(4,085)	(16,819)	(4,085)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. This would represent two to four movements by the Reserve Bank of Australia.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2013 and 30 June 2012, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2013 (2012: Nil).

21. Contingent liabilities

There are no known contingent liabilities as at 30 June 2013.

22. Commitments for expenditure

At 30 June 2013 the Group has commitments of \$621,678 (2012: \$173,958) relating to exploration expenditure incurred on the Group's tenements commitments.

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	2013 \$	2012 \$
Within one year	-	34,208
After one year but not more than five years	621,678	139,750
Longer than five years	-	-
	621,678	173,958

The Group has the right to relinquish the tenements at any time which will release the Group from future payments. These amounts are not recognised in the statement of financial position.

Paradigm Metals Limited

Notes to the Financial Statements for the year ended 30 June 2013

23. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2013.

The balance of the franking account is Nil at 30 June 2013 (2012: Nil).

24. Share based payments

There were no share based payment transactions during the 30 June 2012 and 30 June 2013 financial year.

25. Parent Entity Information

The following details information related to the parent entity, Paradigm Metals Limited, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2013 \$	2012 \$
Current assets	1,704,382	437,480
Non-current assets	638,323	551,585
Total assets	2,342,705	989,065
Current liabilities	(101,638)	(20,962)
Non-current liabilities	(5,000)	(5,000)
Total liabilities	(106,638)	(25,962)
Net assets	2,236,067	963,103
Issued capital	12,995,389	10,927,028
Reserves	103,409	367,712
Accumulated losses	(10,862,731)	(10,331,637)
Total equity	2,236,067	963,103
Loss of the parent entity	(531,094)	(494,415)
Other comprehensive income for the year	-	-
Total comprehensive income of the parent entity	(531,094)	(494,415)

Paradigm Metals Limited – Directors’ Declaration

In accordance with a resolution of the Directors of Paradigm Metals Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2013 and of its performance, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board.

2. This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer in accordance with sections 295A of the Corporations Act 2001.

On behalf of the board



Brian McMaster
Non-executive Director

16 September 2013

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF PARADIGM METALS LIMITED

As lead auditor of Paradigm Metals Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; or
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Paradigm Metals Limited and the entities it controlled during the period.



John Bresolin

Director

BDO East Coast Partnership

Sydney, 16 September 2013

INDEPENDENT AUDITOR'S REPORT

To the members of Paradigm Metals Limited

Report on the Financial Report

We have audited the accompanying financial report of Paradigm Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2b, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Paradigm Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Paradigm Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2b.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 13 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Paradigm Metals Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'John Bresolin', is written over a faint, larger 'BDO' logo.

John Bresolin
Partner

Sydney, 16 September 2013

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 28 August 2013.

Substantial Share Holders

The names of shareholders who have notified the Group in accordance with Section 671B of the Corporations Act 2001 are:

Shareholder Name	No. of Ordinary Shares	Percentage %
Jason Peterson	21,344,473	5.01

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	124	14,805
1,001 - 5,000	32	112,625
5,001 - 10,000	107	993,252
10,001 - 100,000	478	20,613,185
100,001 - and over	345	403,481,143
TOTAL	1,086	425,215,010

There were 94 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

Name	Number of Shares held	%
MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	22,671,035	5.33
VEGA FUNDS PTY LTD <THE VIVA ACCOUNT>	10,454,085	2.46
GARRISON CAPITAL PTY LTD	10,000,000	2.35
GARRISON CAPITAL PTY LTD	10,000,000	2.35
VAGABOND RESOURCES PTY LTD	8,250,000	1.94
PHILLIAN PTY LTD <AUSTEN FAMILY NO 1 A/C>	7,741,831	1.82
MITCHELL GRASS HOLDING SINGAPORE PTE LTD	7,500,000	1.76
AGENS PTY LIMITED <THE MARK COLLINS FAMILY A/C>	6,250,000	1.47
GECKO RESOURCES PTY LTD <JOHN SANTUL SUPER FUND A/C>	6,000,000	1.41
MR JOHN CHARLES BRENNAN	5,900,000	1.39
DEJUL TRADING PTY LTD <EDDINGTON TRADING A/C>	5,875,000	1.38
MR GRAHAM DONALD CARMAN	5,647,170	1.33
MR RAUL USED <THE RAUL USED FAMILY A/C>	5,342,856	1.26
MR CRAIG PETER BALL & MRS SUZANNE KATHERINE BALL <CPB SUPER FUND A/C>	5,208,625	1.22
MAMBAT PTY LTD	5,180,798	1.22
MR NICHOLAS BEGAKIS & MR MICHAEL JOSEPH ELTON	5,000,000	1.18
WARRIOR CONSULTING PTY LTD	5,000,000	1.18
GRIMALA PTY LTD <THE RJ PARKER FAMILY A/C>	5,000,000	1.18
PAPUA COAL PTY LTD	5,000,000	1.18
MR STEPHEN LONERGAN	4,778,929	1.12
	146,800,329	34.53

Restricted Securities

There are no restricted securities.

On-Market Buy Back

There is no current on-market buy back.

Tenement Table

Tenement	Project	Holder	Interest
EL 6590	Frogmore	Tungsten NSW Pty Ltd	100%
EL 6274	White Rock	Tungsten NSW Pty Ltd	100%
EL 7273	Kangiara	Tungsten NSW Pty Ltd	100%
EL 6325	Yellow Mountain	Triako Resources Pty Ltd / Golden Cross Operations Pty Ltd	30%
EPM 18294	Four Mile Tank	Paradigm Queensland Pty Ltd	100%
EPM 19016	The Ladies	Paradigm Queensland Pty Ltd	100%
EPM 16073	Toolebuc JV	Toolebuc Resources Pty Ltd	50%