ASX / Media Announcement   **14 December 2011**

REE intersection at Cloncurry project, high Nd ratio

Paradigm Metals Ltd ('Paradigm') is pleased to advise that it has received a high-grade rare earth element (REE) drill intersection from its 50% owned Toolebuc project (EPM 16073), 50km southeast of Cloncurry, northwest Queensland. The Toolebuc project is a joint venture between Paradigm Metals Ltd and Exco Resources Ltd (PDM 50%: EXS 50%) - see Figure 1.

Drillhole LEV011, a 51m air core hole, intersected **7m @ 0.65% total rare earth oxides (REO) from 35-42m**, including **3m @ 1.06% REO from 35m,** beneath 35m of soft sedimentary cover.

LEV011 is located approximately 160m from LEV002 drilled in late 2010, which intersected **4m @ 0.31% REO from 37m depth**. Mineralisation remains open along strike.

REE mineralisation is associated with carbonate veining of graphitic shales and mafic intrusive rocks of the Proterozoic age Mount Isa Inlier, accompanied by pyrite and minor base metals (chalcopyrite, sphalerite) mineralisation. Drilling to date is preliminary in nature, with only vertical air core holes drilled.

Eleven holes were drilled in the 500m air core program in November 2011, with holes drilled to a maximum depth of 51m. Of the 11 recent holes only LEV011 intersected REE mineralisation of any significance. The locations of all holes are listed in Table 1, and plotted below - see Figure 2.

The dominant REE's in LEV011 are neodymium (Nd), lanthanum (La) and yttrium (Y). The ratio of neodymium (Nd) to total REE's is high, at approximately 0.3/1. Neodymium is an important REE used in the high tech industry, for example in the making of strong permanent magnets and for uses in electric/hybrid vehicles. **Neodymium plus the high-value heavy REEs make up more than 50% of the total contribution of REE's in the recent intercept**. Importantly, levels of the radioactive elements uranium (U) and thorium (Th) are very low, around 20 ppm for each element. Table 2 highlights the detailed REE analyses from LEV011.

Current work

In order to continue the exploration momentum, a ground gravity survey will be carried out over a 1km^2 area in the coming weeks which will aid in the targeting of more extensive REE mineralisation. In addition, indicative samples have been sent for petrographic analysis, to assist in the identification of the REE-bearing minerals.

For further information please contact: CEO, Greg Curnow: Ph: +61-2-9955-7130

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About Toolebuc: The Toolebuc project (EPM 16073) is a 50:50 joint venture between Paradigm and Exco located 50km southeast of Cloncurry and 2km from the Landsborough Highway. Paradigm is the manager of the JV, which is funded on a 50:50 basis. The joint venture has been in operation since late 2007.

About REE's: REE's are made up of 16 naturally occurring elements, being the 15 lanthanide-series elements and yttrium. The 16 REE's have chemical properties enabling them to accept and discharge electrons. Their main uses are in the high technology industry for various electronic, magnetic and catalytic applications.

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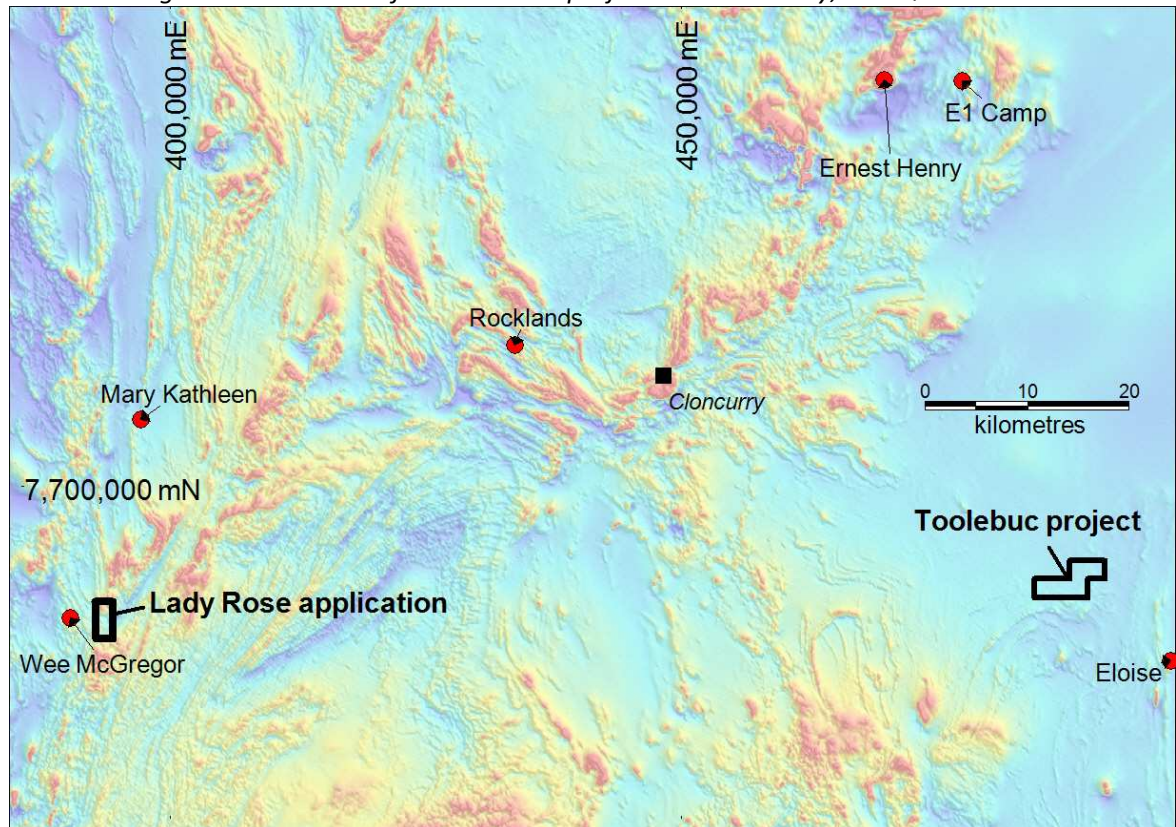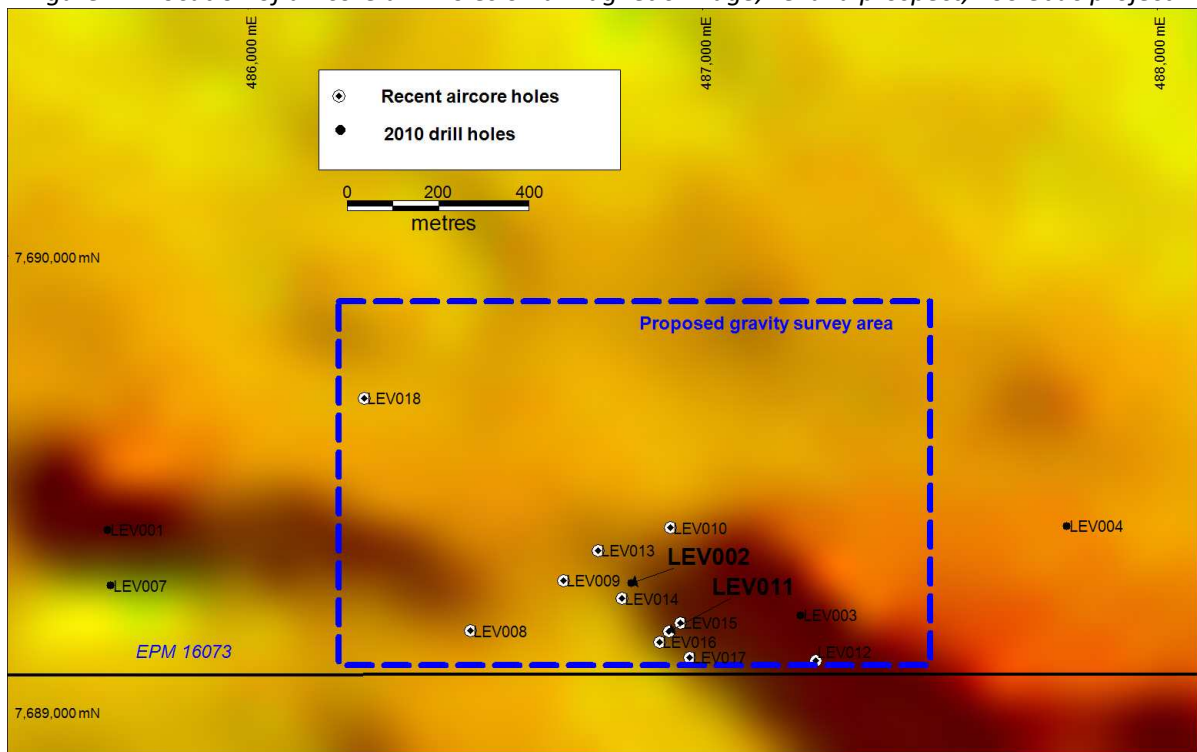*Figure 1 . Location of the Toolebuc project near Cloncurry, NW Queensland.*

Figure 2.   Location of air core drill holes on a magnetic image, Levuka prospect, Toolebuc project.

Hole-ID	Northing (GDA94)	Easting (GDA94)	Depth (m)	Azimuth	Dip
LEV008	7,689,176	486,489	48	-	-90°
LEV009	7,689,287	486,693	45	-	-90°
LEV010	7,689,403	486,928	51	-	-90°
LEV011	7,689,175	486,925	51	-	-90°
LEV012	7,689,111	487,248	42	-	-90°
LEV013	7,689,353	486,770	42	-	-90°
LEV014	7,689,247	486,823	48	-	-90°
LEV015	7,689,194	486,951	42	-	-90°
LEV016	7,689,152	486,905	48	-	-90°
LEV017	7,689,118	486,972	42	-	-90°
LEV018	7,689,688	486,255	32	-	-90°

Table 1 – Drillhole Location

Hole-ID	From	To	Length	Y	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb
	m	m	m	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
LEV011	35	38	3	177	3330	132.5	899	3260	583	104	319	37
LEV011	38	40	2	252	478	24.8	118.5	461	97.4	22.3	105.5	16.2
LEV011	40	41	1	3430	730	61.8	160	643	153.5	39.4	287	46.8
LEV011	41	42	1	289	258	93.4	53.7	205	38.4	7.5	38	5.2
LEV011	42	45	3	60.9	112	90.8	25.8	94.8	17.6	3.3	13.5	1.9
LEV011	45	48	3	57.4	116.5	130	27.4	235	152.5	3.7	15.7	2.6
LEV011	48	51	3	42.3	50.7	98.4	11.3	40.4	7.4	1.2	6.8	1.1

Hole-ID	From	To	Length	Dy	Ho	Er	Tm	Yb	Lu	Th	U	
	m	m	m	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	
LEV011	35	38	3	128	16.6	33.5	4	26	4.1	23	25.3	
LEV011	38	40	2	83.7	16.5	45.4	6.3	40.7	6.5	13	20.3	
LEV011	40	41	1	295	80	236	28.4	150.5	25.5	16	22	
LEV011	41	42	1	27	6.8	20	2.4	12.5	2.2	17	15	
LEV011	42	45	3	9.4	2	5.9	0.8	4.8	0.8	17	14.3	
LEV011	45	48	3	36.6	2.3	6.3	0.9	5.3	0.9	12	28	
LEV011	48	51	3	5.6	1.4	4.2	0.6	3.5	0.6	15	19	

Table 2 – REE Results for LEV011

Note on sampling and analysis: LEV011 was analysed for rare earth elements, using method ME-MS82 at ALS Minerals Brisbane. If high Y results were obtained using the portable XRF analyser in the field, initial samples were collected as 1m splits. Otherwise samples from LEV011 were collected as either 2m or 3m composites. Method ME-MS82 uses a lithium borate fusion prior to acid dissolution and ICP-MS analysis.

Competent Person statement:
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Graham Carman who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Carman is a non-executive director of the Company. Dr Carman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Carman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.