

Paramount Gold and Silver Reports Another Wide Drill Intercept with Exceptional Gold Values from its Sleeper Project in Nevada

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Hole west of Wood pit returns 305 meters of 1.1 g/T gold and 10.5 g/T silver

WINNEMUCCA, NEVADA--(Marketwired - Jul 16, 2013) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG)(TSX:PZG)(FRANKFURT:P6G)(WKN:A0HGKQ) ("Paramount") announced today that new core drilling at its 100%-owned Sleeper Gold Project in Nevada has intercepted exceptional gold and silver grades over unusually large widths. Additional results are expected shortly.

Paramount recently completed 24 core holes totaling 10,313 meters (33,835 ft.) at Sleeper in a program designed to extend known resource areas, acquire material for metallurgical testing and update the resource model. The program focused on the West Wood area and the PAD and Facilities zones which lie adjacent to each other and south of the historical main Sleeper pit.

PGC-13-033, drilled immediately to the west of the past producing Wood pit in the West Wood area, intercepted 305.26 meters grading 1.08 grams per tonne (g/T) of gold and 10.5 g/T of silver. This hole, which was drilled for metallurgical purposes, cut across the zone at an oblique angle; the true width of the mineralization has been estimated by Paramount to be around 150 meters (see cross section below). This is the second important hole recently drilled in the West Wood area. As announced on [May 9, 2013](#), drill hole PGC-13-030 also intercepted a wide zone of disseminated mineralization around a hydrothermal breccia--199.6 meters (estimated true width of 150 meters) grading 0.94 g/T of gold and 3.14 g/T of silver including portions with gold grades up to 10.1 g/T of gold. These are two of the best holes drilled by Paramount on the Sleeper Gold Project to date.

Holes PGC-13-031 and PGC-13-032 drilled on the Facilities and Pad zones also reported long intercepts with average values well above the cut-off grade estimated in the Sleeper Preliminary Economic Assessment (PEA) released on [July 30, 2012](#). Recent drilling in this area has successfully connected the Facilities and PAD zones which lie within the PEA pit design.

Significant resource additions are likely from the Facilities/PAD areas and South Sleeper. SRK Consulting (www.srk.com) has been commissioned to update the Sleeper resource estimate to incorporate the data from 44 new drill holes totaling over 15,000 meters (over 49,000 ft.) completed since the resource estimation used in last year's PEA.

Paramount is also designing an exploration program for the new ground acquired last year to look for additional high grade veins similar to those found in the original Sleeper Mine. In preparation for this program, Paramount has undertaken an extensive database review to learn as much as possible from the work of previous owners. A total of 473 core and RC holes have been reclogged, new cross-sections have been generated and interpretation has begun. The plan is to have a re-interpreted lithological and structural model completed this month to guide the exploration program and new resource modeling.

Assay data from the latest drill program at Sleeper are as follows:

Hole #	Area	Total Length	From (m)	To (m)	Width (m)	Au g/T	Ag g/T
PGC-13-031	Facility/ Sleeper		0.00	45.72	45.72	0.59	4.34
		Including	6.16	28.96	22.80	0.90	6.23
			51.82	68.58	16.76	0.35	2.23
			228.60	240.79	12.19	0.27	3.06
			248.41	254.51	6.10	0.16	0.48
PGC-13-032	Pad/ Sleeper		23.32	97.54	74.22	0.35	0.5
		Including	56.39	62.48	6.10	1.47	0.9
			146.30	155.45	9.14	1.20	0.7
		Including	152.40	155.45	3.05	3.37	1.4
			185.93	195.07	9.14	0.68	1.3
			208.79	213.36	4.57	0.93	1.3
			222.50	225.55	3.05	0.94	0.4
			266.70	271.27	4.57	0.61	1.2

PGC-13-033	West Wood		75.74	381.00	305.26	1.08	10.5
		<i>including</i>	75.74	143.87	68.12	1.19	32.9
		<i>and</i>	190.50	224.64	34.14	1.56	6.1
		<i>and</i>	248.41	265.18	16.76	2.25	11.3
			402.34	409.96	7.62	0.17	0.3
			478.54	487.68	9.14	0.74	2.6

Reported Intercepts are expected to approximate true widths except for PGC-13-033 as noted above.

Christopher Crupi, CEO of Paramount, commented: "The West Wood area holds considerable promise for improving the already robust economics of the Sleeper project. Its grade is well above the Sleeper average while its widths and near-surface location support low cost extraction. However, the West Wood resource cannot be included in the PEA until we have completed further metallurgical testing and designed an appropriate gold recovery process. We are confident that the testing now in progress will enable us to incorporate the valuable West Wood resource into our production scenario. We are also confident that our geological team will be able to use the enormous database we have assembled to find high grade Sleeper analogs within our expanded land position."

Sleeper PEA

The PEA prepared by Metal Mining Consultants of Denver, Colorado (formerly Scott E. Wilson Consulting Inc.), was released on [July 30, 2012](#). The PEA specifies a development scenario for Sleeper consisting of a large-scale open pit mining operation with a heap leach processing plant handling both oxide and sulphide material, producing a gold-silver dore. The base case scenario incorporates an 81,000 tonnes per day operation (approximately 30 million tonnes per year throughput), resulting in a projected 17 year operation with average annual production of 172,000 ounces of gold and 263,000 ounces of silver. Projected life-of-mine average cash operating costs are US\$767 per ounce of equivalent gold recovered. Start-up capital costs for this project scenario are estimated at US\$346 million. Sustaining capital costs over the project's life are estimated at an additional \$278 million. Total capital cost contingencies over the project life are estimated at an additional \$64 million, bringing the total life of mine capital costs to \$688 million. The total cost of equivalent gold production (including cash operating costs and total capital and contingency costs over the life of the mine) is estimated at US\$996 per ounce.

At a gold price of US\$1,384 per ounce and a silver price of \$26.33 per ounce (the 3 year trailing average of gold and silver prices as at July 3, 2012), the Sleeper base case has a US\$1.2 billion pre-tax net cash flow, a US\$695 million net present value at a 5% discount rate and an internal rate of return (IRR) of 26.8%. At US\$1,618 gold (the spot price on July 3, 2012), the total pre-tax net cash flow increases by 160% over the base case to US\$1.9 billion, the net present value at a 5% discount rate almost doubles to US\$1.2 billion and the internal rate of return improves to a robust 40%.

NI 43-101 Disclosure

Exploration activities at Sleeper are being conducted by Paramount under the supervision of Glen van Treek, Exploration Vice President of the Company, and Bill Threlkeld, a Qualified Person as defined by National Instrument 43-101, both of whom have reviewed and approved this press release. An ongoing quality control/quality assurance protocol is being employed during the program including blank, duplicate and reference standards in every batch of assays. Samples are being assayed at ALS Chemex, Reno, Nevada while multi-element analysis is being performed in Vancouver, Canada. External check samples are also being conducted at an Inspectorate Lab in Reno, Nevada.

About Paramount

Paramount is a U.S.-based exploration and development company with multi-million ounce advanced stage precious metals projects in northern Mexico (San Miguel) and Nevada (Sleeper). Fully-funded exploration and engineering programs are now in progress at these two core projects which are expected to generate substantial additional value for our shareholders.

The Sleeper Gold Project is located off a main highway about 25 miles from the town of Winnemucca. In

2010, Paramount acquired a 100% interest in the project including the original Sleeper high-grade open pit mine operated by Amax Gold from 1986 to 1996 as well as staked and purchased lands now totaling 2,570 claims and covering about 47,500 acres which stretch south down trend to Newmont's Sandman project. This acquisition is consistent with the Company's strategy of district-scale exploration near infrastructure in established mining camps. A PEA was completed for Sleeper and announced on [July 30, 2012](#).

The San Miguel Project consists of over 142,000 hectares (over 353,000 acres) in the Palmarejo District of northwest Mexico, making Paramount the largest claim holder in this rapidly growing precious metals mining camp. The San Miguel Project is ideally situated near established, low cost production where the infrastructure already exists for early, cost-effective exploitation. A PEA for San Miguel was completed and announced on [February 28, 2013](#).

Summary of PZG's Estimated NI 43-101 Compliant Resources

MEASURED AND INDICATED RESOURCES					
PROJECT	Tonnes	Au g/T	Au Ounces	Ag g/T	Ag Ounces
San Miguel	23,918,000	0.83	639,000	70.0	53,559,000
Sleeper	326,963,000	0.33	3,479,000	3.86	40,606,000
Total			4,118,000		94,165,000
INFERRED RESOURCES					
PROJECT	Tonnes	Au g/T	Au Ounces	Ag g/T	Ag Ounces
San Miguel	37,470,000	0.69	830,000	38.00	46,243,000
Sleeper	223,624,000	0.27	1,972,000	2.84	20,459,000
Total			2,802,000		66,702,000

For details on these resource estimates please see the following news releases: [San Miguel Resource Estimate, September 5, 2012](#); and [Sleeper Resource Estimate, July 30, 2012](#).

Note: Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Cautionary Note to U.S. Investors Concerning Estimates of Indicated and Inferred Resources

This news release uses the terms "measured and indicated resources" and "inferred resources". We advise U.S. investors that while these terms are defined in, and permitted by, Canadian regulations, these terms are not defined terms under SEC Industry Guide 7 and not normally permitted to be used in reports and registration statements filed with the SEC. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility studies, except in rare cases. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant "reserves", as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of mineral deposits in this category will ever be converted into reserves. U.S. investors are cautioned not to assume that any part or all of an inferred resource exists or is economically or legally minable.

Safe Harbor for Forward-Looking Statements:

This release and related documents may include "forward-looking statements" including, but not limited to, statements related to the interpretation of drilling results and potential mineralization, future exploration work at the Sleeper Gold Project and the expected results of this work, estimates of resources for the Sleeper and San Miguel projects including expected volumes and grades and the economic projections included in the Sleeper project's PEA. Forward-looking statements are statements that are not historical fact and are subject to a variety of risks and uncertainties which could cause actual events to differ materially from those reflected in the forward-looking statements including fluctuations in the price of gold, inability to complete drill programs on time and on budget, and future financing ability. Paramount's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other applicable securities laws. Words such as "believes," "plans," "anticipates," "expects," "estimates" and similar expressions should also be considered to be forward-looking statements. There are a number of important factors that could cause actual results or

events to differ materially from those indicated by such forward-looking statements, including, but not limited to: uncertainties involving interpretation of drilling results, environmental matters, lack of ability to obtain required permitting, equipment breakdown or disruptions, and the other factors described in Paramount's Annual Report on Form 10-K for the year ended June 30, 2012 and its most recent quarterly reports filed with the SEC.

Except as required by applicable law, Paramount disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this document.

A map is available at the following address: <http://media3.marketwire.com/docs/PGC13033.pdf>

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