



Paradigm Metals

ABN 28 102 747 133

Half-year Financial Report 31 December 2015

CORPORATE DIRECTORY

Directors

Mr. Mark Reilly (Non-Executive Director)

Dr. Nicholas Lindsay (Non-Executive Director)

Mr. Earle Harper (Non-Executive Director)

Company Secretary

Ms. Paula Cowan

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Auditors

BDO Audit (WA) Pty Ltd

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SUBIACO WA 6008

Stock Exchange Listing

Australian Securities Exchange

ASX Code: PDM

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DIRECTORS' REPORT

The directors of Paradigm Metals Limited and its subsidiaries ("Paradigm" or the "Group") submit the financial report of the Group for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Mark Reilly	Non-Executive Director (appointed 2 October 2015)
Dr Nicholas Lindsay	Non-Executive Director
Mr Earle Harper	Non-Executive Director (appointed 7 March 2016)
Mr Anthony Reilly	Executive Director (resigned 7 March 2016)
Mr Brian McMaster	Former Non-Executive Director (resigned 2 October 2015)

Results

The loss after tax for the half-year ended 31 December 2015 was \$1,201,839 (31 December 2014 loss of \$1,576,916).

Review of Operations

New Acquisition of IODM Pty Ltd

On 29 December 2015, Paradigm Metals Limited ("Paradigm" or "Company") announced the acquisition of IODM Pty Ltd ("IODM"), an established and rapidly growing Financial Technology ("FinTech") business.

Transaction Highlights

- IODM delivers a cloud based debtor management solution for businesses and their advisors;
- IODM has:
 - An existing client base;
 - 40+ Certified and Integration Partners across Australia and New Zealand;
 - Exceptionally strong new client pipeline to be on boarded in CY2016; and
 - 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; and
- 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.

The acquisition is subject to certain conditions precedent with the Company and IODM currently working jointly to satisfy these conditions.

Caninde Graphite Project (PDM earning 80%)

During the period the Company received metallurgical results from the Pedra Preta target, as announced 26 October 2015. Unfortunately these results indicated a low probability of achieving a high value large flake product at the Pedra Preta target and the Company suspended further exploration.

Subsequent to the decision to suspend further exploration, the Company and the vendor agreed to terminate the Share Purchase Agreement to acquire the Caninde Graphite Project. Following the termination of the Share Purchase Agreement, the Company relinquished its 51% interest in the Caninde Graphite Project.

The Ladies Copper Project (PDM 100%) and Four Mile Tank (PDM 100%)

No field exploration was conducted at either the Ladies Copper Project or the Four Mile Tank Project during the period.

Corporate

During the period the Group appointed Mr Mark Reilly as Non-executive Director and Mr Brian McMaster resigned as Non-executive Director.

On 8 December 2015 the Company issued 100,000,000 new ordinary shares at \$0.0015 per share to sophisticated investors raising \$150,000.

Subsequent Events

Subsequent to period end, on 29 January 2016 the Company announced it had entered a sale agreement with the existing IODM shareholders pursuant to which the Company intends to acquire 100% of the issued shares in IODM (Acquisition). If successful, the Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Accordingly, the Company issued a Notice of General Meeting on 24 February 2016 convening the General Meeting of Shareholders on 29 March 2016.

Subsequent to period end, on 2 March 2016, the Company received a notice under section 249D of the Corporations Act 2001 (Cth) from shareholders who hold more than five percent (5%) of the issued capital of the Company relating to the removal of Mr Anthony Reilly as a director of the Company. On 7 March 2016, following discussions with the Board of Directors of Paradigm, Mr Anthony Reilly resigned as Director and CEO of Paradigm for personal reasons and considerations arising in connection with the 249D Notice. On 7 March 2016, the Company appointed Mr Earle Harper as a Non-Executive Director.

Other than those disclosed above, there are no other significant events subsequent to the end of the reporting period.

Auditor's Independence Declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Mark Reilly
Non-Executive Director

11 March 2016

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

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

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF PARADIGM METALS LIMITED

As lead auditor for the review of Paradigm Metals Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2015

	Note	31 December 2015 \$	31 December 2014 \$
Continuing operations			
Other revenue		759	5,955
Revenue		759	5,955
Listing and public company expenses		(30,177)	(28,202)
Accounting and audit expenses		(59,506)	(52,293)
Consulting and directors' fees		(95,289)	(65,015)
Occupancy expenses		(30,000)	(45,000)
Depreciation		(280)	(280)
Employee benefit expense		(64,618)	(71,450)
Loss on disposal of exploration asset	3	(586,841)	(765,763)
Impairment of exploration expenditure	3	(304,752)	(520,649)
Other expenses		(31,135)	(34,219)
Loss before income tax		(1,201,839)	(1,576,916)
Income tax expense		-	-
Loss after income tax		(1,201,839)	(1,576,916)
OTHER COMPREHENSIVE INCOME		-	-
<i>Item that may be reclassified subsequently to operating profit or loss</i>			
Foreign currency translation		13,536	
Total comprehensive loss for the half-year		(1,188,303)	(1,576,916)
Loss per share			
Basic and diluted loss per share (cents per share)		(0.14)	(0.34)

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

Consolidated Statement of Financial Position
as at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
Assets			
Current Assets			
Cash and cash equivalents		246,698	397,782
Other receivables		17,183	47,906
Total Current Assets		263,881	445,688
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	100,000	923,249
Plant and equipment		463	703
Other receivables		7,500	7,500
Total Non-Current Assets		107,963	961,492
Total Assets		371,844	1,377,180
Current Liabilities			
Trade and other payables		183,720	150,753
Total Current Liabilities		183,720	150,753
Non-Current Liabilities			
Long term provisions		5,000	5,000
Total Current Liabilities		5,000	5,000
Total Liabilities		188,720	155,753
Net Assets		183,124	1,221,427
Equity			
Issued capital		14,044,005	13,894,005
Reserves		111,959	98,423
Accumulated losses		(13,972,840)	(12,771,001)
Total Equity		183,124	1,221,427

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

Consolidated Statement of Changes in Equity

Half-year ended 31 December 2015

	Issued Capital \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2015	13,894,005	103,409	(4,986)	(12,771,001)	1,221,427
Total comprehensive loss for the half-year					
Loss for the half-year	-	-	-	(1,201,839)	(1,201,839)
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	13,536	-	13,536
Total comprehensive loss for the half-year	-	-	13,536	(1,201,839)	(1,188,303)
Transactions with owners in their capacity as owners					
Shares issued	150,000	-	-	-	150,000
Transaction costs relating to issue of shares	-	-	-	-	-
	150,000	-	-	-	150,000
Balance at 31 December 2015	14,044,005	103,409	8,550	(13,972,840)	183,124

Half-year ended 31 December 2014

Balance as at 1 July 2014	12,995,389	103,409	-	(9,221,054)	3,877,744
Total comprehensive loss for the half-year					
Loss for the half-year	-	-	-	(1,576,916)	(1,576,916)
Total comprehensive loss for the half-year	-	-	-	(1,576,916)	(1,576,916)
Transactions with owners in their capacity as owners					
Shares issued for part consideration of the Caninde Project	200,000	-	-	-	200,000
Rights issue acceptances	89,000	-	-	-	89,000
Transaction costs relating to issue of shares	(15,589)	-	-	-	(15,589)
	273,411	-	-	-	273,411
	13,268,800	103,409	-	(10,797,970)	2,574,239

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

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Payments to suppliers and employees	(272,620)	(246,158)
Interest received	759	8,222
Net cash outflow from operating activities	(271,861)	(237,936)
Cash flows from investing activities		
Proceeds from the sale of exploration assets	-	140,000
Cash lost in deconsolidation	(1,238)	-
Tenement expenditure guarantees refunded	30,000	30,000
Payments for exploration and evaluation expenditure	(57,984)	(308,661)
Net cash outflow from investing activities	(29,222)	(138,661)
Cash flows from financing activities		
Proceeds from issue of equity securities (net of issue costs)	150,000	73,411
Proceeds from shares not yet issued	-	11,546
Net cash inflow from financing activities	150,000	84,957
Net decrease in cash and cash equivalents	(151,084)	(291,640)
Cash and cash equivalents at beginning of period	397,782	669,399
Cash and cash equivalents at the end of the period	246,698	377,759

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

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose half-year financial report of Paradigm Metals Limited and its subsidiaries (the Group) for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 26 February 2016.

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 principal activities of the Group are described in the Director's Report.

Basis of Preparation

This financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2015 and considered together with any public announcements made by Paradigm Metals Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period. The accounting policies adopted are consistent with those of the previous financial year.

New and amending Accounting Standards and Interpretations

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has had no effect on the amounts reported for the current or prior periods.

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 half-year ended 31 December 2015 of \$1,201,839 and experienced net cash outflows from operating activities of \$271,861. At 31 December 2015, the Group had a net current asset

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (Continued)

position of \$80,161. The cash and cash equivalents balance at the date of issuing this report is \$246,698. The Directors recognise the need to raise additional funds via equity raisings for future activities.

As disclosed in note 7, the Group is in the process of acquiring a financial technology company 'IODM'. A condition of this acquisition is to also undertake a capital raising up to \$3,000,000 at \$0.04 per ordinary share, to be completed under a prospectus.

Accordingly, the Directors' acknowledge that the Group will require additional funding to complete the proposed acquisition and to continue as a going concern during the next 12 months. Should the acquisition not proceed, the ability of the Group to continue as a going concern will be dependent on the future successful raising of funding through equity, subsequent exploitation of the Group's tenements and/or sale of non-core assets.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate. However, if the Group is unable to achieve the above, there is material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of the business 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.

NOTE 2: SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves exploration for gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board of Directors (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2015

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 \$	30 June 2015 \$
At beginning of the year	923,249	3,185,035
Acquisition on Caninde Graphite Project	-	237,504
Exploration expenditure during the year	68,344	361,728
Tenements disposed of during the year	-	(140,000)
Loss on disposal of exploration asset	(586,841)	(765,763)
Impairment expense	(304,752)	(1,955,255)
Total deferred exploration and evaluation expenditure	100,000	923,249

All expenditure for the exploration and evaluation is included in the deferred exploration and evaluation expenditure asset. Exploration and evaluation is recorded at historical cost. The Directors have assessed the asset for impairment, and as there are facts and circumstances suggesting that the carrying amount exceeds the recoverable amount, capitalised expenditure has been written down by \$304,752 (excluding loss on disposal of the Caninde project) to a carrying amount of \$100,000, which the Directors have assessed to be recoverable.

The recoverable amount of the exploration and evaluation expenditure is based on the fair value less costs of disposal, categorised as a level 3 fair value within the fair value measurement hierarchy.

NOTE 4: ISSUED CAPITAL

(a) Issued and paid up capital

Ordinary shares fully paid	14,044,005	13,894,005
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	31 December 2015		30 June 2015	
	Number of shares	\$	Number of shares	\$
(b) Movements in shares on issue				
Opening Balance	872,962,861	13,894,005	425,215,010	12,995,389
Placement – 8 December 2015	100,000,000	150,000	-	-
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)
Closing balance	972,962,861	14,044,005	872,962,861	13,894,005

NOTE 5: DIVIDENDS

No dividends have been paid or provided for during the half-year (2014: nil).

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2015

NOTE 7: SUBSEQUENT EVENTS

Subsequent to period end, on 29 January 2016 the Company announced it had entered a sale agreement with the existing IODM shareholders pursuant to which the Company intends to acquire 100% of the issued shares in IODM (Acquisition). If successful, the Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Accordingly, the Company issued a Notice of General Meeting on 24 February 2016 convening the General Meeting of Shareholders on 29 March 2016.

Subsequent to period end, on 2 March 2016, the Company received a notice under section 249D of the Corporations Act 2001 (Cth) from shareholders who hold more than five percent (5%) of the issued capital of the Company relating to the removal of Mr Anthony Reilly as a director of the Company. On 7 March 2016, following discussions with the Board of Directors of Paradigm, Mr Anthony Reilly resigned as Director and CEO of Paradigm for personal reasons and considerations arising in connection with the 249D Notice. On 7 March 2016, the Company appointed Mr Earle Harper as a Non-Executive Director.

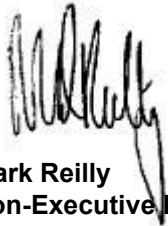
Other than those disclosed above, there are no other significant events subsequent to the end of the reporting period.

DIRECTORS' DECLARATION

In the opinion of the directors of Paradigm Metals Limited and its subsidiaries (the 'Group'):

1. The financial statements and notes thereto, as set out on pages 5 to 12, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.



Mark Reilly
Non-Executive Director

11 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Paradigm Metals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Paradigm Metals Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Paradigm Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Paradigm Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year 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. This condition, along with other matters as set out in Note 1, 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.

BDO Audit (WA) Pty Ltd

A handwritten signature in purple ink, appearing to read 'Dean Just', is written over a faint, larger 'BDO' logo.

Dean Just

Director

Perth, 11 March 2016