Paradigm Metals
ABN 28 102 747 133

ASX release
02 March 2015
ASX: PDM

OUTSTANDING GRAPHITE INTERCEPT IN FIRST DRILL HOLE

Paradigm Metals Limited ("Paradigm" or "the Company") is extremely pleased to announce that the first drill hole completed at its Pedra Preta Target on the Caninde Graphite Project in Brazil has reported an exceptionally high grade and shallow intercept of massive graphite.

Highlights:

- First drill hole returns 13.69 metres at 18.38% Cg from 3.09 metres.
- The intercept included many zones over 20% Cg and included 0.58 metres at 31.49% Cg from 4.77 metres.
- Massive high grade graphite mineralisation has also been encountered on surface when preparing drilling pads
- Graphite mineralisation intersected remains open along strike and at depth.
- The existing diamond drilling programme is ongoing and the Company expects to report further results in the coming months.
- Earlier trenching results at Pedra Preta have included 25.3 metres at 13.29% Cg further confirming the high grade nature of the target.
- The Company has rights to a huge package of granted exploration licences (15,614Ha) that are highly prospective for graphite. Numerous targets have been identified, with Pedra Preta the first target to be drilled tested.
- The Company's target market is the Brazilian domestic graphite market which is one of the largest graphite markets globally.

Drilling has further confirmed the high grade massive nature of graphite mineralisation already seen in drill pad cuttings and trenching. The high grade mineralisation occurs within massive to semi massive graphite layers hosted by a biotite leucogneiss *(Figure 01 and 02)*. Assays results received to date cover just the uppermost portion of the first drill hole from surface to a depth of 17.54 metres and further assays are pending. Individual grades within the announced interception ranged up to a maximum of 31.49% Cg *(Table 01)*.

Figure 01 - Mineralised interval - Hole CAN-PP-DDH-001-15

Figure 02.

Table 01. - Interception ranged up to a maximum of 31.49% Cg

Hole_ID	Sample_ID	From_m	To_m	Lenght_m	Cg (%)
CAN-PP-DDH-001-15	CAN000001	0.00	1.05	1.05	0.90
CAN-PP-DDH-001-15	CAN000002	1.05	2.50	1.45	0.50
CAN-PP-DDH-001-15	CAN000003	2.50	3.09	0.59	0.61
CAN-PP-DDH-001-15	CAN000004	3.09	3.85	0.76	21.50
CAN-PP-DDH-001-15	CAN000006	3.85	4.77	0.92	11.51
CAN-PP-DDH-001-15	CAN000007	4.77	5.35	0.58	31.49
CAN-PP-DDH-001-15	CAN000008	5.35	6.38	1.03	27.30
CAN-PP-DDH-001-15	CAN000010	6.38	6.98	0.60	28.65
CAN-PP-DDH-001-15	CAN000011	6.98	8.46	1.48	0.55
CAN-PP-DDH-001-15	CAN000012	8.46	9.85	1.39	24.03
CAN-PP-DDH-001-15	CAN000013	9.85	11.35	1.50	17.76
CAN-PP-DDH-001-15	CAN000014	11.35	12.85	1.50	25.24
CAN-PP-DDH-001-15	CAN000016	12.85	14.35	1.50	24.96
CAN-PP-DDH-001-15	CAN000017	14.35	15.19	0.84	13.77
CAN-PP-DDH-001-15	CAN000018	15.19	16.25	1.06	3.06
CAN-PP-DDH-001-15	CAN000019	16.25	16.78	0.53	19.14
CAN-PP-DDH-001-15	CAN000020	16.78	17.54	0.76	1.54

13.69 metres @ 18.38% Cg

The high grade nature of graphite mineralisation intersected in trenches and drilling at the Pedra Preta target make it significantly higher than grades for producing mines in Brazil. The Company is optimistic, that with further work and upon the delineation of a commercial resource, that Pedra Preta could produce a product that is in high demand in the domestic Brazilian market.

Domestically Nacional de Grafite is producing from the Pedra Azul mine at 6.5% to 7.0% Cg and from Salto da Divisa at 4.5% to 5.0% Cg and Magnesita Refratário's Almenara exploration project with average grade of 2.2% Cg.

The Company has also completed a second drill hole on the same section as the first drill hole with the objective to test a downdip extension *(Table 02)*. This drill hole is also now being logged and sampled.

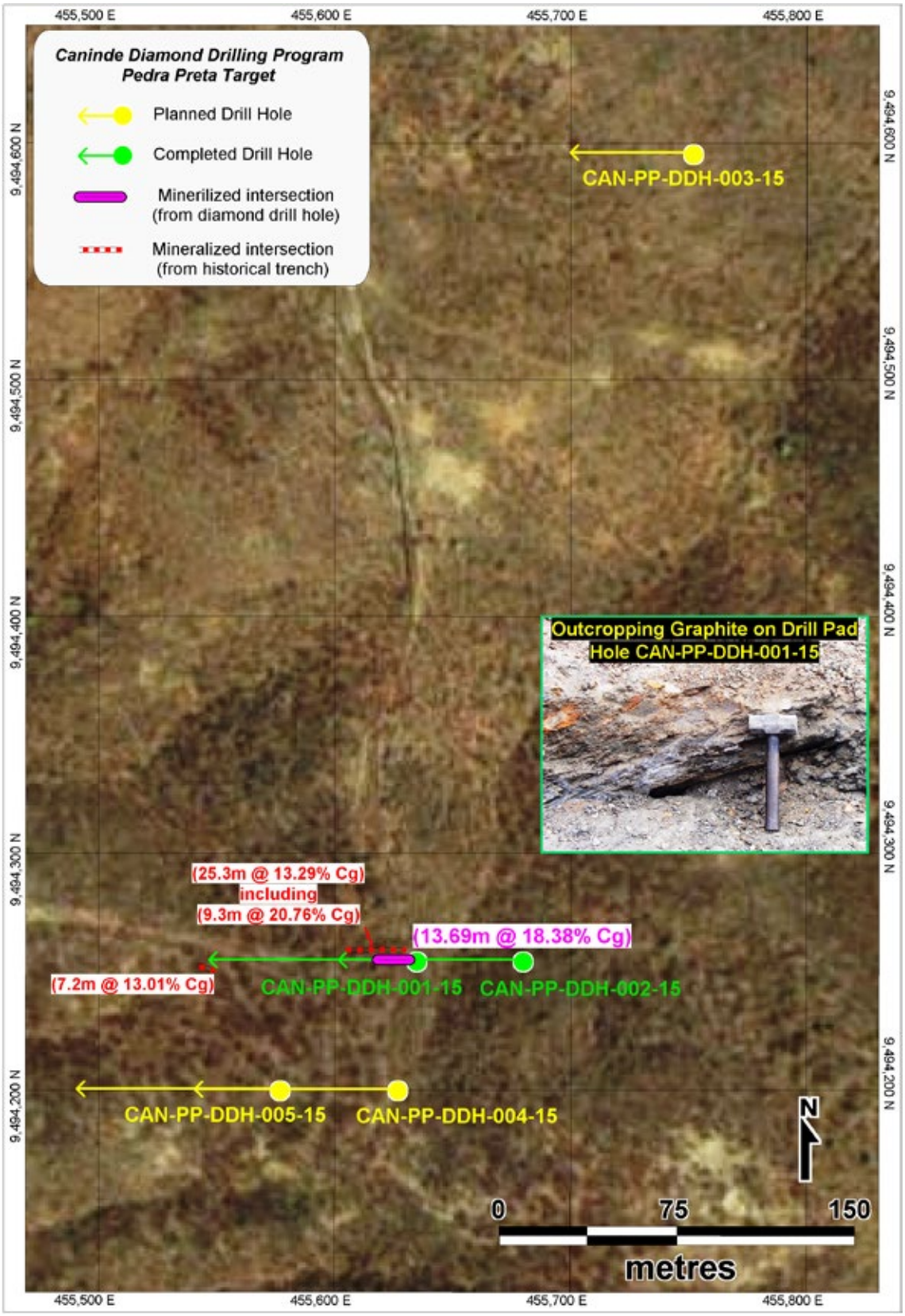
Table 02.

Hole_Id	Azimuth (degrees)	Dip (degrees)	Depth (metres)	UTM Zone	Easting	Northing	Elevation (metres)
CAN_PP_DDH_001_15	270	60	102.51	24 south	455634	9494250	380.7
CAN_PP_DDH_002_15	270	60	90.55	24 south	455696	9494230	406.0

Since December 2014, the Company has been conducting exploration to support the current drilling programme. Geological mapping over the Pedra Preta target has revealed at least two sub parallel graphite rich layers with a gentle dip towards the east. Along these layers are massive graphite zones that can reach +20% of graphitic carbon ("Cg").

The current diamond drilling programme at the Pedra Preta Target will comprise five drill holes for a minimum of 420 metres distributed on three drill sections along a 450 metre open strike length *(Figure 03)*. To date a total of approximately 200 metres have been drilled and the Company expects to complete the programme by mid March 2015.

Figure 03.


Caninde Diamond Drilling Program
Pedra Preta Target
Planned Drill Hole
Completed Drill Hole
Minerilized intersection
(from diamond drill hole)
Mineralized intersection
(from historical trench)
455,500 E
455,600 E
455,700 E
455,800 E
9,494,600 N
9,494,500 N
9,494,400 N
9,494,300 N
9,494,200 N
CAN-PP-DDH-003-15
Outcropping Graphite on Drill Pad
Hole CAN-PP-DDH-001-15
(25.3m @ 13.29% Cg)
including
(9.3m @ 20.76% Cg)
(13.69m @ 18.38% Cg)
(7.2m @ 13.01% Cg)
CAN-PP-DDH-001-15
CAN-PP-DDH-002-15
CAN-PP-DDH-005-15
CAN-PP-DDH-004-15
N
0
75
150
metres

This is an exceptional early result for the Company and bodes well for future programmes at the Pedra Preta Target and the Caninde Graphite Project.

Anthony Reilly
Managing Director

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Competent Persons Statement
The technical information in this release is based on compiled and reviewed data 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 mineralization and type of deposit under consideration and to the activity which is being undertaken 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 their information in the form and context in which it appears. Mr. Brito accepts responsibility for the accuracy of the statements disclosed in this release.

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Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• *Sampling at the Canindé project is by diamond drill core.The intervals were defined based on a geological log, assuming sampling lengths between 0.5m up to 2.0metres.* • *The drill hole collars are located by handheld GPS.At the end of the drilling program, the company intends to survey all the drill hole collars with a Differential GPS.* *Drill core was logged by lithology, weathering, mineralogy and structure. Sampling was carried out under Paradigm protocols and QAQC procedures as per industry best practice.* *Certified standards and blanks were inserted into the sampling sequence at a nominal rate of 1 standard in every 20 samples and 1 duplicate in every 20 samples. Results from the QAQC sampling were considered acceptable.* • *All samples are dried, crushed,homogenized,riffle splitted and pulverized (total prep) to produce a sub sample for analysis.* • *Samples were prepared and analysed by SGS-Geosol laboratory, in Brazil* *Samples were analysed for graphitic carbon (Cg) by infrared detection - LECO.*
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• *Drilling to date has been a combination of HQ and NQ-diameter diamond drilling. 2 drill holes completed and a third one is in progress.*
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• *Diamond core recoveries are logged and recorded in the database. Overall recoveries are consistently >90% in oxide and >95% in fresh rock. Drill sample recoveries are recorded as an average for each metre and recorded in the database. Current recoveries are excellent and there are no known sample recovery problems, with the exception of the 2-3 metres of top soil profile.* • *Diamond core is reconstructed into continuous runs on an angle iron cradle for recovery measurement and core orientation. Depths are checked against those marked on the core blocks, and against the drilling company's records.* • *Based on the actual sample recoveries existing on company´s database, there is no known sample bias or potential for sample bias.*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• *Logging samples records lithology, mineralogy, mineralisation, structural, weathering, colour and other features of the samples. Rock quality design, core recoveries, bulk density and sampling information are recorded. Core is photographed in dry form. The information was input into the company´s database.* • *Logging of core records lithology, mineralogy, mineralisation, grainsize, texture, weathering, oxidation, colour and other features of the samples. Drill samples for each hole were photographed either within core trays.* • *All drill holes are logged in full from start to finish of the hole.*
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• *Core holes and half core sampled from cut core with a core saw.* • *Only core samples are being reported.* • *Preparation of samples was performed at SGS-Geosol laboratory. Samples were dried (105^{0}C), crushed to 80% passing 3 milimetres, homogenized, riffle split (primary split) and pulverized to 95% passing of 150 mesh.* • *Paradigm quality control procedures included submission into the sampling sequence certified reference material, field duplicates and check assaying of 1 in every 20 samples, or 1 per batch. Blanks are inserted at a nominal rate of 1 in every 20 or 1 per batch. Laboratory quality control procedures include the submission of blanks, duplicates and standard reference material. Typically, for every 25 to 30 samples, a pulp duplicate, reagent blank and an aliquot of certified reference material is inserted into the sample stream. All QC results are reported within the final assay report.* • *The results of the duplicates show an acceptable level of repeatability* • *Sample size is deemed appropriate relative with the grain size based on industry standards of similar mineral styles and sampling methods.*

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• *Graphitic carbon grades were determined by infrared detection using a LECO method. Samples were analyzed by SGS-Geosol laboratory in Brazil.* • *No geophysical tools have been applied.* • *Paradigm QAQC procedures include the insertion of duplicates, blanks and commercial standards samples. Results are generally satisfactory demonstrating acceptable levels of accuracy and precision.* *Laboratory QAQC involves the use of internal laboratory standards using certified reference material, blanks, splits as per laboratyory procedures.*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• *Several company staff based within Brazil or off shore review and verify significant intersections from diamond core drilling either physically on site or from photographs of the intersections.* • *Twinned holes have not been drilled.* • *Diamond core logging takes place at the company's core yard. Graphical logs are used to record the geological information. Grade control samples are not lithologically logged. Data entry personnel enter the graphic logs into standard Excel templates generated from the company SQL database. The Excel templates contain validation routines to ensure standard codes are enforced. All graphical logs are scanned and email to head office for digital capture.* • *No adjustments were made to any assay information, except for "lower than detection limit" values that are stored within*
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• *Drill holes mentioned on this announcement were located with using a hand held GPS.* • *Geological stations were located with using a hand held GPS.* • *The unit used on both activities was a Garmin 62sc model and the accuracy of the locations is considered sufficient, based on the actual stage of the exploration program.* • *Universal Transverse Mercator, SAD69 zone 24 south hemisphere.* • *Digital Terrain Model (DTM) was used along the mapping phase at Pedra Preta target.* *Each geological station and drilling section were surveyed by a hand held GPS and the elevation values from the GPS survey were used as a topographic control, providing a reasonable quality control and adequate for the actual stage of exploration.*
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• *The actual drilling program is exploration in nature and the data spacing is very broad to test the presence of mineralized horizons at depth.* • *The data spacing and distribution is sufficient to demonstrate spatial and grade continuity of the mineralized horizon however, much more drilling will be necessary to support the definition of Inferred/Indicated Mineral Resources and to identify Measured Ore Reserves.* • *Samples were not composited.*
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• *Geology and mineralization at Caninde project (Pedra Preta target) is gently (30-40^0) dipping to east. Thus the drill holes are angled to the west, in order to achieve intersections at the most optimal angle possible.* • *The company does not believe that any sample bias has been introduced which could have a material effect a future resource model, particularly given the strong correlation between mineralisation and potential lithologies.*
Sample security	• *The measures taken to ensure sample security.*	• *All core samples are received intact and in their entirety in their core trays at the Company's core yard. All sampling and work on the samples is carried out within the confines of this facility. Samples are delivered by Paradigm to the laboratory. Paradigm has protocols and procedures for tracking the progress of the samples through the laboratory, ensuring accurate validation and authentication of results issued by the laboratory in relation to the samples that were submitted.*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• *The property has not enough exploration data that supports an audits or reviews.*

Section 2 Reporting of Exploration Results

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.

• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>• The Caninde Project comprises 17 exploration licenses already granted covering a total area of 15,614 hectares.

• The mineral property are registered under the following processes; 801.063/2010, 801.064/2010, 800.011/2011, 800.012/2011, 800.013/2011, 800.014/2011, 800.015/2011, 800.016/2011, 800.017/2011, 800.018/2011, 800.019/2011, 800.662/2011, 800.663/2011, 800.018/2012, 800.019/2012, 800.294/2012 and 800.295/2012.

• The company is not aware of any impediment to obtain a license to operate in the area.</td></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties</td><td>• Significant exploration works were conducted by other parties on the project area and can be resumed to regional mapping, rock grab and chip sampling, soil sampling, shallow pits and trenching. No drilling has being conducted.
All the analysis available are historical in nature but were produced by an ISO-accredited laboratory.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Graphite mineralization in Paleoproterozoic high metamorphic terrain. Stratabound graphite-rich beds and massive graphite discordant lenses/veins.</td></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:

• easting and northing of the drill hole collar
• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
• dip and azimuth of the hole
• down hole length and interception depth
• hole length.

• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>• Drill holes collar location details are presented on the table below. Both drill holes reported on this announcement were drilled 270^0 azimuth and -60^0 dip.

<table><tr><th>Hole_Id</th><th>UTM Zone</th><th>Easting</th><th>Northing</th><th>Elevation (metres)</th></tr><tr><td>CAN-PP-DDH-001-15</td><td>24 south</td><td>455634</td><td>9494250</td><td>380,7</td></tr><tr><td>CAN-PP-DDH-002-15</td><td>24 south</td><td>455696</td><td>9494230</td><td>406,0</td></tr></table>
• The final depth of the drill hole CAN-PP-DDH-001-15 was 102.51 metres. The final depth of drill hole CAN-PP-DDH-002-15 was 90.55.</td></tr>
<tr><td>Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.

• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.

• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• Drill intercepts are reported as down hole lengths and do not represent true thickness of the mineralization. The following parameters were used on the calculation of the intercepts;

<table><tr><th>Intercept Parameters</th><th></th></tr><tr><td>Top Cut</td><td>99999</td></tr><tr><td>Botton Cut</td><td>0.5% Cg</td></tr><tr><td>Maximum Internal Dilution</td><td>1.5 m</td></tr><tr><td>Minimum Interval Length</td><td>0.53 m</td></tr><tr><td>Individual Reportable Assays</td><td>17</td></tr></table>
• Intercepts incorporate lengths of “high grade” (in the context of surrounding results), are detailed transparently in this report.

• No assumptions are included in this report, because Metal Equivalents have not been used.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• *The geometry of the mineralization is not clearly defined at the current level of exploration.* • *Thickness reported on the drill hole intercept refers to down hole length. True width is not known at the current stage.*
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• *Refer to figure(s) and table(s) contained within the announcement body.*
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• *All the assays received to date on drill hole CAN-PP-DDH-001-15 were reported on this announcement, totaling 17 assays. The graphite grades ranged from 0.50% Cg up to a maximum of 31.49% Cg.*
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• *There is no other material data to be reported.*
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• *Complete the ongoing diamond drilling program.* • *Conduct a metallurgical testwork;* • *Induced polarization survey;* • *Diagrams have been included to highlight these aspects.*