



Paradigm Metals

Limited

ABN 28 102 747 133

Annual Report

30 June 2015

Corporate Directory

Directors

Mr. Anthony Reilly (Executive Director)

Dr. Nicholas Lindsay (Non-Executive Director)

Mr. Brian McMaster (Non-Executive Director)

Chief Executive Officer

Mr. Anthony Reilly

Company Secretary

Ms. Paula Cowan

Registered Office and Principal Place of Business

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330 Churchill Avenue

SUBIACO, WA 6008

Australia

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Facsimile: + 618 9200 4469

Share Registry

Automic Registry Services Pty Ltd

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7 Ventnor Ave

WEST PERTH WA 6005

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Facsimile: + 618 9321 2337

Auditors

BDO Audit (WA) Pty Ltd

38 Station Street

SUBIACO WA 6008

Stock Exchange Listing

Australian Securities Exchange

ASX Code: PDM

Contents

	Page No
Directors' Report	1
Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Consolidated Financial Statements	17
Directors' Declaration	38
Auditor's Independence Declaration	39
Independent Auditor's Report	40
Corporate Governance Statement	42
ASX Additional Information	52
Tenement Table	54

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 2015. 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, Chief Executive Officer

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 is currently Non-Executive Director of Hawkey Oil and Gas Limited (appointed 14 October 2014) and Non-Executive Director of Venturex Resources Limited (appointed 1 July 2015). He has not held any other listed directorships in the past three years.

Mr. Brian McMaster – Non-executive Director

Mr. McMaster is a Chartered Accountant, and has over 20 years’ experience in the area of corporate reconstruction and turnaround/performance improvement. Formerly, 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 Wolf Petroleum Limited (appointed 24 April 2012), Black Star Petroleum Limited (appointed 9 August 2012), Harvest Minerals Limited (appointed 1 April 2014), Haranga Resources Limited (1 April 2014) and The Carajas Copper Company Limited (appointed 27 August 2014). Mr. McMaster was a director of The Waterberg Coal Company (appointed 12 April 2012, resigned 17 March 2014), Castillo Copper Limited (appointed 31 August 2013, resigned 13 August 2015), Antares Mining Limited (appointed 2 December 2011, resigned 12 August 2015), Firestone Energy Limited (appointed 14 June 2013, resigned 18 March 2014) and Lindian Resources Limited (appointed 20 June 2011, resigned 16 September 2014). He has not held any other listed directorships in the past three years.

Dr. Nicholas Lindsay - Non-executive Director (appointed 13 October 2014)

Dr. Lindsay has over 25 years’ experience in the global mining industry, with focus on the technical and commercial assessment, and the development of new business opportunities in various commodities including copper, gold and iron ore in Australia, Former Soviet Union, South Africa and South America (Chile, Peru and Argentina). He has worked in both the major and junior mining sectors, and as an Independent Consultant based in Chile, a country with which he has a long association. He has a BSc Honours degree in Geology and an MBA from the University of Otago (New Zealand), and a PhD from the University of the Witwatersrand (South Africa).

Dr. Lindsay is a member of the Australian Institute of Geoscientists and the AusIMM. Dr. Lindsay’s key experience is the recognition, assessment and management of new business opportunities in the copper, zinc, gold, titanium mineral sands, coal and iron ore sectors; including mergers and acquisitions, portfolio restructuring and disposals. Dr. Lindsay also has extensive experience with the commercial development of mineral properties.

Dr. Lindsay was a director of The Carajas Copper Company Limited (appointed 12 June 2009, resigned 1 October 2014), Castillo Copper Limited (appointed 31 May 2013, resigned 13 August 2015) and Antares Mining Limited (appointed 30 October 2014, resigned 12 August 2015). He has not held any other listed directorships in the past three years.

Paradigm Metals Limited – Directors’ Report

Dr. Graham Carman – Non-executive Director (resigned 13 October 2014)

Dr Carman is a geologist with over 20 years’ experience in mineral exploration world-wide. He has worked mostly in Peru, Australia, and Papua New Guinea, completing a PhD at Monash University in 1994 studying the Lihir Island gold deposit. He lived in Peru for seven years during the 1990s, working firstly with Rio Tinto Exploration and then with Savage Resources Ltd (latterly Pasminco Ltd) as Exploration Manager. Dr Carman co-founded Paradigm in 2003 and was Managing Director until November 2011. Dr Carman is currently President, CEO and director of Tinka Resources Ltd (TSXV listed) (appointed July 2014). He has not held any other listed directorships in the past three years.

COMPANY SECRETARY

Ms. Paula Cowan was appointed as Company Secretary on 13 October 2014 following the resignation of Mr. Jonathan Hart.

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	-	-
N. Lindsay	-	-
B. McMaster	32,831,128	10,227,043

RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was \$3,549,948 (2014: \$1,071,903).

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”) changed its focus to graphite exploration via the Caninde Graphite project in Ceara State, Brazil. The Group also continues to review opportunities for investment in Australia and overseas.

EMPLOYEES

The Group had one employee at 30 June 2015 (2014: one).

REVIEW OF OPERATIONS

CANINDE GRAPHITE PROJECT (PDM EARNING 80%)

During the financial year the Group entered into an agreement to acquire up to 80% of the Caninde Graphite project in Ceara State, Brazil.

The project comprises 17 individual tenements with granted exploration licenses 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.

Paradigm Metals Limited – Directors' Report

During the financial year the Group completed an initial eight (8) hole NQ diamond drilling programme totalling 475.9 linear metres at the Pedra Preta target at the Caninde Graphite project, (see Table 1 and Figure 1).

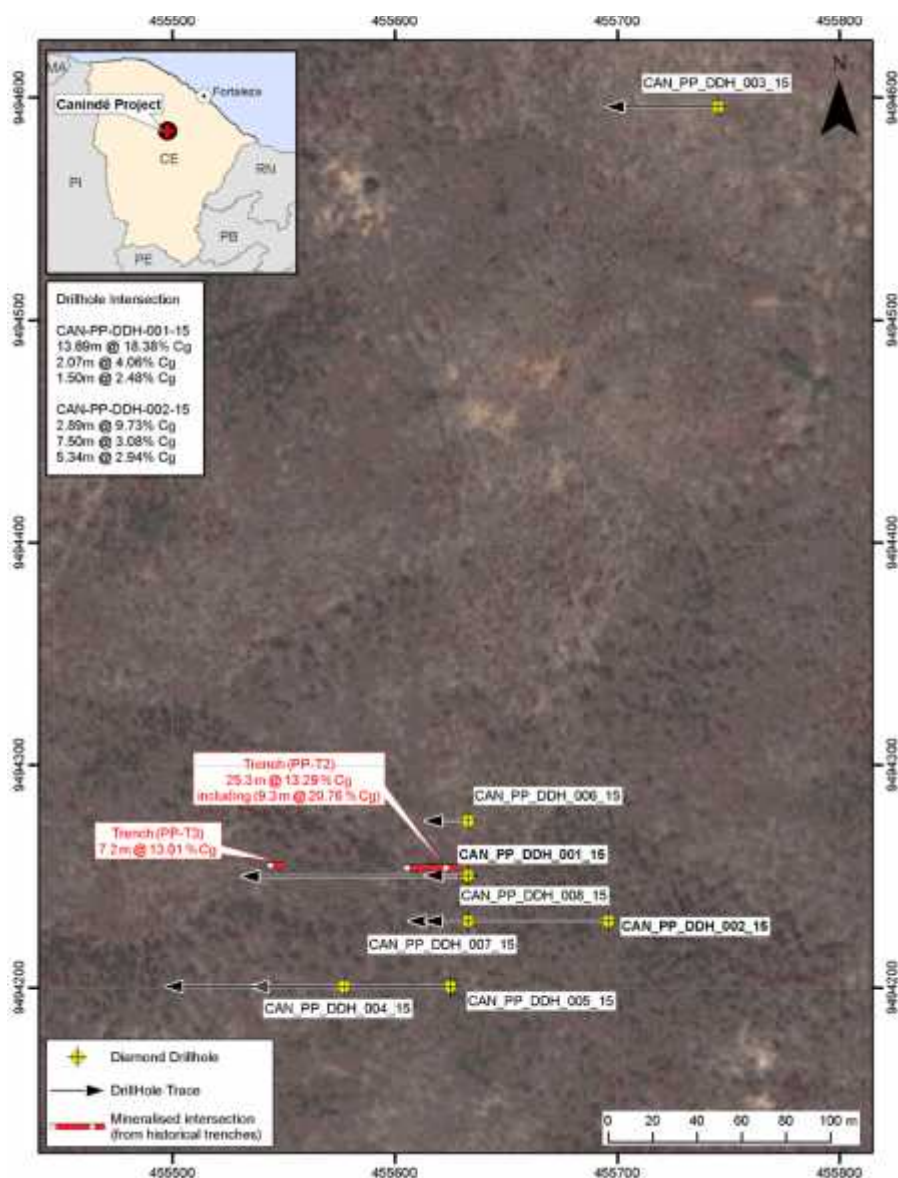
Table 1 – Caninde Drillind Programme

HOLE	AZIMUTH ()	DIP ()	DEPTH (m)	UTMZONE	EASTING	NORTHING	ELEVATION (m)
CAN_PP_DDH_001_15	270	60	102.51	24M	455633	9494250	380.45
CAN_PP_DDH_002_15	270	60	90.55	24M	455696	9494230	406.00
CAN_PP_DDH_003_15	270	60	50.91	24M	455746	9494596	382.50
CAN_PP_DDH_004_15	270	60	81.03	24M	455577	9494201	381.60
CAN_PP_DDH_005_15	270	60	90.55	24M	455625	9494201	384.70
CAN_PP_DDH_006_15	270	60	20.10	24M	455633	9494275	379.45
CAN_PP_DDH_007_15	270	60	20.20	24M	455633	9494230	380.95
*CAN_PP_DDH_008_15	270	60	20.05	24M	455633	9494251	380.45
TOTAL			475.90				

*Drill hole **CAN-PP-DDH-08-15** which was drilled as a twin hole of CAN-PP-DDH-01-15 with the objective to provide enough material for future metallurgic test work. Samples from this test hole have been submitted to SGS Geosol in Belo Horizonte for metallurgical and industrial testing to determine flake size and distribution.

Results of the other holes are summarised below.

Figure 1 – Plan View with Drill Holes and Main Intersection



Summary of Results

Drill hole CAN-PP-DDH-01-15 Reported a high grade intersection of **13.69 metres grading 18.38% Cg** from a graphite horizon close to the surface level. The remaining downhole extension of this hole was mineralised throughout the length of the hole with several wide zones associated with disseminated graphite hosted on a biotite leucogneiss host rock, as indicated below;

- 9.73 metres grading 1.03% Cg from 18.02 metres, including **5.23 metres grading 1.44% Cg from 20.35 metres.**
- **2.07 metres grading 4.06% Cg from 31.88 metres.**
- 13.65 metres grading 0.58% Cg from 37.15 metres, including 6.05 metres grading 0.64% Cg from 40.25 metres.
- 1.80 metres grading 1.57% Cg from 55.50 metres.
- 3.03 metres grading 1.53% Cg from 63.40 metres, including 1.50 metres grading 2.48% Cg from 63.40 metres.
- 4.50 metres grading 0.62% Cg from 71.01 metres.
- And 7.54 metres grading 0.49% Cg from 92.22 metres.

Drill hole CAN-PP-DDH-02-15 Also intersected high grade mineralisation near to the surface associated with a graphite layer and several other mineralised intervals associated with disseminated graphite zones.

Paradigm Metals Limited – Directors' Report

- 6.50 metres grading 4.80% Cg from 0.00 metres, including **2.89 metres grading 9.73% Cg from 0.00 metres** (massive graphite layer).
- 24.21 metres grading 1.76% Cg from 15.50 metres, including **7.50 metres grading 3.08% Cg from 15.50 metres**,
- 7.50 metres grading 1.52% Cg from 24.50 metres.
- 6.21 metres grading 1.00% Cg from 33.50 metres.
- **5.34 metres grading 2.94% Cg from 41.00 metres.**
- 6.98 metres grading 0.55% Cg from 47.47 metres.
- 10.03 metres grading 1.28% Cg from 64.34 metres,
- including **4.38 metres grading 2.14% Cg from 68.00 metres.**

Drill holes CAN-PP-DDH-03-15 AND CAN-PP-DDH-04-15

Both these holes encountered graphite mineralisation, however, as these holes are down dip from the other holes it appears that they were not of sufficient depth to adequately test the target. This result is consistent with the Company's expectations.

Drill hole CAD-PP-DDH-05-15 intersected several zones of medium grade disseminated graphite, including

- 11.0 metres grading 1.72% Cg from 14.05 metres,
Including 4.07 metres at 2.89% from 18.50 metres

Drill hole CAD-PP-DDH-06-15 intersected a zone of medium grade graphite mineralisation at the end of the hole including

- 2.04 metres grading 3.04% Cg from 14.92 metres
Including 1.02 metres at 4.06% Cg

Drill hole CAD-PP-DDH-07-15 intersected mineralisation throughout the core to end of hole at 20.20 metres.

Please refer to the ASX release dated 30 April 2015 for all assay results.

THE LADIES (PDM 100%)

EPM 19016 and EPM 25366 "The Ladies" is a copper-gold project located 70km southwest of Cloncurry in northwest Queensland, and about 20km south of the old Mary Kathleen uranium mine.

EPM 19016 was granted to Paradigm in February 2013 for a period of five years and EPM 25366 was granted in May 2014 for a period of three years.

During the year of review the company did not complete any field exploration on the project. The Company is in discussions with parties interested in the future development of the project.

YELLOW MOUNTAIN (PDM 30%, earning 51%)

No work was carried out on EL 6325 Yellow Mountain during the financial year.

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 has no further interest in or commitment to the project.

WHITE ROCK (PDM 100%)

No work was carried out on EL 6274 during the financial year.

Paradigm Metals Limited – Directors' Report

In September 2014 the Group entered into a Tenement Sale Agreement with Strategic Metals Australia Pty Ltd to sell EL 6274 for \$140,000 and the return of \$10,000 environmental bond.

The sale has been completed and the consideration received by the Group.

FROGMORE (PDM 100%)

No work was carried out on EL 6590 during the financial year. In the current year the Group has made a decision not to continue with EL 6590.

FOUR MILE TANK (PDM 100%)

No work was carried out on EPM 18294 during the financial year.

CORPORATE

Board Changes

On 13 October 2014 the Company announced the resignation of Dr Graham Carman as non-executive director and the appointment of Dr Nicholas Lindsay as a non-executive director of the Company. Additionally Mr Jonathan Hart resigned as Company Secretary and was replaced by Ms Paula Cowan.

Capital Raising

On 4 November 2014 the Company and CPS Capital Group Pty Ltd agreed an underwritten 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) which raised \$525,215 before costs.

On 17 April 2015 the Company announced that it had raised \$205,000 before costs in a Placement to sophisticated and professional investors through the issue of 68,333,330 new shares at \$0.003 per share. Lodge Corporate acted as broker to this placement.

On 22 May 2015 the Company announced that it had engaged Lodge Corporate to act as lead manager to a non-renounceable rights issue to existing shareholders on a 6 for 7 basis at an issue price of \$0.003 per Share (approximately 733,903,149 new shares) with a free attaching listed option for every two new shares (exercisable at \$0.002 and expiry 31st December 2016) to raise \$2,201,709 before costs. The issue closed on 15 June 2015 and raised \$50,137.89 before costs from existing shareholders.

On 10 August 2015, the Company issued 220,000,000 listed options in accordance with approval received at the General Meeting of Shareholders held on 14 July 2015. Each of the options entitles the holder to one fully paid ordinary share in the Group. The terms of the listed options on issue are 262,513,110 exercisable at \$0.002 before 31 December 2016.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2015 of \$3,549,948 and experienced net cash outflows from operating activities of \$799,793 and net cash outflows for investing activities of \$170,441. At 30 June 2015, the Group had a net current asset position of \$294,935. The cash and cash equivalents balance at the date of this report is \$397,782. The Directors recognise the need to raise additional funds via equity raisings for planned future exploration activities.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds through an equity issue.

Paradigm Metals Limited – Directors' Report

Should the Group not obtain funds through an equity issue, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

NEW OPPORTUNITIES

The Group continues to review a number of new resource project and other opportunities both in Australia and overseas.

FARM-OUTS

Paradigm is continuing its discussions with parties interested in farming-in or acquiring its remaining non-core base metals project in Queensland.

CORPORATE

Board Changes

Dr Graham Carmen resigned as Non-Executive Director and the Company announced the appointment of Dr Nicholas Lindsay as Non-Executive Director of the Company on 13 October 2014.

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

There were no 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 Group 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 licenses.

The Directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

SHARE OPTIONS

As at the date of this report, there were 490,869,427 unissued ordinary shares under options (270,869,427 at the reporting date). The details of the unlisted options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
490,869,427	0.002	31 December 2016

Paradigm Metals Limited – Directors’ Report

No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

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.

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. Anthony Reilly	1	1
Mr. Brian McMaster	1	1
Dr. Nicholas Lindsay	-	-
Dr. Graham Carman	1	1

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.

Remuneration Consultants

No remuneration consultants were used to review existing policies or to provide recommendations.

Voting at 2014 AGM

The Group received over 99% of "yes" votes on its remuneration report for the 2014 financial year. The Group did not receive any specific feedback at the AGM or throughout the year regarding its remuneration policies.

Details of Key Management Personnel

Mr. Anthony Reilly	Executive Director, Chief Executive Officer
Dr. Nicholas Lindsay	Non-Executive Director (appointed 13 October 2014)
Mr. Brian McMaster	Non-Executive Director
Dr. Graham Carmen	Non-Executive Director (resigned 13 October 2014)

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, with the exception of the CEO who has a bonus structure in place for achievement of market capitalisation milestones. 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 aggregate remuneration for non-executive directors has been set at an amount not to exceed \$150,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting. 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	2015	2014	2013	2012	2011
Loss per share (cents)	(0.06)	(0.25)	(0.24)	(0.34)	(0.43)
Total KMP remuneration (\$)	313,895	462,031	287,799	347,376	275,500

There is no link between performance of the Group and KMP remuneration due to the current nature of business operations.

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			
2015	Base Salary \$	Directors' Fees \$	Consulting Fees \$	Share based Payments \$	Super annuation \$	Annual leave provision \$	Total \$	Option Related %
Director								
Mr. Anthony Reilly	220,184	-	-	-	20,367	9,344	249,895	-
Dr. Nicholas Lindsay ¹	-	20,000	-	-	-	-	20,000	-
Mr. Brian McMaster	-	44,000	-	-	-	-	44,000	-
Dr. Graham Carman ²	-	-	-	-	-	-	-	-
	220,184	64,000	-	-	20,367	9,344	313,895	-

¹ Dr Lindsay was appointed on 13 October 2014.

² Dr Graham Carman resigned on 13 October 2014.

	Short term			Options	Post employment			
2014	Base Salary \$	Directors' Fees \$	Consulting Fees \$	Share based Payments \$	Super annuation \$	Annual leave provision \$	Total \$	Option Related %
Director								
Mr. Anthony Reilly ¹	220,184	-	-	-	20,367	10,543	251,094	-
Dr. Nicholas Lindsay	-	-	-	-	-	-	-	-
Mr. Brian McMaster	-	44,000	-	-	-	-	44,000	-
Dr. Graham Carman	-	44,000	7,682	-	-	-	51,682	-
Mr. Mattheus Pieterse ²	-	-	115,255	-	-	-	115,255	-
	220,184	88,000	122,937	-	20,367	10,543	462,031	-

¹ Mr Reilly was appointed on 13 September 2013.

² Mr Pieterse resigned on 13 September 2013.

There were no other key management personnel of the Group during the financial years ended 30 June 2015 and 30 June 2014. As the market capitalisation milestones were not met for the CEO bonus payment to be made, no remuneration is performance related.

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 2015	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/Executives					
Mr. Anthony Reilly	-	-	-	-	-
Dr. Nicholas Lindsay ¹	-	-	-	-	-
Mr. Brian McMaster	15,454,085	-	-	17,377,043 ³	32,831,128
Dr. Graham Carman ²	7,372,822	-	-	(7,372,822)	-

¹ Dr Lindsay was appointed on 13 October 2014.

² Dr Graham Carman resigned on 13 October 2014.

³ 10,227,043 were issued pursuant to the entitlement prospectus dated 12 November 2014 and 7,150,000 were purchased on-market.

Paradigm Metals Limited – Directors’ Report

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 2015	Balance at the start of the year	Granted during the year as compensation	Other ³	Exercised during the year	Expired during the year	Balance at the end of the year
Directors/Executives						
Mr. Anthony Reilly	-	-	-	-	-	-
Dr. Nicholas Lindsay ¹	-	-	-	-	-	-
Mr. Brian McMaster	-	-	10,227,043	-	-	10,227,043
Dr. Graham Carman ²	-	-	-	-	-	-

¹ Dr Lindsay was appointed on 13 October 2014.

² Dr Graham Carman resigned on 13 October 2014.

³ Issued pursuant to the entitlement prospectus dated 12 November 2014.

Other transactions with key management personnel

Garrison Capital Pty Ltd, a company in which Mr. McMaster is a director and shareholder, provided the Group with a fully serviced office (July 2014 to February 2015) including administration and information technology support totalling \$80,000 (2014: \$118,000) and reimbursement of payments for accounting services, courier and other minor expenses of \$13,824 (2014: \$58,962). \$Nil (2014: \$3,699) was outstanding at year end.

Garrison Capital (Victoria) Pty Ltd, a company in which Mr. McMaster and Mr. Reilly are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$60,000 (2014: \$60,000). \$5,000 (2014: \$16,500) 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 or loans made to key management personnel for the year ended 30 June 2015.

Executive Director/ Chief Executive Officer

Mr Reilly’s agreement commenced on 24 June 2013, and was varied on effective 1 August 2015, under the varied agreement, Mr Reilly now receives a fixed salary of \$110,082 plus superannuation (\$871 on a monthly basis) 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.

Non-Executive Director

The Non-Executive Directors, Dr Nicholas Lindsay and Mr. Brian McMaster are paid an annual director’s fee on a monthly basis. Their services may be terminated by either party at any time.

End of audited Remuneration Report

Paradigm Metals Limited – Directors’ Report

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



Antony Reilly

Executive Director / Chief Executive Officer

30 September 2015

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.

Consolidated Statement of Profit or Loss and Other Comprehensive Income *for the year ended 30 June 2015*

	Notes	2015 \$	2014 \$
Revenue			
Interest received		7,993	31,291
Other income		17,856	-
Total Revenue		25,849	31,291
Accounting and audit expenses		(114,370)	(110,329)
Listing and public company expenses		(40,450)	(25,096)
Employee benefit expense		(196,307)	(141,002)
Consulting and directors' fees		(187,437)	(280,165)
Impairment of exploration expenditure	7	(1,955,255)	(362,949)
Loss on disposal of exploration asset	7	(765,763)	-
Loss on discontinuation of joint venture	8	(80,000)	-
Other expenses	5	(236,215)	(183,653)
Loss before income tax		(3,549,948)	(1,071,903)
Income tax expense	6	-	-
Loss after tax		(3,549,948)	(1,071,903)
OTHER COMPREHENSIVE INCOME			-
<i>Item that may be reclassified subsequently to operating profit or loss</i>			-
Foreign currency translation		(4,986)	-
Total comprehensive loss for the year		(3,554,934)	(1,071,903)
Basic and diluted loss per share (cents per share)	16	(0.6)	(0.25)

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 2015*

	Notes	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	14	397,782	669,399
Trade and other receivables	9	47,906	55,362
TOTAL CURRENT ASSETS		445,688	724,761
NON CURRENT ASSETS			
Deferred exploration and evaluation expenditure	6	923,249	3,185,035
Plant and equipment	8	703	1,303
Trade and other receivables	9	7,500	89,381
TOTAL NON-CURRENT ASSETS		961,492	3,275,719
TOTAL ASSETS		1,377,180	4,000,480
CURRENT LIABILITIES			
Trade and other payables	10	150,753	117,736
TOTAL CURRENT LIABILITIES		150,753	117,736
NON-CURRENT LIABILITIES			
Provisions		5,000	5,000
TOTAL NON-CURRENT LIABILITIES		5,000	5,000
TOTAL LIABILITIES		155,753	122,736
NET ASSETS		1,221,427	3,877,744
EQUITY			
Issued capital	11	13,894,005	12,995,389
Reserves	12	98,423	103,409
Accumulated losses	13	(12,771,001)	(9,221,054)
TOTAL EQUITY		1,221,427	3,877,744

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 2015*

	Issued Capital \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2014	12,995,389	103,409	-	(9,221,054)	3,877,744
Loss for the year	-	-	-	(3,549,948)	(3,575,797)
			(4,986)	-	(4,986)
Total comprehensive loss for the year	-	-	(4,986)	(3,549,948)	(3,580,783)
Transactions with owners in their capacity as owners					
Shares issued for part consideration of the Caninde Project	200,000	-	-	-	200,000
Placement of shares	780,312				780,312
Transaction costs relating to issue of shares	(81,696)	-	-	-	(81,696)
Balance as at 30 June 2015	13,894,005	103,409	(4,986)	(12,771,001)	1,221,427
Balance at 1 July 2013	12,995,389	103,409	-	(8,149,151)	4,949,647
Loss for the year	-	-	-	(1,071,903)	(1,071,903)
Total comprehensive loss for the year	-	-	-	(1,071,903)	(1,071,903)
Transactions with owners in their capacity as owners					
Placement of shares	-	-	-	-	-
Transaction costs relating to issue of shares	-	-	-	-	-
Balance as at 30 June 2014	12,995,389	103,409	-	(9,221,054)	3,877,744

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 2015*

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received and other income		17,856	39,656
Payments to suppliers and employees		(817,649)	(687,710)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	14	(799,793)	(648,054)
CASH FLOWS FROM INVESTING ACTIVITIES			
Tenement expenditure guarantees refunded		30,000	-
Proceeds from sale of exploration asset		140,000	15,000
Acquisition of property and equipment		-	-
Exploration and evaluation expenditure		(340,441)	(379,472)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(170,441)	(364,472)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of issue costs)		698,616	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		698,616	-
Net decrease in cash and cash equivalents		(271,618)	(1,012,526)
Cash and cash equivalents at beginning of year		669,399	1,681,925
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	397,781	669,399

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

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 2015 and was authorised for issue in accordance with a resolution of the directors on 30 September 2015. Paradigm are a for-profit entity.

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

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

A list of controlled entities is contained in Note 18 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 2015 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 Profit or Loss and Other 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.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2015 of \$3,549,948 and experienced net cash outflows from operating activities of \$799,793 and net cash outflows for investing activities of \$170,441. At 30 June 2015, the Group

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

had a net current asset position of \$294,935. The cash and cash equivalents balance at the date of this report is \$397,782. The Directors recognise the need to raise additional funds via equity raisings for planned future exploration activities.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds through an equity issue.

Should the Group not obtain funds through an equity issue, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

(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 2015 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	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2011-7 to reflect amendments to the accounting for financial liabilities.</p> <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2017

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<p>value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>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.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2011-7 and 2011-10.</p>		

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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other 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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(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.

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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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.

(m) Income tax

Deferred income tax is provided for on all temporary differences at reporting 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 Profit or Loss and Other 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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 reporting 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 reporting 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 Profit or Loss and Other 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.

(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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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 reporting 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.

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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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.

(v) Foreign Currency Translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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. Discontinuation of joint venture	2015
	\$
Toolebuc Resources Pty Limited	<u>(80,789)</u>
	<u>(80,789)</u>

(a) Description

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

On 5 March 2015, the only remaining tenement held by Toolebuc (EPM 16073) expired, with capitalised exploration written off to nil.

Given the Joint Venture no longer held an appropriate asset, a decision to terminate the agreement was made on 5 March 2015.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

(b) Financial information

At the date of the termination the balance sheet of Toolebuc was as follows:

	Balance Sheet	Paradigms 50% Share
Cash	1,690	845
Total Current Assets	1,690	845
Receivables		
Exploration		
Total Non-Current Assets	-	-
Total Assets	1,690	845
Payables	3,268	1,634
Total Current Liabilities	3,268	1,634
Total Liabilities	3,268	1,634
Net Assets	(1,578)	(789)
Share Capital	1,280,000	640,000
Retained Losses	(1,281,578)	(640,789)
Total Shareholders' Equity	(1,578)	(789)

At the date of termination the profit and loss of Toolebuc was as follows:

Revenue	-	-
Expenses	891,514	445,757
Loss for the period	891,514	445,757

There was no cashflow impact arising from the Toolebuc JV in the current period (2014: \$35 outflow for bank fees).

The Loss on Disposal of the Toolebuc Joint Venture is calculated at:

Consideration	\$ -
Opening Equity	445,757
Investment in Parent	(80,000)
Share of Expenses	(445,757)
Loss on disposal	(80,000)
Total consideration received as cash and cash equivalents	-
Cash and cash equivalents disposed of	(845)
Net cash disposed	(845)

(c) Details of the disposal

On 5 March 2015, the only remaining tenement held by Toolebuc (EPM 16073) expired, with capitalised exploration written off to nil.

Given the Joint Venture no longer held an appropriate asset, a decision to terminate the agreement was made on 5 March 2015.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

5. Other expenses	2015	2014
	\$	\$
Occupancy	80,000	120,000
Administration	88,755	21,252
Insurance	11,165	12,170
Travel and accommodation	42,943	16,208
Depreciation	560	9,563
Loss on disposal of plant and equipment	-	2,425
Other	12,792	2,035
Total other expenses	236,215	183,653

6. Income tax

Income tax recognised in profit / (loss)

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

Loss from operations	(3,549,948)	(1,071,903)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2014: 30%)		
Consolidated Entity	(1,064,984)	(321,571)
Add: tax effect of non-allowable items	168	3,019
Less: tax effect of temporary differences not brought to account	(2,223)	(11,000)
Deferred tax assets not brought to account	1,067,039	316,989
Income tax attributable to the entity	-	-

As at 30 June 2015, the consolidated entity had estimated unrecouped operating income tax losses of \$16,711,724 (2014: \$13,459,142). The tax benefit of these losses of \$5,013,517 (2014: \$4,037,743) 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 realised.
- (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 2015 there were no franking credits available for subsequent financial years.

7. Deferred exploration and evaluation expenditure

At beginning of the year	3,185,035	3,203,959
Acquisition on Caninde Graphite Project	237,504	-
Exploration expenditure during the year	361,728	344,025
Tenements disposed of during the year	(140,000)	-
Loss on disposal of exploration asset	(765,763)	-
Impairment expense	(1,955,255)	(362,949)
Total exploration and evaluation	923,249	3,185,035

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

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.

As announced, on 4 November 2014, the Company entered into an agreement to acquire up to 80% of the Caninde Graphite project in Ceara State, Brazil.

Under the terms of the agreement to acquire up to 80% of the Caninde Graphite project in Ceara State, Brazil the Company can earn an initial 51% of the project as follows:

	Payment (US\$)*	Exploration (US\$)	Drilling (metres)
Initial payment	\$100,000		
Within 12 months of Agreement Date	\$100,000		1,000
Within 24 months of Agreement Date	\$100,000		1,000
Within 36 months of Agreement Date	\$100,000	\$2,000,000	1,000
* may elect to receive payment in either cash or shares			

Once the Company has earned a 51% interest it may earn an additional 19% interest as follows;

	Payment (US\$)*	Exploration (US\$)	Deliverables
Within 48 months of Agreement Date	\$100,000		Prefeasibility Study
Within 60 months of Agreement Date	\$100,000	\$2,500,000	Feasibility Study
* may elect to receive payment in either cash or shares			

When the Company has delivered a Bankable Feasibility Study, Environmental Permitting and applied for a Mining License to earn its additional 19% interest, it may earn the final 10% interest (for a total of 80%) by paying US\$100,000 and putting the project into commercial production within 72 months of the Agreement date.

For the assignment of the rights and obligations of the Share Purchase Agreement the Company shall:

- Issue 100,000,000 (one hundred million) fully paid ordinary shares in the Company on the signing date;
- Issue 100,000,000 (one hundred million) fully paid ordinary shares in the Company after drilling 2,000 metres on the areas covered by the project tenements;
- Issue 100,000,000 (one hundred million) fully paid ordinary shares in the Company after a JORC resources report with +4Mt at +4%TGC is prepared.

8. Plant and equipment

	2015	2014
	\$	\$
Plant and equipment at cost	2,004	2,044
Accumulated depreciation	(1,301)	(741)
Total plant and equipment	<u>703</u>	<u>1,303</u>

Movement in carrying amounts:

Paradigm Metals Limited**Notes to the Consolidated Financial Statements for the year ended 30 June 2015**

	2015	2014
	\$	\$
Balance at beginning of the year	1,303	27,433
Additions	-	-
Disposals	(40)	(16,567)
Depreciation	(560)	(9,563)
Total plant and equipment	703	1,303

9. Trade and other receivables**Current**

GST receivable	8,710	12,249
Interest receivable	-	2,268
Tenement guarantees (i)	30,000	40,000
Prepayments and other receivables	9,196	845
	47,906	55,362

Non-Current

Tenement guarantees (i)	7,500	27,500
Other receivables	-	61,881
	7,500	89,381

- (i) Tenement guarantees are classified as current if expected to be refunded within 12 months upon relinquishment of exploration tenement. Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 19.

10. Trade and other payables**Current**

Trade creditors	27,037	69,156
Accruals & other payables	123,716	48,580
	150,753	117,736

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.

11. Issued capital**(a) Issued and paid up capital**

Ordinary shares fully paid	13,894,005	12,995,389
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Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

11. Issued capital	2015		2014	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Opening Balance	425,215,010	12,995,389	425,215,010	12,995,389
Acquisition of Caninde Graphite Project	100,000,000	200,000	-	-
Rights issue – 12 November 2014	44,500,077	89,000	-	-
Rights issue Shortfall – 12 November 2014	218,107,428	436,215	-	-
Placement – 17 April 2014	68,333,330	205,000	-	-
Rights issue – 22 May 2015	16,712,626	50,138	-	-
Options exercised during the year	94,395	189	-	-
Transaction costs on share issue	-	(81,926)	-	-
	872,962,861	13,894,005	425,215,010	12,995,389

(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

The following reconciles the outstanding share options at the beginning and year end of the financial year:

	2015	2014
	\$	\$
Description		
At the beginning of reporting period	-	-
Granted during the financial year	270,963,822	-
Forfeited during the financial year	-	-
Exercised during the financial year	(94,395)	-
Expired during the financial year	-	-
Balance at the end of the financial year	-	-
Exercisable at the end of the financial year	270,869,427	-

Options

Each of the options entitles the holder to one fully paid ordinary share in the Group. The terms of the listed options on issue are 262,513,110 exercisable at \$0.002 before 31 Dec 2016.

(e) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2015, the Group has net assets of \$3,877,744 (2014: \$3,877,744). 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 19 for further information on the Group's financial risk management policies.

12. Reserves

Share based payments reserve	103,409	103,409
Foreign currency translation reserve	(4,986)	-
Total	98,907	103,409

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Movements in Reserves:

	2015	2014
	\$	\$
Share based payment reserve		
At beginning of the period	103,409	103,409
Options lapsed during the year	-	-
Balance at the end of the year	103,409	103,409

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.

Foreign currency translation reserve

At beginning of the period	-	-
Foreign currency translation	(4,986)	-
Balance at the end of the year	(4,986)	-

The foreign exchange differences arising on translation of balances originally denominated in a foreign currency into the functional currency are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

13. Accumulated losses

Movements in accumulated losses were as follows:

Opening balance	9,221,054	8,149,151
Loss for the year	3,549,948	1,071,903
Balance at the end of the year	12,771,002	9,221,054

14. Cash and cash equivalents

	2015	2014
	\$	\$
Reconciliation of operating loss after tax to net the cash flows used in operations		
Loss from ordinary activities after tax	(3,549,947)	(1,071,903)
Non-cash items		
Exploration expenditure written off	1,955,255	281,901
Loss on the disposal of fixed assets	765,763	13,334
Loss on discontinuation of joint venture	80,000	-
Depreciation expense	560	16,607
Foreign exchange (gains) / losses	303	-
Changes in assets and liabilities:		
Increase / (decrease) in trade and other creditors	(48,094)	80,346
Decrease / (increase) in trade and other receivables	(3,633)	(2,371)
Net cash out flow from operating activities	(799,793)	(411,569)
Reconciliation of cash		
Cash balance comprises:		
Cash at bank	397,782	669,399
	397,782	669,399

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

15. Subsequent events

There were no 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	(3,549,948)	(1,071,903)
	Number of Shares	
	2015	2014
Weighted average number of ordinary shares used in calculating basic loss per share:	622,420,797	425,215,010
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	622,732,196	425,215,010

On 10 August 2015, the Company issued 220,000,000 listed options in accordance with approval received at the General Meeting of Shareholders held on 14 July 2015. Each of the options entitles the holder to one fully paid ordinary share in the Group. The terms of the listed options on issue are 262,513,110 exercisable at \$0.002 before 31 Dec 2016.

Other than outlined above, 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.

17. Auditors remuneration

2015	2014
\$	\$

The auditor of Paradigm Metals Limited is BDO Audit (WA) Pty Ltd

Amounts received or due and receivable BDO Audit (WA) Pty Ltd for:

- an audit or review of the financial report	25,000	25,000
- tax compliance and other services	-	-
	<u>25,000</u>	<u>25,000</u>

18. Related party disclosures

(a) Key Management Personnel

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

Short term employee benefits	293,528	441,664
Post employment benefits	20,367	20,367
Share based payments	-	-
Total remuneration	<u>313,895</u>	<u>462,031</u>

Garrison Capital Pty Ltd, a company in which Mr. McMaster is a director and shareholder, provided the Group with a fully serviced office (July 2014 to February 2015) including administration and information technology support totalling \$80,000 (2014: \$118,000) and reimbursement of payments for accounting services, courier and other minor expenses of \$13,824 (2014: \$58,962). \$Nil (2014: \$3,699) was outstanding at year end.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Garrison Capital (Victoria) Pty Ltd, a company in which Mr. McMaster and Mr. Reilly are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$60,000 (2014: \$60,000). \$5,000 (2014: \$16,500) 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 2015.

(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	
		2015	2014
Paradigm NSW Pty Limited	Australia	100%	100%
Paradigm Queensland Pty Limited	Australia	100%	100%
Tungsten NSW Pty Limited	Australia	100%	100%
Lara Alliance Mining Limited ¹	Brazil	-	-

Note:

1) The Company has a potential 51% equity interest in the Caninde Project is subject to the Company making future staged acquisition payments and exploration expenditure obligations as announced in ASX release 4th November 2014.

19. 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:

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents	397,782	669,399
Trade and other receivables	55,406	82,017
Financial Liabilities		
Trade and other payables	73,491	108,200

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.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2015 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.

	2015 \$	2014 \$
Cash and cash equivalents	397,782	669,399

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's Statement of Profit or Loss and Other 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)	
	2015	2014	2015	2014
Increase 100 basis points	3,978	6,694	3,978	6,694
Decrease 100 basis points	(3,978)	(6,694)	(3,978)	(6,694)

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 2015 and 30 June 2014, 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 2015 (2014: Nil).

(d) Fair Value Measurement

There were no financial assets or liabilities at 30 June 2015 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

20. Contingent liabilities

There are no known contingent liabilities as at 30 June 2015.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

21. Commitments

(a) Rental and service agreements

The Group entered a service agreement with Garrison Capital (Victoria) Pty Ltd for certain administrative services and office space for a term of 2 years commencing in March 2014. The Group is required to give 3 month's written notice to terminate the agreement.

The Group entered a mandate agreement with CPS Capital Pty Ltd to be lead manager, broker and underwriter to the Group in November 2014. Included in the mandate agreement was the issue of 220,000,000 options, exercisable at \$0.002 per option on or before 31 December 2016. The issue of these options were subject to shareholder approval which occurred on 14 July 2015. The options were issued on 10 August 2015.

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

	2015 \$	2014 \$
Within one year	80,000	180,000
After one year but not more than five years	-	120,000
Longer than five years	-	-
	180,000	300,000

22. 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 2015.

The balance of the franking account is Nil at 30 June 2015 (2014: Nil).

23. Share based payments

There were no share based payment transactions during the 30 June 2015 (2014: Nil) financial year.

Paradigm Metals Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

24. Parent entity information

The following details information related to the parent entity, Paradigm Metals Limited, at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2015 \$	2014 \$
Current assets	402,667	683,893
Non-current assets	806,357	955,227
Total assets	1,209,024	1,639,120
Current liabilities	(57,685)	(108,198)
Non-current liabilities	(5,000)	(5,000)
Total liabilities	(62,685)	(113,198)
Net assets	1,146,339	1,525,922
Issued capital	13,894,005	12,995,389
Reserves	103,409	103,409
Accumulated losses	(12,851,076)	(11,572,876)
Total equity	1,146,339	1,525,922
Loss of the parent entity	(1,278,199)	(710,145)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	(1,278,199)	(710,145)

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 2015 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



Antony Reilly

Executive Director / Chief Executive Officer

30 September 2015

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF PARADIGM METALS LIMITED

As lead auditor of Paradigm Metals Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2015

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 2015, 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 2, 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 2015 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 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, and successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 30 September 2015

Paradigm Metals Limited – Corporate Governance Statement

This statement has been approved by the Board. It is current as at 31 July 2015.

Paradigm's approach to Corporate Governance

This Statement explains how Paradigm addresses the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition' (referred to as either ASX Principles or Recommendations). Paradigm has chosen to early adopt the 3rd edition of these Recommendations.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – *A listed entity should disclose:*

- a) *the respective roles and responsibilities of its board and management;*
- b) *those matters expressly reserved to the board and those delegated to management.*

Role of the Paradigm Board ('the Board')

The Board is responsible for the governance of Paradigm. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from Paradigm's Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed and amended in July 2015.

The major powers the Board has reserved to itself are:

- Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

Delegation to the CEO

The Board has delegated to the CEO responsibility for implementing Paradigm's strategic direction and for managing Paradigm's day-to-day operations.

Recommendation 1.2 – *A listed entity should disclose:*

- a) *undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;*
- b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

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.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the

Paradigm Metals Limited – Corporate Governance Statement

Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

Recommendation 1.3 – *A listed entity should have a written agreement with each director and Executive setting out the terms of their appointment.*

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

Recommendation 1.4 – *The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

Paradigm's Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the CEO. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

Recommendation 1.5 – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives.

The Board continues to monitor diversity across the organisation. 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.

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.

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	1	25%
Women in senior executive positions	-	-
Women on the board	-	-

Recommendation 1.6 – *A listed entity should:*

Paradigm Metals Limited – Corporate Governance Statement

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Evaluation of Board and individual Directors

The Board of Paradigm 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 given its size.

Recommendation 1.7 – A listed entity should:

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board of Paradigm conducts its performance review the CEO 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 CEO 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.

Principle 2: Structure the Board to add value

Paradigm's Constitution provides for a minimum of three directors and a maximum of twelve.

The Directors of Paradigm at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities on pages 1 and 2 of the Annual Report.

The Board met once during the financial year. Director's attendances are set out on page 7 of the 2015 Annual Report.

Recommendation 2.1 – The Board of a listed entity should:

- a) *have a nomination committee which:*
 - 1. *Has at least three members, a majority of whom are independent directors; and*
 - 2. *Is chaired by an independent director;**and disclose:*
 - 3. *the charter of the committee;*
 - 4. *the members of the committee; and*
 - 5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.*

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.

Recommendation 2.2 – The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership.

Paradigm Metals Limited – Corporate Governance Statement

The Board continues to monitor the mix of skills and diversity on the Board. Due to the size of the Group, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

Recommendation 2.3 – *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and*
- c) *the length of service of each director.*

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, one director is 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	2 years
Mr. Brian McMaster	3 years
Dr. Nicholas Lindsay	11 months

Recommendation 2.4 – *The majority of the Board of a listed entity should be independent Directors.*

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.

As at 30 June 2015, the Board comprised two non-executive Directors and one executive Director. The executive Director is Paradigm's CEO, Anthony Reilly. The Board has determined that one non-executive Director, Dr. Nicholas Lindsay, is, and was throughout the entirety of the financial year, independent.

Recommendation 2.5 – *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

Paradigm Metals Limited – Corporate Governance Statement

Under Paradigm's Constitution, the Board elects a Chairman from amongst the non-executive Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

Paradigm's Chairman, Brian McMaster is not considered an independent Director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

Recommendation 2.6 – *The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the CEO; and
- Paradigm's financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – *A listed entity should:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

Paradigm has a Code of Conduct that applies to Paradigm and its Directors, employees and contractors (all of which are referred to as "employees" in the Code).

The Code of Conduct sets out a number of overarching principles of ethical behaviour which are set out under the following headings:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new Paradigm employees.

Paradigm's Code of Conduct is available on Paradigm's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – *A board of a listed entity should:*

- a) *have an audit committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director, who is not the chair of the board, and disclose:*

Paradigm Metals Limited – Corporate Governance Statement

3. *the charter of the committee;*
 4. *the relevant qualifications and experience of the members of the committee; and*
 5. *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

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.

Charter of the 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.

Recommendation 4.2 – *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The CEO and the CFO have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3 – *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor attends Paradigm's Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to Paradigm at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2014 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by Paradigm and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – *A listed entity should:*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

Disclosure

Paradigm's Disclosure Policy describes Paradigm 's continuous disclosure obligations and how they are

Paradigm Metals Limited – Corporate Governance Statement

managed by Paradigm. The Policy is reviewed bi-annually and is published on Paradigm's website. It was most recently reviewed in July 2015.

Accountability

The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available in the Media centre on the Paradigm website.

Financial market communications

Communication with the financial market is the responsibility of the CEO. Communication with the media is the responsibility of the CEO. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to Paradigm's future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

Paradigm's website at www.paradigmmetals.com.au provides detailed information about its business and operations. Details of Paradigm's Board Members can be found here.

The Investor Relations link on Paradigm's website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases since at least January 2013; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about Paradigm's corporate governance on its website at <http://www.paradigmmetals.com.au/corporate-governance>. This includes Paradigm's Constitution, Board and Board Charters, and extensive list of Paradigm's other Policies that support corporate governance.

The following documents are published on the Paradigm website under About Paradigm /Corporate Governance:

- Constitution
- Corporate Governance Statement
- Board Charter
- Audit Committee Charter
- Executive Committee Charter
- Directors and Executive Offices' Code of Conduct
- Performance Evaluation Process
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Recommendation 6.2 – A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Paradigm is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

Paradigm promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;

Paradigm Metals Limited – Corporate Governance Statement

- Through the Annual Report, half yearly report and quarterly reports;
- 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.

Recommendation 6.3 – *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to Paradigm's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages shareholders at the meeting to ask questions and make comments about Paradigm's operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director or the CEO.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

Recommendation 6.4 – *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option of electing to receive all shareholder communications by e-mail. Paradigm provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Paradigm website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Paradigm Share Registry with an email address and elects to be notified of all Paradigm ASX announcements.

The Paradigm Share Register is managed and maintained by Automic Share Registry Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Automic Share Registry InvestorOnline Login or by emailing info@automic.com.

Principle 7: Recognise and manage risk

Recommendation 7.1 – *A board of a listed entity should:*

- a) *have a committee or committees to oversee risk, each of which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director, who is not the chair of the board, and disclose:*
 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

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.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

Paradigm Metals Limited – Corporate Governance Statement

Recommendation 7.2 – *The board or a committee of the board should:*

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

Risk Management Policies

Paradigm has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices' Code of Conduct
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Roles and responsibilities

The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that Paradigm has a sound system of risk management and internal control that is operating effectively. The Board annually reviews and approves Paradigm's main risk exposures and the actions being taken to mitigate those risks.

Recommendation 7.3 – *A listed entity should disclose:*

- a) *If it has an internal audit function, how the function is structured and what role it performs; or*
- b) *If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Group does not have an established internal audit function given the size of its function. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

Recommendation 7.4 – *A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Board of Paradigm informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – *A board of a listed entity should:*

- a) *have a remuneration committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director,**and disclose:*
 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

Paradigm Metals Limited – Corporate Governance Statement

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.

Recommendation 8.2 – *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Paradigm's remuneration structure distinguishes between non-executive Directors and that of the CEO. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report on pages 8 to 11 of the Annual Report.

Recommendation 8.3 – *A listed entity which has an equity-based remuneration scheme should:*

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) disclose that policy or a summary of it.*

Paradigm does not have a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes as the Group does not have an equity based remuneration scheme.

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 23 September 2015.

Distribution of Share Holders

	Ordinary Shares		Listed options (PDMO)	
	Number of Holders	Number of Shares	Number of Holders	Number of Options
1 - 1,000	93	5,369	9	2,507
1,001 - 5,000	4	15,407	3	12,064
5,001 - 10,000	14	133,852	4	29,478
10,001 - 100,000	95	4,632,501	31	1,308,237
100,001 - and over	328	868,175,732	76	489,517,141
TOTAL	534	872,962,861	123	490,869,427

There were 316 holders of ordinary shares holding less than a marketable parcel.

Substantial Shareholders

Holder	Shares	% of Issued Capital
Americas Investment & Participation Limited – Wickham's Cay	100,000,000	11.46
Nefco Nominees	64,201,818	7.35
Mr Jason Peterson	87,429,811	9.99

Voting Rights

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

- The name of the Company Secretary is Ms Paula Cowan.
- The address of the principal registered office in Australia is Level 1, 330 Churchill Avenue, Western Australia 6008, Telephone + 61 (08) 9200 6264.
- The register of securities is held at;

Automic Registry Services Pty Ltd, Level 1, 7 Ventnor Ave, West Perth WA 6005, Telephone +61 (08) 9324 2099.

4. Securities Exchange Listing

Quotation has been granted for 872,962,861 ordinary shares on all member exchanges of the Australian Securities Exchange Limited ("ASX") and trade under the symbol 'PDM'.

Quotation has been granted for 490,869,427 listed options exercisable at \$0.002 and expiring on 31 December 2016 on all member exchanges of the Australian Securities Exchange Limited ("ASX") and trade under the symbol 'PDMO'.

- There are no unquoted ordinary shares at the date of this report.
- Detailed schedules of exploration and mining tenements held are included on page 52.
- Directors' interests in share capital are disclosed in the Directors' Report.
- There are no unlisted options at the date of this report.
- There is currently no on-market buy-back in place.
- For the current financial year, the entity used its cash and assets in a form readily convertible to cash in a manner consistent with its business activities.

ASX Additional Information

Top Twenty Share Holders

Name	Number of Shares held	%
AMERICAS INVESTMENTS & PARTICIPATION LIMITED - WICKHAM'S CAY	100,000,000	11.46
NEFCO NOMINEES PTY LTD	64,201,818	7.35
MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	52,249,811	5.99
CELTIC CAPITAL PTY LTD <CELTIC CAPITAL NO 2 A/C>	35,000,000	4.01
VEGA FUNDS PTY LTD <THE VIVA A/C>	17,831,128	2.04
HAY STREET PROPERTY PTY LTD	16,727,268	1.92
GARRISON CAPITAL PTY LTD	15,000,000	1.72
GARRISON CAPITAL PTY LTD	15,000,000	1.72
VIVA SCIENTIFIC PTY LTD	13,333,333	1.53
SACROSANCT PTY LTD <SACROSANCT SUPER FUND A/C>	13,333,333	1.53
RIVACRE INVESTMENTS PTY LTD <COLIN MARLAND FAMILY NO2 A/C>	11,666,666	1.34
MRS JULIETTE DIANE SHEAHAN & MR GERALD DAVID VERNON SHEAHAN	11,333,333	1.30
CRESSY STREET PTY LTD <THE A K BOSTOCK S/FUND A/C>	10,500,000	1.20
CHOWDER BAY PTY LTD <MENEGHELLO SUPER FUND A/C>	8,500,000	0.97
MRS JULIETTE DIANE SHEAHAN	8,333,333	0.95
MR RAUL USED <THE RAUL USED FAMILY A/C>	8,014,284	0.92
TANKAHUS PTY LTD	8,000,000	0.92
MR JOHN CHARLES BRENNAN	7,900,000	0.90
PHILLIAN PTY LTD <AUSTEN FAMILY NO 1 A/C>	7,741,831	0.89
RWH NOMINEES PTY LTD <RWH NOMINEES A/C>	7,500,000	0.86
	432,166,138	49.50

Top Twenty Option Holders (PDMO)

Name	Number of Options held	%
CPS CAPITAL GROUP PTY LTD	141,000,000	28.72
CELTIC CAPITAL PTY LTD<CELTIC CAPITAL NO 2 A/C>	64,000,000	13.04
NEFCO NOMINEES PTY LTD	50,031,250	10.19
CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	50,000,000	10.19
MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	38,107,430	7.76
HAY STREET PROPERTY PTY LTD	16,727,268	3.41
MR GARRY JOHN RISHWORTH & MRS ANGELA HANNY IRAWATI <GJ RISHWORTH S/F A/C>	7,500,000	1.53
MR SEAN DENIS O'BRIEN	7,142,858	1.46
MR ROBERT LAURENCE BOORMAN & MRS LAURA BOORMAN <BOORMAN SUPER FUND A/C>	6,250,000	1.27
P & D WILLIAMSON SUPER PTY LTD <WILLIAMSON SUPER FUND A/C>	6,250,000	1.27
MR ATTILIO PASQUALOTTO & MRS DIANA PASQUALOTTO	5,625,000	1.15
MR ROBERT CARL PASQUALOTTO & MRS PATRICIA GAIL PASQUALOTTO <RPS INVESTMENT A/C>	5,625,000	1.15
VEGA FUNDS PTY LTD <THE VIVA A/C>	5,227,043	1.06
VALLELONGA INTERNATIONAL PTY LTD	5,000,000	1.02
PAPUA COAL PTY LTD	5,000,000	1.02
GARRISON CAPITAL PTY LTD	5,000,000	1.02
CHOWDER BAY PTY LTD <MENEGHELLO SUPER FUND A/C>	5,000,000	1.02
DR JOHN CORRAN CRAWFORD & MRS PAMELA MARY CRAWFORD <CRAWFORD SUPER FUND A/C>	5,000,000	1.02
GARRISON CAPITAL PTY LTD	5,000,000	1.02
RWH NOMINEES PTY LTD <RWH NOMINEES A/C>	5,000,000	1.02
	438,485,849	89.33

Tenement Table

Tenement Table

Australia

Tenement	Project	Holder	Interest
EL 6590	Frogmore	Tungsten NSW Pty Ltd	100%
EPM 18294	Four Mile Tank	Paradigm Queensland Pty Ltd	100%
EPM 19016	The Ladies	Paradigm Queensland Pty Ltd	100%
EPM25366	The Ladies	Paradigm Queensland Pty Ltd	100%

Brazil

Tenements	Project	Holder	Interest
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)	- ¹

Note:

- 1) The Company has a potential 51% equity interest in the Caninde Project is subject to the Company making future staged acquisition payments and exploration expenditure obligations as announced in ASX release 4th November 2014.