
Paradigm signs Option for right to earn 51% of Yellow Mountain gold project

- **Paradigm has signed an Option agreement with Triako Resources and Golden Cross Resources for the right to earn a 51% joint venture interest in the Yellow Mountain gold project (EL 6325) near Condobolin NSW. Paradigm must complete 2,500m of aircore drilling by 31 March 2011 for the right to earn an interest.**
- **The Yellow Mountain project lies on an extension of a major lineament that aligns major porphyry gold and copper deposits of the NSW Lachlan Fold Belt (Cadia, Northparkes). Yellow Mountain contains several gold prospects including Quarry Hill, which will be the initial exploration focus. A large adjacent magnetic anomaly could be related to a copper-gold porphyry system.**
- **At the Quarry Hill prospect a 4 km² gold anomaly has been defined by surface geochemistry. Past drill results have identified an extensive low-grade oxide gold blanket within the anomaly, with higher grade intercepts including 16m @ 2.7g/t, 11m @ 1.2g/t and 1m @ 5.3g/t Au. Only a small part of the 4 km² has been drilled and there are numerous untested targets.**
- **The first 1000m of aircore drilling will be initiated by the end of August 2010.**

New gold project at Yellow Mountain, New South Wales

PARADIGM METALS LTD is pleased to announce that it has signed an Option agreement with Triako Resources Pty Ltd ("Triako", 100% owned by CBH Resources) and Golden Cross Resources Ltd ("GCR") for the right to earn 51% of the Yellow Mountain Project (EL 6325), 70 kilometres north of Condobolin NSW.

The Yellow Mountain project covers a prospective area of some 110 km². The project lies on a major regional trend which aligns the gold-copper porphyry deposits of the Lachlan Fold Belt, including the world class Cadia Valley and Northparkes deposits – **Figure 1**.

Shallow disseminated gold deposits will be the main exploration focus at Yellow Mountain. Several gold prospects are already known, located within a **10km long gold-arsenic soil anomaly**. A significant part of the gold anomaly is located within a new Paradigm exploration licence application ELA 4001 - **Figure 2**.

The Quarry Hill prospect is the most advanced of the gold prospects on EL 6325, defined by a **4 km² gold-in-soil anomaly** – see **Figure 3**. Past drilling intersected a 30m to >60m thick blanket of low-grade oxide mineralisation grading 0.2 to 0.4 g/t Au from surface. Some of the higher grade intercepts include:

- 16 metres at 2.7g/t Au from 4 metres depth including 4 metres at 5.9g/t Au (PDH002);
- 4 metres at 1.7g/t Au from 6 metres depth (PDH007);
- 12 metres at 0.8g/t Au from 10 metres depth (PDH008);
- 11 metres at 1.2g/t Au from 5 metres depth (TYM016);
- 1 metre at 5.3g/t Au from 16 metres depth (TYM017).

The Melrose magnetic anomaly is a 15km long, > 1km deep, magnetic anomaly lying within EL 6325. This magnetic anomaly is believed to represent magnetite alteration around a possible copper-gold porphyry system – **Figure 2**.

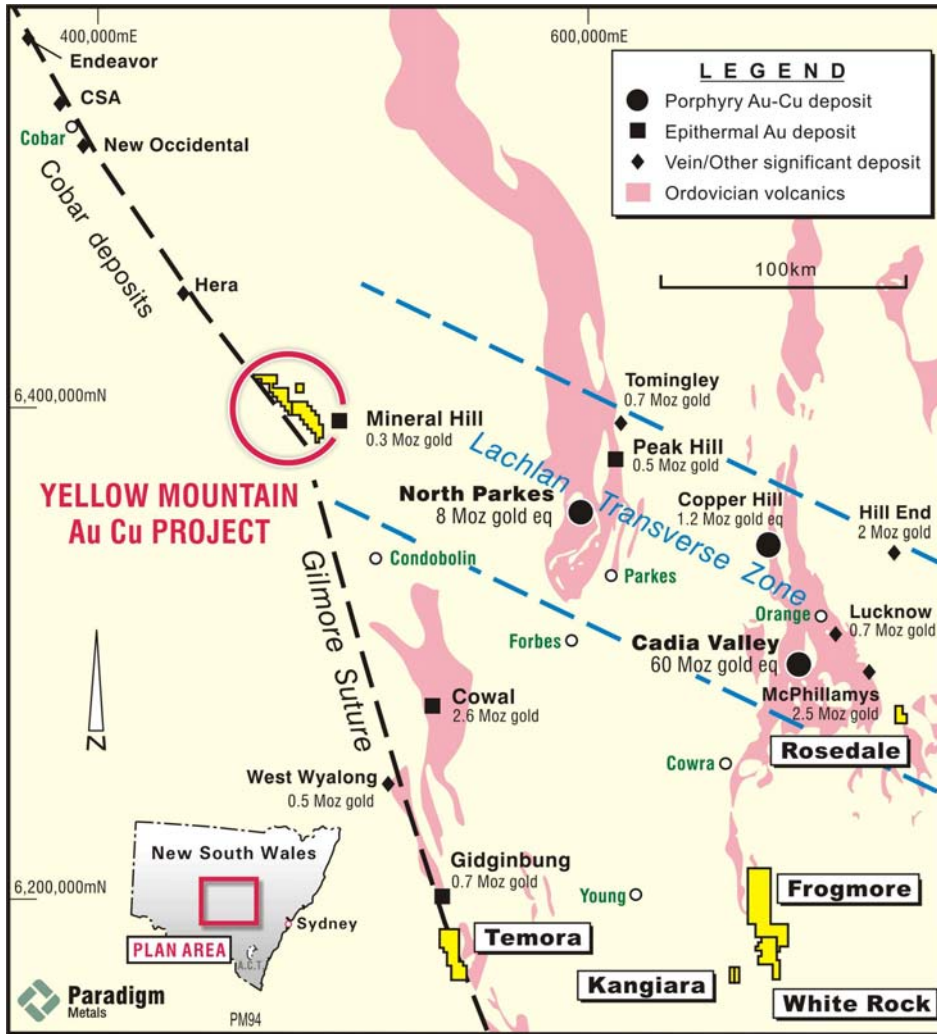


Figure 1. Map showing important lineaments and major gold and copper deposits of the Lachlan Fold Belt of NSW. Paradigm projects are shown in yellow polygons.

The Yellow Mountain project lies approximately 70km northwest of Condobolin. The Lachlan Transverse Zone broadly aligns the large porphyry deposits within the Belt, including Northparkes and Cadia Valley.

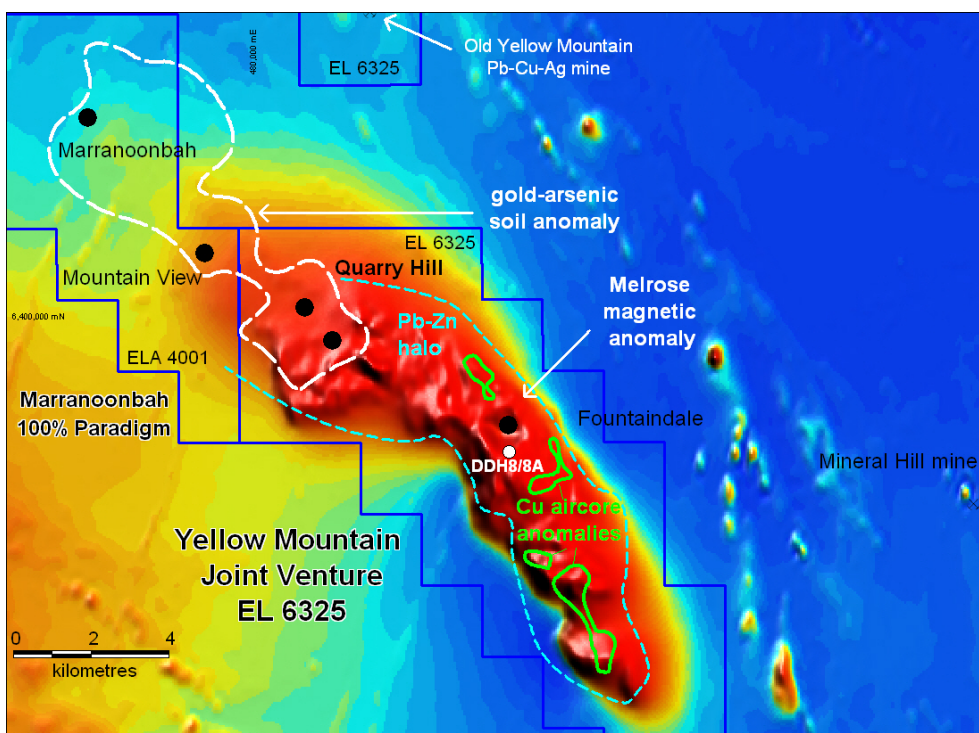


Figure 2. Magnetic image of the Yellow Mountain project area with gold prospects as black dots.

Gold prospects occur up to 8km off of the northwestern end of the Melrose magnetic anomaly). Gold mineralisation is related to magnetite depletion and a change from volcanics to sediments above and along strike (northwest) of the magnetic anomaly. Prospective copper targets (>400ppm Cu in aircore holes) are highlighted.

Quarry Hill gold prospect

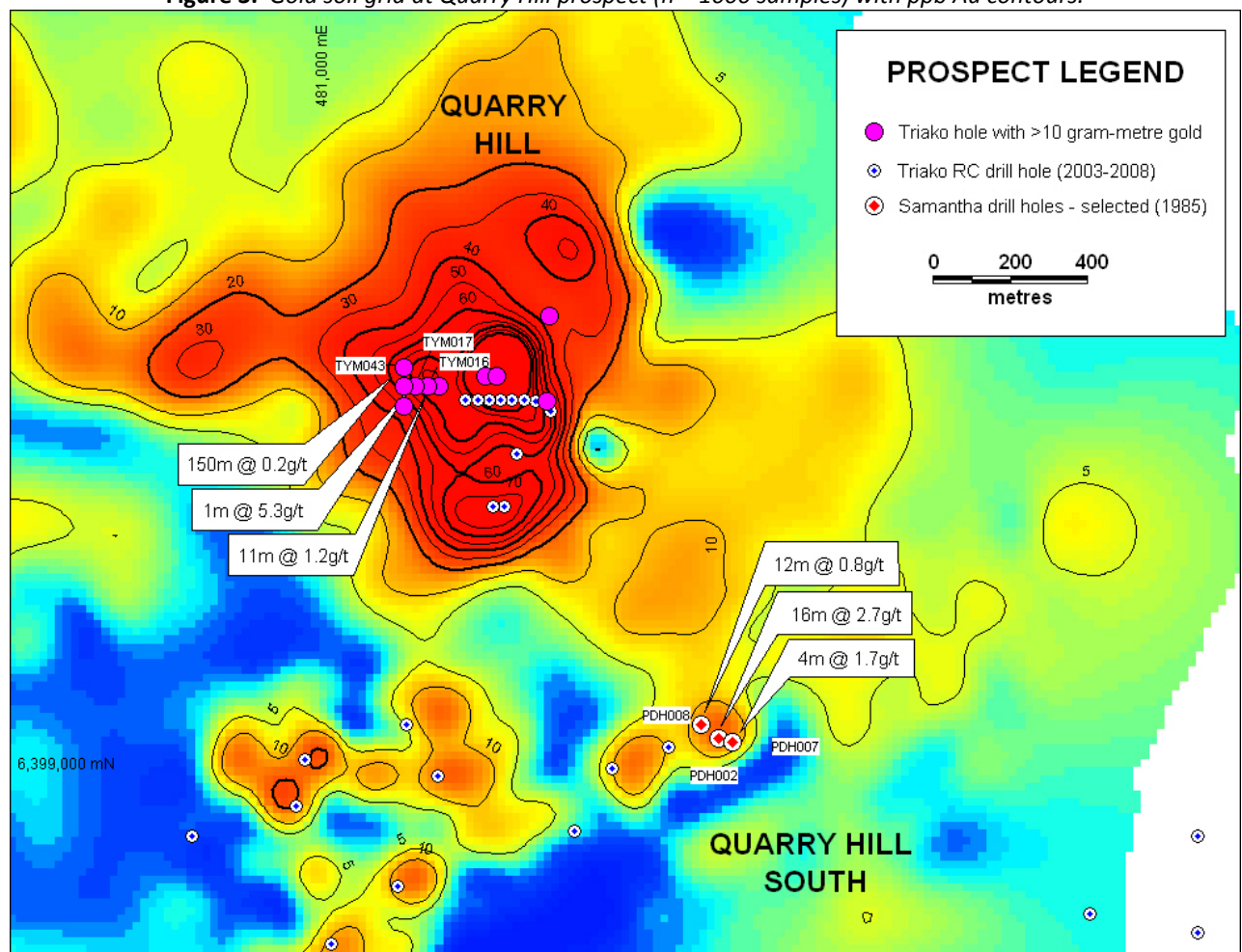
Past drilling has only tested a small part of the 4 km² gold soil anomaly at Quarry Hill and Quarry Hill South (see **Figure 3**).

An initial 1000-metre aircore drill programme is planned for August 2010. This drilling will be constrained to the northernmost part of Quarry Hill, as the rest of the area is currently under crop. A further 1500 metres will be drilled after the harvest during the December 2010 - March 2011 period.

The 2500-metre aircore drill programme has two objectives:

1. to identify zones of economic gold grade within the larger low-grade oxide blanket;
2. to determine the strike direction and structural controls of the gold mineralisation.

Figure 3. Gold soil grid at Quarry Hill prospect (n = 1000 samples) with ppb Au contours.



The Managing Director of Paradigm, Dr Graham Carman said:

“The Yellow Mountain project is an exciting opportunity for the Company to earn a majority position in a gold project located within a highly prospective part of the major NSW gold and copper belt. We believe the project has been considerably underexplored given the wide extent of gold mineralisation covering many square kms and its relationship to a geophysical anomaly which could represent a porphyry system.”

“Paradigm is seeking to build upon its portfolio of gold projects in Australia, and Yellow Mountain fits very well into this strategic focus.”

“Our exploration model is based on gold deposits surrounding well-studied porphyry copper-gold deposits (e.g. Utah USA) where disseminated gold deposits >1 million ounces occur in geochemical haloes up to 8km from the centre of the core porphyry intrusion.”

Porphyry copper gold target

The Melrose magnetic anomaly is a large geophysical anomaly covering some 40 km². Triako drilled some 225 shallow aircore holes above the anomaly to a maximum depth of about 90 metres during 2003-2007. Several of these holes intersected oxidised copper mineralisation grading >400ppm Cu over intervals of up to tens of metres thick (see Figure 2 for best air core Cu anomalies).

The magnetic anomaly is almost untested by deep drilling. Other than holes drilled at the Fountindale gold prospect, only one hole has been drilled significantly beyond 100m depth (see DDH8/8A, Figure 2). DDH8/8A drilled to 458 metres depth in 1968 intersected chlorite-epidote-albite-magnetite alteration of brecciated sedimentary rocks cut by quartz latite dikes, to the end of hole. This hydrothermal alteration is geologically interesting, and could reflect an adjacent mineralised porphyry system.

Paradigm is planning systematic geophysical exploration over the magnetic anomaly targeting disseminated or massive sulphides, following the crop harvest later in the year.

Details of Option and Joint Venture agreements

To complete the Option, Paradigm is required to complete 2500 metres of air core drilling by 31 March 2011. Following this, Paradigm can elect to earn a joint venture interest in the Yellow Mountain project (currently Triako 70%: Golden Cross Resources 30%) by completing the following expenditures:

(a) Paradigm must spend \$300,000 by 31 March 2012 to earn a 30% joint venture interest, at which time the relative interests would be Paradigm 30: Triako 40: GCR 30;

(b) Paradigm may elect to spend a further \$500,000 by 31 March 2013 to earn an additional 21% joint venture interest, at which time the relative joint venture interests would be Paradigm 51: Triako 19: GCR 30.

After the second earning period, Triako will receive a 19% free-carried joint venture interest from PDM to the first bankable feasibility study. Subject to earning a 51% joint venture interest and prior to the commencement of a bankable feasibility study, Paradigm may elect to purchase all of Triako's Joint Venture Interest for fair market value.

After the second earning period, GCR must contribute to retain its 30% interest, or dilute accordingly.

For further information please contact the Managing Director, Graham Carman: Ph: +61-2-9955-7130

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 full-time employee of the Company, and 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.

About Paradigm Metals Ltd: Paradigm is a Sydney-based mineral exploration and development company focusing on the discovery of large gold and copper deposits in New South Wales and Cloncurry Queensland. The Company also has a base metal and tungsten project with JORC compliant resources.