Paradigm Metals

ABN 28 102 747 133

13 November 2014

Dear Shareholder,

PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

As announced to ASX on 12 November 2014, Paradigm Metals Limited (**Paradigm**) is undertaking a pro-rata non-renounceable entitlement issue of approximately 262,607,505 fully paid ordinary shares in the capital of the Company (**Shares**) with 1 free attaching Option for every 1 Share subscribed to its shareholders who are registered as shareholders at 5pm (WST) on 18 November 2014 (**Record Date**) to raise approximately $525,215 (**Entitlement Issue**).

The Shares will be offered on the basis of 1 new Share for every 2 Shares held as at the Record Date with 1 free attaching Option for every 1 Share subscribed and allotted under the Entitlement Issue (**Offer**). The Shares offered under the Entitlement Issue will rank equally with the Shares on issue at the date of the prospectus.

The entitlements under the Offer (**Entitlements**) are non-renounceable, which means that all or part of an eligible shareholder's rights to subscribe for securities under the Offer may not be traded on ASX.

The Company has lodged a prospectus in relation to the Entitlement Issue (**Prospectus**) at the Australian Securities & Investments Commission and ASX and is available on the ASX website at asx.com.au for inspection. This document will be despatched to shareholders of the Company on 21 November 2014 and will outline the Entitlement Issue in detail.

<u>Key Dates</u>

The proposed timetable for the Entitlement Issue is as follows:

Lodgement of Prospectus with the ASIC	Wednesday, 12 November 2014
Lodgement of Prospectus & Appendix 3B with ASX	Wednesday, 12 November 2014
Notice sent to Shareholders	Thursday, 13 November 2014
Ex date	Friday, 14 November 2014
Record Date for determining Entitlements	Tuesday, 18 November 2014
Prospectus despatched to Shareholders & Company announces this has been completed	Friday, 21 November 2014
Last day to extend the offer closing date	Thursday, 27 November 2014
Closing Date	Tuesday 2 December 2014
Securities quoted on a deferred settlement basis	Wednesday, 3 December 2014
ASX and Underwriter notified of under subscriptions	Friday, 5 December 2014
Issue Date	Tuesday, 9 December 2014
Quotation of Securities issued under the Offer	Wednesday, 10 December 2014

These dates are subject to change and are indicative only. Subject to the ASX Listing Rules the Corporations Act 2001(Cth) and the terms and conditions of the Underwriting Agreement the Directors reserve the right to vary the dates for the Entitlement Issue at their discretion.

Level 1 / 330 Churchill Avenue, Subiaco WA 6008
P.O. Box 540, Subiaco WA 6904, Australia
Ph: +61 8 9200 4482, Fax: +61 8 9200 4469

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The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription ($)	%
1.	Data analysis and field exploration – Caninde Graphite Project	80,000	15.23%
2.	Drilling Programme – Caninde Graphite Project	200,000	38.08%
3.	Expenses of the Offer	58,803	11.20%
4.	Working capital	186,412	35.49%
	Total	**525,215**	**100%**

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The effect of the Offer on the capital structure of the Company, assuming the Offer is fully subscribed is set out below:

Shares

	Number
Shares currently on issue	525,215,010
Shares offered pursuant to the Offer	262,607,505
Total Shares on issue after completion of the Offer	**787,822,515**

Options

	Number
Options currently on issue	-
New Options issued pursuant to the Offer (Quoted exercisable at $0.002 on or before 31 December 2016)	262,607,505
Options to be issued to Underwriter (Quoted exercisable at $0.002 on or before 31 December 2016)	220,000,000
Total Options	**482,607,505**

In calculating entitlements under the Entitlement Issue, fractions will be rounded up to the nearest whole number.

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Applicants

The Entitlement Issue is made to shareholders with registered addresses in Australia and New Zealand only.

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying the Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer by:

(a) taking up all of your Entitlement;

(b) taking up a proportion of your Entitlement and allowing the balance to lapse; or

(c) allowing all of your Entitlement to lapse.

If you wish to accept all or part of your Entitlement, you must:

(a) complete the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for all or part of the amount indicated on the Entitlement and Acceptance Form; or

(b) pay the appropriate application monies for all or part of your Entitlement through the BPay® facility described in the Prospectus and the Entitlement and Acceptance Form. If you make your payment by BPay®, you do not need to return the Entitlement and Acceptance Form.

Ineligible Shareholders

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5pm (WST) on 18 November 2014, whose registered address is in Australia or New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

Full details of the Entitlement Issue will be contained in the Prospectus that will be mailed to eligible shareholders who are registered on the Record Date. Shareholders eligible to participate should read the Prospectus carefully.

Should you have any queries in relation to this matter, please do not hesitate to contact the Company on (+61 8) 9200 4482.

Yours sincerely

Paula Cowan
Company Secretary
PARADIGM METALS LIMITED

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