



Acquisition of Caninde Graphite Project

The Board of Paradigm Metals Limited ("Paradigm" or "the Company") is extremely pleased to announce that it has entered into an agreement to acquire up to 80% of the Caninde Graphite project in Ceara State, Brazil.

This is an exceptional acquisition and growth opportunity for the Company with considerable work already completed on the project. **The Caninde Graphite Project is a "company maker" for Paradigm and represents an immediate opportunity for the Company to fast track a project towards development.** The Company is currently compiling existing data and will look to commence an aggressive drilling programme in the coming months.

Highlights:

- Granted 15,614Ha project area
- Massive flake Graphite identified
- Multiple prospects identified, sampled and trenched
- Analytical results for surface grab rock chip samples as high as **42.04% Cg.**
- Brazil is a leading global producer and end user of graphite.
- Brazil has an established mining economy and the Board has a track record of developing projects in Brazil.
- Aggressive drilling programme to commence in the coming months.

- High grade trenching results including:

PEDRA PRETA PROSPECT

25.3 metres at 13.29% Cg,
incl 9.3 metres at 20.76% Cg
7.2 metres at 13.01% Cg,
3 metres at 8.9% Cg

MARIANA PROSPECT

4.5 metres at 8.25% Cg

SALGUEIRO PROSPECT

1.5 metres at 30.2% Cg
2 metres at 23.13% Cg

SAO LUIS PROSPECT

12 metres at 5.5% Cg
6 metres at 4.44% Cg
4 metres at 8.93% Cg

Cg, means graphitic carbon

Caninde Graphite Project

The project is located about 135 kilometres southwest of Fortaleza city (Capital of Ceara State, Brazil) and the closest city is Canindé, 25 km to northeast of the mineral properties, with approximately 74,000 inhabitants. The southern portion of the project is crossed by the paved highway BR-020. The project comprises 17 individual tenements with sizes varying from 634 hectares up to 985 hectares, totalling 15,614 hectares. All areas have the exploration licenses granted (figure 1).

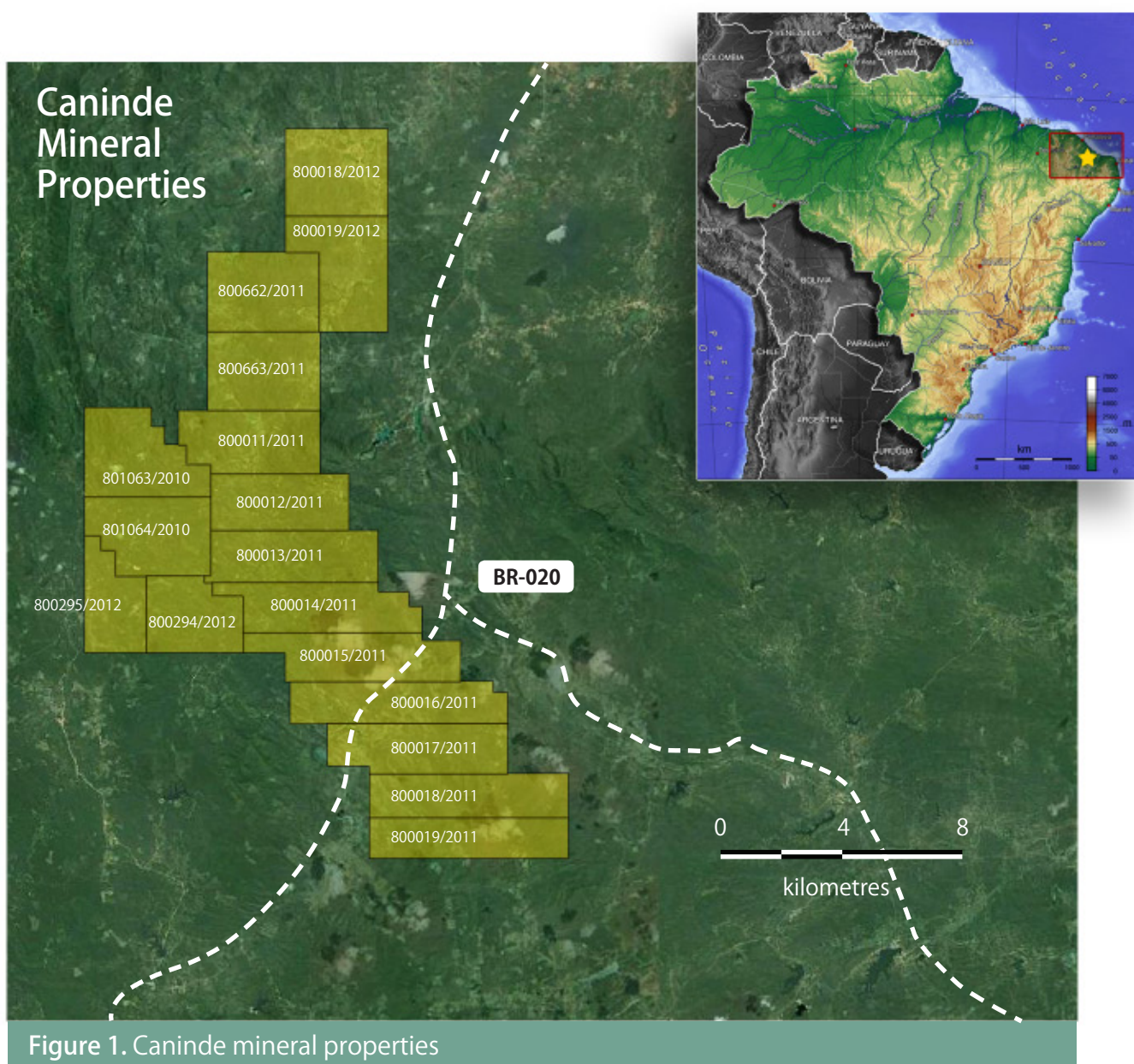


Figure 1. Caninde mineral properties

Geologically, the project lies within the paleoproterozoic Ceara Complex which includes amphibolites, mica and Graphite schists, quartzites, para-and-ortho-gneisses from the Caninde upper unit and, quartzites, mica schists, metalimestones, amphibolites, gneisses from the Independência lower unit.

To date, three (3) main types of Graphite occurrences have been recognised within the project. Type 1 is represented by stratabound massive Graphite bands or graphite-rich beds with thicknesses ranging from few centimetres to several metres and grades from 5 to 20% Cg, suggesting the best targets in terms of tonnage (figure 2). Type 2 comprises disseminated low grade graphite-bearing mica-schists with grades ranging from 0.2 to 2.0% Cg. Type 3 is related to massive Graphite discordant lenses or veins with thicknesses up to few metres and grades from 15 to 35% Cg, representing an opportunity for low tonnage and high-grade targets (figure 3).

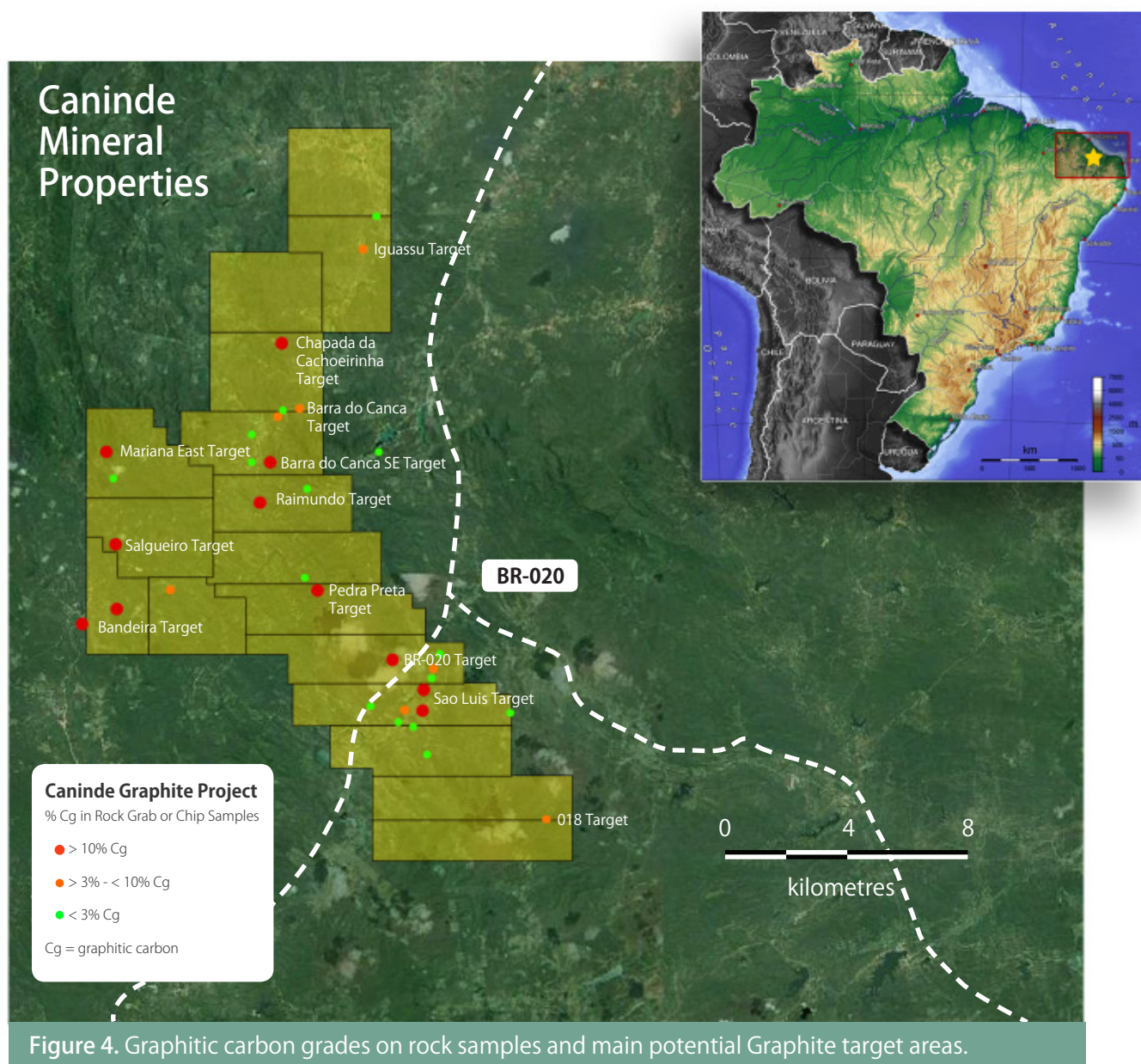
Figure 2.
Stratabound massive
coarse graphite-rich
beds (type 1).



Figure 3.
Massive discordant
Graphite lenses or
veins (type 3).



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 (figure 4).



Consideration

The Company will make staged payments totalling US\$700,000 and funding a minimum US\$4.5 million of exploration and development work and putting the project into production.

Under the terms of the agreement 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	\$100,000		1,000
Within 24 months	\$100,000		1,000
Within 36 months	\$100,000	\$2,000,000	1,000
<i>* May elect to receive payment in either cash or shares</i>			

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	\$100,000		Prefeasibility Study
Within 60 months	\$100,000	\$2,500,000	Feasibility Study
<i>* May elect to receive payment in either cash or shares</i>			

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.

The Company can withdraw from this agreement at any time by the provision of 30 days' notice.

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.

Summary

The Caninde Graphite project presents an outstanding opportunity to rapidly progress exploration through to development in Brazil which is a leading global producer and end user of Graphite.

The Company looks forward to updating investors on developments in due course.

Anthony Reilly
Managing Director
Email: info@paradigmmetals.com.au
Website: www.paradigmmetals.com.au

Corporate Advisor:



Competent Persons Statement

The technical information in this release is based on compiled and reviewed data by Mr. Paulo Brito. Mr. Brito is a consulting geologist for Paradigm Metals Limited and is a Member of AusIMM-The Minerals Institute, as well as, a Member of Australian Institute of Geoscientists.

Mr. Brito has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Brito consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr. Brito accepts responsibility for the accuracy of the statements disclosed in this release.

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

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

Directors:
Anthony Reilly
Nicholas Lindsay
Brian McMaster

The following Table and Sections are provided to ensure compliance with JORC Code (2012 Edition).

TABLE 1 – Section 1: Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole, gamma sondes, or handheld XRF instruments etc). These examples should not be taken as limiting the broad meaning of sampling. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. In cases where "industry standard" work has been done this would relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
Criteria	JORC Code Explanation	Commentary
Drilling Techniques	<ul style="list-style-type: none"> Drill types (e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face- sampling bit or other type, whether core is oriented and if so by what method etc). 	<ul style="list-style-type: none"> No drilling has been conducted yet by Paradigm Metals.
Drill Sample Recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assayed. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement.
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine /course material. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> The total length and percentages of the relevant intersections logged. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
Sub- Sampling Techniques and Sampling Procedures	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split etc and whether sample wet or dry. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub – sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second –half sampling. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
Quality of Assay Data and Laboratory Tests	<ul style="list-style-type: none"> The nature quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> The company (Paradigm Metals) did not make any assays. Grades mentioned in this announcement are historical in nature obtained by a previous operator and the quality cannot be assured by Paradigm Metals.
	<ul style="list-style-type: none"> For geophysical tools, spectrometers, hand held XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation etc. 	<ul style="list-style-type: none"> Assays are not reported in this announcement. None of the referred tools were used.
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> The company (Paradigm Metals) did not make any assays. Grades mentioned in this announcement are historical in nature obtained by a previous operator and the quality cannot be assured by Paradigm Metals.
Verification of Sampling and Assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> The use of twinned holes 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
	<ul style="list-style-type: none"> Discuss and adjustment to assays 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement
Criteria	JORC Code Explanation	Commentary
Location of Data Points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down hole surveys), trenches, mine workings and other locations used in Mine Resource estimation 	<ul style="list-style-type: none"> To date, no exploration works have been done by Paradigm Metals.
	<ul style="list-style-type: none"> Specification of grid system used 	<ul style="list-style-type: none"> To date, no exploration works have been done by Paradigm Metals.
Data Spacing and Distribution	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> To date, no exploration works have been done by Paradigm Metals.
	<ul style="list-style-type: none"> Data spacing for reporting of Exploration results. 	<ul style="list-style-type: none"> To date, no exploration works have been done by Paradigm Metals.
	<ul style="list-style-type: none"> Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classification applied. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
Orientation of Data in relation to Geological Structure	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which is known, considering the deposit type. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
	<ul style="list-style-type: none"> If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Drilling results are not reported in this announcement.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No samples have been collected yet by Paradigm Metals.
Audit or Reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data 	<ul style="list-style-type: none"> The property has not enough exploration data that supports an audits or reviews.

Section 2: Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral Tenement and Land Tenure Status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. 	<ul style="list-style-type: none"> The Caninde Project comprises 17 exploration licenses already granted covering a total area of 15,614 hectares The mineral property are registered under the following processes; 801.063/2010, 801.064/2010, 800.011/2011, 800.012/2011, 800.013/2011, 800.014/2011, 800.015/2011, 800.016/2011, 800.017/2011, 800.018/2011, 800.019/2011, 800.662/2011, 800.663/2011, 800.018/2012, 800.019/2012, 800.294/2012 and 800.295/2012.
	<ul style="list-style-type: none"> The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area 	<ul style="list-style-type: none"> The company is not aware of any impediment to obtain a license to operate in the area
Exploration done by Other Parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties 	<ul style="list-style-type: none"> Significant exploration works were conducted by other parties on the project area and can be resumed to regional mapping, rock grab and chip sampling, soil sampling, shallow pits and trenching. No drilling have being conducted. All the analysis available were produced by an ISO-accredited laboratory.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation 	<ul style="list-style-type: none"> Graphite mineralization in Paleoproterozoic high metamorphic terrain. Stratabound graphite-rich beds and massive graphite discordant lenses/veins.
Drill Hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes <ul style="list-style-type: none"> Easting and northing of the drill hole collar Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar. Dip and azimuth of the hole Down hole length and interception depth Hole length 	<ul style="list-style-type: none"> Not drilled yet
	<ul style="list-style-type: none"> If the exclusion of this information is justified on the basis that the information is not Material and that this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Does not apply
Further Work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling) 	<ul style="list-style-type: none"> Diamond drilling program.
	<ul style="list-style-type: none"> Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Mineralized zone not defined yet.