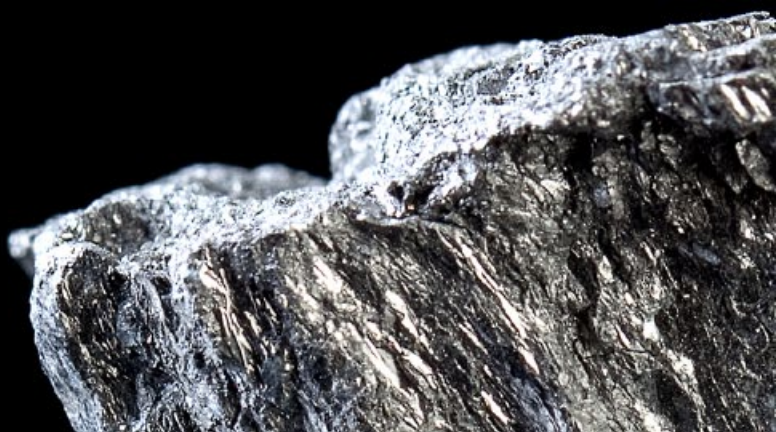


Quarterly Activities Report for the period ending 31st December 2014



ACQUISITION OF THE CANINDE GRAPHITE PROJECT(PDM earning 80%)

During the quarter the Company announced that it had entered into an agreement to acquire up to 80% of the Caninde Graphite project in Ceara State, Brazil (ASX release dated 4th November 2014 "Acquisition of Caninde Graphite Project").

The project comprises 17 individual tenements with granted exploration licences and sizes varying from 634 hectares up to 985 hectares, totalling 15,614 hectares.

Previous exploration included regional mapping with 1,200 geo stations along 10,000 hectares, 144 soil samples, 160 rock grab or chip samples, 458 samples from 686 shallow to bed-rock pits and 538 metres of trenches which produced 270 channel samples. As a result of this exploration programme, twelve (12) moderate to high grade Graphite targets were delineated, based on surface rock grab or chip sampling.

FUTURE EXPLORATION

The Company intends to undertake a NQ Diamond core drilling program at the priority Pedra Preta prospect during the current quarter. Results of graphitic carbon assays and metallurgical test work are expected to be released progressively during the quarter.

THE LADIES COPPER PROJECT (PDM 100%)

There was no field exploration conducted at the Ladies during the quarter.

The Company is in discussions with several parties interested in the future development of this project.

YELLOW MOUNTAIN (PDM 30%, earning 51%)

During the quarter the Company and its joint venture partners decided to discontinue exploration on the Yellow Mountain project and to dissolve the joint venture.

The Company submitted final regulatory reporting on the tenement which has subsequently been dropped and the Company has no further interest in or commitment to the project.

WHITE ROCK (PDM 100%)

As previously reported the Company entered into a conditional Tenement Sale Agreement with Strategic Metals Australia Pty Ltd to sell EL 6274 for \$140,000 plus the return of \$10,000 environmental bond (ASX release dated 23rd September 2014).

All conditions precedent to the Tenement Sale were completed during the quarter and the tenement transfer documentation has been lodged with the NSW Government Trade and Investment for approval. The Company is in receipt of the sale proceeds and awaiting confirmation of the tenement transfer to complete the sale.

FROGMORE (PDM 100%)

No work was carried out on EL 6590 during the quarter.

The Company is continuing to seek parties interested in farming in to its remaining non-core base metals and silver project in NSW.

FOUR MILE TANK (PDM 100%)

No work was carried out on EPM 18294 during the quarter.

CORPORATE

BOARD CHANGES

During the quarter the Company was pleased to announce the appointment of Dr Nicholas Lindsay as a non-executive director and Ms Paula Cowan as Company secretary (ASX release dated 13th October 2014).

The Company also advised of the resignation of Dr Graham Carman as non-executive director and Mr Jonathan Hart as company secretary and thanked them for their contributions during the term of their appointments.

CAPITAL RAISING

In conjunction with the acquisition of the Caninde Graphite project the Company reached agreement with CPS Capital Group Pty Ltd to underwrite a non-renounceable rights issue to existing shareholders on a 1 for 2 basis at an issue price of \$0.002 per Share with a free attaching listed option (exercisable at \$0.002 and expiry of 31st December 2016) to raise \$525,215 before costs (ASX release dated 4th November 2014).

The Company looks forward to updating investors on exploration results at the Caninde graphite project during the current quarter.

Yours sincerely,

Anthony Reilly
Chief Executive Officer
27 January 2015

Email: info@paradigmmetals.com.au
Website: www.paradigmmetals.com.au

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Mr Paulo Brito. Mr Brito is a consulting geologist for Paradigm Metals Limited and is a member of AusIMM-The Minerals Institute, as well as a member of Australian Institute of Geoscientists.

Mr Brito has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Brito consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Level 1, 330 Churchill Avenue
Subiaco WA 6008
Tel: +61 8 9200 4482
Fax: +61 8 9200 4469

Contact :
Anthony Reilly
Managing Director
info@paradigmmetals.com.au

Directors:
Anthony Reilly
Nicholas Lindsay
Brian McMaster

APPENDIX 1 – TENEMENT TABLE

AUSTRALIA:

Tenements	Project	Holder	Interest at beginning of quarter	Interest at end of quarter	Location
EL 6590	Frogmore	Tungsten NSW Pty Ltd	100%	100%	Central NSW
EL 6274	White Rock	Tungsten NSW Pty Ltd	100%	100%	Central NSW
EL 6325	Yellow Mountain	Tungsten NSW Pty Ltd / Triako Resources Pty Ltd / Golden Cross Operations Pty Ltd	30%	-	Central NSW
EPM 18294	Four Mile Tank	Paradigm Queensland Pty Ltd	100%	100%	Queensland
EPM 19016	The Ladies	Paradigm Queensland Pty Ltd	100%	100%	Queensland
EPM25366	The Ladies	Paradigm Queensland Pty Ltd	100%	100%	Queensland
EPM 16073	Toolebuc JV	Toolebuc Resources Pty Ltd	50%	50%	Queensland

BRAZIL:

Tenements	Project	Holder	Interest at beginning of quarter	Interest at end of quarter
800.011/11, 800.012/11, 800.013/11, 800.014/11, 800.015/11, 800.016/11, 800.017/11, 800.018/11, 800.019/11, 801.063/10, 801.064/10, 800.018/12, 800.019/12, 800.662/11, 800.663/11, 800.294/12 800.295/12	Caninde	Paradigm Metals Ltd (earning into 80% ownership)	0%	0%

APPENDIX 2 – SUMMARY OF PROJECT EXPENDITURE

Tenements	Project
Project	Quarter Cash Spend \$A'000
Frogmore	2
White Rock	-
Four Mile Tank	-
The Ladies	30
Toolebuc JV	-
Caninde (Brazil)	233
Total	265