

Paramount Gold and Silver Finds Further Depth Extensions of Don Ese Deposit at San Miguel Project in Mexico

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Hole DS-13-034 intercepts 19 meters of 2.75 g/T Au eq. grade; hole 13-033 reports narrow intercept exceeding 25 oz Ag/T

WINNEMUCCA, NEVADA--(Marketwired - Aug 20, 2013) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG)(TSX:PZG)(FRANKFURT:P6G)(WKN:A0HGKQ) ("Paramount") today reported additional positive results from two core holes recently drilled to test the depth extension of the Don Ese vein structure on its 100%-owned San Miguel Project in northern Mexico.

The Don Ese vein strikes north-northwest directly towards the nearby Palmarejo Mine owned by [Coeur Mining Inc.](#) and appears to be an extension of the structure which hosts this highly successful gold-silver producer and its satellite Guadalupe mine, which is less than 1,000 meters from Don Ese. True width of the Don Ese vein is typically in the range of 10 meters but is locally up to 19 meters wide. Don Ese is a massive quartz vein with textures characteristic of low sulfidation, epithermal deposits, consistent with the Palmarejo and Guadalupe mines. The Don Ese mineralized vein has been traced by core drilling for nearly 1,000 meters along strike and remains open down dip.

DS-13-033 and DS-13-034 were drilled to test the North and Central parts of the Don Ese vein at depth. Results confirm that high-grade mineralization continues and the lower limit of the Don Ese deposit remains unknown. To date, five new holes have been drilled into this target; the data from these holes was not included in the most recent resource estimation which was used in the Preliminary Economic Assessment (PEA) completed earlier this year (see [Feb. 28, 2013 news release](#)). The most recent resource estimation, prepared by Mine Development Associates (MDA, [www.mda.com](#)) of Reno, Nevada in September, 2012, incorporated 650 meters of down dip mineralization for Don Ese. The five holes drilled subsequently could extend the resource model an additional 130 meters down dip, which would increase the size of the resource.

The following table reports results from all five holes drilled into the Don Ese depth extension subsequent to the latest resource estimation, including holes DS -13-033 and DS-13-034 reported today.

Hole #	Area	Total Length (m)	From (m)	To (m)	Width (m)	Au g/T	Ag g/T
DS-13-030*	DON ESE	524.4	433.60	438.40	4.80	0.082	9.95
			442.35	492.90	50.55	1.325	150.00
		Including	451.55	458.10	6.55	2.469	314.67
		Including	467.80	487.15	19.35	2.300	245.80
DS-13-031*	DON ESE	683	586.80	591.40	4.60	1.31	21.660
DS-13-032*	DON ESE	621.95	515.75	538.25	22.50	3.16	44.340
		including	527.10	530.05	2.95	14.180	96.15
		including	527.10	527.95	0.85	42.500	186.00
		including	535.55	538.25	2.30	6.560	113.97
		including	535.95	536.55	0.60	17.000	125.00

			541.15	543.90	2.75	0.370	18.78
			555.90	556.40	0.50	2.340	13.10
			579.45	579.95	0.50	1.068	14.30
DS-13-033	DON ESE	634.20	522.80	523.35	0.55	1.075	816.00
			537.95	538.70	0.75	0.678	136.00
			544.30	546.70	2.40	0.694	74.43
			552.15	553.15	1.00	1.147	38.10
			561.55	563.70	2.15	0.481	23.91
			576.55	585.95	9.40	0.562	52.33
		Including	580.00	582.35	2.35	1.286	87.53
DS-13-034	DON ESE	643.20	573.80	592.75	18.95	0.890	111.77
		Including	588.10	591.20	3.10	2.400	183.45
			607.05	609.40	2.35	1.740	36.67

*Previously reported Drill hole. True widths are expected to approximate at least 70% of reported intercepts.

Paramount CEO Christopher Crupi commented: "Don Ese continues to demonstrate excellent grade and continuity at depth and along strike, making it a very good prospect for underground production similar to Coeur Mining. Further depth extensions of the resource should now wait for exploitation which would facilitate drilling from underground."

A figure is available at the following address: http://media3.marketwire.com/docs/PZZ_08202013.jpg.

NI 43-101 Disclosure

Exploration activities at San Miguel are being conducted by Paramount Gold de Mexico S.A de C.V personnel 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, who have both reviewed and approved this press release. An ongoing quality control/quality assurance protocol is being employed for the program including blank, duplicate and reference standards in every batch of assays. Cross-check analyses are being conducted at a second external laboratory on 10% of the samples. Samples are being assayed at ALS Chemex and Acme Laboratories, Vancouver, B.C., using fire assay atomic absorption methods for gold and aqua regia digestion ICP methods for other elements.

San Miguel Project PEA

The PEA was prepared by Metal Mining Consultants ("MMC") of Denver, Colorado incorporating a resource model developed by MDA. The PEA confirms that the San Miguel Project represents an unusually robust economic opportunity to develop a low cost mine in the prolific Sierra Madre belt in Mexico. In their analysis, MMC proposed a 4,000 tonnes per day mill fed by open pits and underground mines, resulting in a projected 14 year operation with a total metal production of 803,000 ounces of gold and 43.2 million ounces of silver (1,637,000 ounces of gold equivalent at the base case gold-to-silver price ratio of 51.7 to 1). Start-up capital costs including working capital are estimated at \$243 million. Sustaining capital costs over the project's life are projected to be an additional \$227 million. With \$70.3 million in contingencies, total life-of-mine capital costs are estimated at \$540 million. Projected life-of-mine average cash operating costs are \$512 per ounce of equivalent gold recovered. The total cost of production (including cash operating costs and total capital and contingency costs over the life of the mine) is estimated at US\$842 per ounce of gold equivalent, which compares favorably with current producers in the region. At a gold price of \$1500 per ounce and a silver price of \$29 per ounce (the 3 year trailing average of gold and silver prices at the end of January 2013), the San Miguel PEA estimated a \$1.1 billion pre-tax net cash flow, a \$707 million pre-tax net present value at a 5% discount rate and a highly accretive internal rate of return of 33.2%. Note that the PEA incorporates inferred mineral resources which are considered to be too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and, as such, do not have demonstrated economic viability. There can be no certainty that the estimates contained in the PEA will be realized.

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 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](#).

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](#).

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	20,450,000
Total			2,802,000		66,693,000

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](#).

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 San Miguel Project and the expected results of this work, estimates of resources including expected volumes and grades and the economic projections included in the 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.

Contact

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