



Paradigm Metals

ABN 28 102 747 133

ASX Release

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Level 1/330 Churchill Avenue
Subiaco WA 6008

Ph: +61 8 9200-4482
Fax: +61 8 9200-4469

Contact:

Anthony Reilly
Managing Director

Email:

info@paradigmmetals.com.au

Website:

www.paradigmmetals.com.au

Directors:

Anthony Reilly
Nicholas Lindsay
Mark Reilly

ASX Symbol: PDM

ACQUISITION OF IODM PTY LTD – CLOUD BASED AUTOMATED DEBTOR MANAGEMENT SOLUTION

Paradigm Metals Limited (“**Paradigm**” or “**the Company**”) is pleased to announce that it has entered into a binding terms sheet (“**Terms Sheet**”) to acquire 100% of the issued capital of IODM Pty Ltd (“**IODM**”).

TRANSACTION HIGHLIGHTS

- Acquisition of an established and rapidly growing Financial Technology (“**FinTech**”) business;
- IODM delivers a cloud based debtor management solution for businesses and their advisors;
- IODM has:
 - o An existing client base;
 - o 40+ Certified and Integration Partners across Australia and New Zealand;
 - o Exceptionally strong new client pipeline to be on boarded in CY2016;
 - o Clearly articulated global rollout strategy with multiple international corporations performing due diligence on IODM for roll-out in CY2016.
- IODM provides a unique competitive advantage as the system interfaces with all key accounting platforms including MYOB, Xero and Intuit-QBO;
- IODM has the ability to offer a white label solution and new revenue stream to professional advisors, accountants, banks, legal etc;
- The acquisition will allow IODM to rapidly convert its existing pipeline of Australian and New Zealand clients and target an international roll-out to begin in the United Kingdom.

Additional Information

- 100% acquisition of IODM for \$7,000,000 purchase price payable in Paradigm shares at a deemed price of \$0.002 per share on a pre-consolidation basis;
- Re-compliance with Chapter 1 and 2 of the ASX listing rules, including a 20:1 capital consolidation subject to ASX approval;
- Paradigm will assume an IODM Convertible Note facility which will convert into Paradigm shares at a fixed price of 4c (\$0.04) on a post consolidation basis to a maximum conversion value of \$1,250,000 in addition to the \$7,000,000 acquisition price above;
- There is provision for future performance based payments to vendors and incumbent directors of up to 100,000,000 Performance Shares at a deemed price of 4c (\$0.04) on a post capital consolidation basis upon successfully attaining agreed milestones. Performance shares are subject to ASX approval and details will be set out in the forthcoming notice of meeting;
- Capital raising (“**Capital Raising**”) of approximately \$3,000,000 at a deemed issue price of 4c (\$0.04) on a post capital consolidation basis;
- Transaction subject to shareholder and regulatory approvals.

Paradigm has appraised a number of resource and other investment opportunities with the aim to increase shareholder value. The Paradigm Board believes that this proposed transaction with IODM presents shareholders with an excellent opportunity to participate in the high growth FinTech software sector.

ABOUT IODM

IODM is a private un-listed company that has developed a cloud based automated debtor management solution. IODM provides businesses a superior accounts receivables monitoring and collection management tool through a central cloud based platform.

Launched in February 2015, IODM's major success has come from its unique sales distribution strategy whereby IODM provides professional advisory groups, industry associations and other organizations the platform to be able to provide a debtor management service to their clients and receive a revenue stream. This cost effective delivery management and distribution network sets IODM apart from its peers.

Key benefits of the IODM platform:

- Provides a platform for businesses to more effectively manage debtors;
- Provides a new compliance standard and discipline to the management of debtors;
- Commoditises an existing process generating a quantifiable business outcome and improved velocity to cash flow;
- Is currently generating a revenue stream for certified partners;
- Compliant for rollout in the UK, USA and Europe;
- Controls all the parameters of the debtor management cycle;
- Interfaces with all popular accounting packages;
- Sits on various distribution platforms.

To drive the business forward IODM is in advanced discussions with a number of banks, global consulting & accounting firms and international SaaS platforms. Success in these negotiations will provide IODM with the ability to leverage global supply chains to the IODM target market of Small to Medium Size Enterprises (SME's), corporate and government bodies in major global markets.

IODM MANAGEMENT TEAM

Damian Arena – Managing Director

Damian has a long history as an investor and executive in high growth companies over 20 years. Damian is an accountant and has broad commercial experience. Prior to IODM Damian's experience includes the management of debt collection businesses, CEO of LP Gas 1 the largest LP Gas installer in the Southern Hemisphere where Damian managed the transaction for LP Gas 1 to be sold to an ASX listed company.

In addition Damian has been an investor and executive in several growth companies for a number of years. Such companies include Noodle Box Group, Consolidated Collections, and achieving corporate growth through a mixture of direct sales, franchising and channel partnering via his vast network in Australia and overseas.

Michael Bugelly – Executive Director

Michael is a Chartered Accountant who commenced his career with KPMG and has experience with Public companies in the role of partner in charge of audit and corporate advice and has specialised in the SME sector. With 35 plus years of experience, Michael brings advice on all stages of a business

life cycle, business growth strategies, valuations, assisting with the purchase and sale of businesses and corporate restructuring.

Michael is a director of The Rufus Partnership (Vic) Pty Ltd, a corporate advisory firm specialising in assisting business owners maximise the value of their business, and a director of Business Impact Group Pty Ltd which consists of an ecosystem that has been formed specifically to increase business's EBIT and cash flow to maximise business value. Michael has also been involved in the Not for Profit sector in regards to providing professional services re: corporate governance and investment guidelines and was a Director of Oz Child for 13 years.

Michael has a Bachelor of Commerce (University of Melbourne) and is a Fellow of the Institute of Chartered Accountants and was previously a Fellow of the Taxation Institute of Australia.

Chris Rogers – Non-Executive Director

Chris has over 30 years in the consulting IT industry. He has consulted at some of the largest European enterprises in the world. He has a very sound understanding of customer profiling, marketing segmentation and permission marketing.

He has developed a multimillion dollar professional services consultancy business in APAC from 2007 to 2009 and has also previously sold a high value IP in a trade sale to NASDAQ listed company in 2000.

Wayne Schmidt - Advisor to the Board

Wayne has over 25 years' experience in the accounting industry spearheading the Australian expansion for Xero, MYOB and Reckon (Intuit). Wayne is passionate about helping accounting practices to grow, embrace change and become more profitable. Based in Australia, and having worked with firms in the USA, UK and China, Wayne has a unique global understanding of accounting firms.

TRANSACTION OVERVIEW

The Transaction will proceed on the basis of a valuation of Paradigm of approximately \$1,945,000 based on a share price of \$0.002 and an enterprise value of IODM of \$7,000,000.

Paradigm and IODM have executed a binding Terms Sheet to confirm the details and process of the proposed Transaction. Consideration will be payable in Paradigm shares at a fixed price of 4c (\$0.04) on a post 20:1 capital consolidation basis.

Paradigm has agreed to assume an IODM Convertible Note facility which will convert into Paradigm shares at a fixed price of 4c (\$0.04) on a post consolidation basis to a maximum conversion value of \$1,250,000 and is in addition to the \$7,000,000 consideration above.

There is provision for future performance based payments to a maximum of \$4,000,000 payable in Performance Shares at 4c (\$0.04) on a post consolidation basis to vendors and incumbent directors upon IODM achieving agreed milestones within a defined time period. The issue of Performance Shares and terms is subject to ASX approval and will be detailed in the forthcoming notice of meeting.

The acquisition of IODM will, amongst other things, be conditional upon; each party completing due diligence investigations; the execution of formal documentation; shareholder, regulatory and third-party approvals; completion of a capital raising; and the ASX conditionally confirming that it will re-instate Paradigm to official quotation following completion of the Transaction.

Upon completion of the Transaction Paradigm will change its name to IODM Limited and the new Board composition will comprise three (3) representatives from IODM and two (2) from Paradigm. In addition Paradigm's CEO, Anthony Reilly, will step down and be replaced by Damian Arena as Managing Director of IODM.

As part of the transaction Paradigm intends to complete a consolidation of its issued capital and exchange traded options on a 20:1 basis and thereafter conduct a capital raising to raise up to \$3,000,000 at an issue price of 4c (\$0.04) per share. Assuming the 20:1 consolidation, the consideration payable to IODM shareholders will equal:

- 175,000,000 post consolidated Paradigm shares and;
- Up to 100,000,000 future Performance Shares.

The indicative post-transaction un-diluted capital structure of Paradigm, assuming the transaction proceeds on the above basis, is set out on page 5 this announcement.

Funds raised through the Capital Raising (after costs) will be applied to on-boarding IODM pipeline clients, international expansion and general working capital for the development of the IODM business model.

LEAD MANAGER

IODM have appointed Lodge Corporate Limited to act as exclusive Lead Manager to the deal. Lodge Corporate has appointed Garrison Capital (Victoria) Pty Ltd to carry out certain corporate advisory actions and to project manage the documentation and process the transaction to completion. Paradigm Directors Mr Anthony Reilly and Mr Mark Reilly are both Directors of Garrison Capital (Victoria) Pty Ltd.

RE-COMPLIANCE WITH CHAPTERS 1 & 2 OF ASX LISTING RULES

Paradigm anticipates that the transaction with IODM will constitute a significant change in the nature and scale of Paradigm's activities which will require Paradigm to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules. Paradigm therefore intends to seek approval for the transaction from shareholders under ASX Listing Rule 11.1.2. Paradigm will, however, consult with the ASX regarding the structure of the proposed transaction.

ANTICIPATED TIMELINE

The Terms Sheet contemplates that the transaction will proceed in accordance with the following indicative time line, however, the parties have agreed to act reasonably to extend the dates below to accommodate any delays experienced in the course of implementing the transaction.

Execution of Share Sale Agreement	15 th January 2016
Completion of Due Diligence	31 st January 2016
Notice of General meeting of PDM shareholders	31 st January 2016
PDM obtaining all necessary shareholder and regulatory consents	No later than 26 th February 2016
ASX conditionally confirming that it will re-instate the Company to quotation following completion of the transaction	No later than 29 th April 2016
Completion of the capital raising and completion of acquisition of IODM	No later than 29 th April 2016

EFFECT ON THE PARADIGM

Set out below is a summary of the approximate impact the Transaction will have on the issued capital, assets and liabilities of Paradigm. The indicative capital structure assumes that the transaction proceeds on the basis of a 20:1 capital consolidation and a new equity capital raising of \$3,000,000 at an issue price of 4c (\$0.04). As noted in this announcement the consolidation ratio and capital raising proposal are subject to consultation with the ASX.

The IODM business will be the Company's sole focus and Paradigm's remaining copper and gold exploration assets in Queensland will be held in good standing and the Company will continue to seek opportunities to divest these assets.

INDICATIVE CAPITAL STRUCTURE

Post 20:1 Capital Consolidation and assuming a \$3,000,000 Prospectus Raise:

Paradigm Ordinary Shares	48,648,143	13.73%
Paradigm Listed Options PDMO	24,543,471	6.92%
IODM Initial Consideration	175,000,000	49.37%
Convertible Notes	31,250,000	8.82%
Capital Raising Prospectus	75,000,000	21.16%
CAPITAL STRUCTURE POST TRANSACTION	354,441,614	100.00%
Maximum Performance Shares	100,000,000	
Lead Manager Options	12,000,000	
Convertible Note Holders Options	15,625,000	
Fully Diluted	482,066,614	

The Company looks forward to updating shareholders as the transaction progresses.

Yours sincerely,

Anthony Reilly
Chief Executive Officer
29th December 2015

Email: info@paradigmmetals.com.au

Website: www.paradigmmetals.com.au