

# **Paramount Gold and Silver Reports New Metallurgical Tests at San Miguel Project Support Heap Leach/Open Pit Scenario for Two Deposits**

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## **Major Reduction in Costs and Cut-Off Grades, Substantial Increase in Mineable Material Expected.**

### **Leach test returns up to 83 % gold recovery on San Francisco and up to 50 % silver recovery on San Antonio for 1/4 inch crush size**

WINNEMUCCA, NEVADA--(Marketwired - Nov 6, 2013) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG)(TSX:PZG)(FRANKFURT:P6G)(WKN:A0HGKQ) ("Paramount") today announced that new metallurgical tests on its 100%-owned San Miguel Project by the McClelland metallurgical laboratory in Reno, Nevada confirm the potential for an economic recovery of precious metals at two of San Miguel's open pit deposits using inexpensive heap leach technologies.

In a Preliminary Economic Assessment (PEA) completed earlier this year, Metal Mining Consultants ("MMC") of Denver, Colorado determined that the most efficient recovery process for the abundant high-grade gold and silver material at San Miguel is a mill circuit followed by whole rock cyanide leach and a Merrill Crowe gold and silver recovery plant. A 200 mesh particle size (mill scenario) optimizes recoveries for the high-grade compared to a 3/4 inch crush size/heap leach scenario. However, the higher cost milling scenario requires a higher cut-off grade which excludes mid-to-lower-grade open pit material which can be mined inexpensively. As a result, the PEA does not include a significant portion of the project's global resource, particularly from the bulk-mineable San Francisco and San Antonio deposits (For PEA details [see Feb 28th news release](#)).

To address this issue of the mid-to-lower-grade, open pit material, Paramount commissioned McClelland to conduct additional met tests on different crush sizes--3/4, 1/2 and 1/4 inch and 1.7 mm-- to evaluate the heap leach potential for material from the San Miguel Vein, San Francisco, San Antonio and La Union deposits. A total of 24 cyanide leach bottle roll tests were conducted on six composited samples from near-surface oxide and mixed material that are amenable to be extracted by open pit mining. Gold recoveries up to 83.8 % were achieved from 1/4 inch crush after 96 hours of cyanide leach time for San Francisco, a gold deposit with lower silver grades. Silver recoveries up to 50.4% were achieved from 1/4 inch crush after 96 hours of leach time for San Antonio, a silver-rich deposit. Both deposits are to be mined by open pit method only according to the PEA. These results support the potential for an economic heap leach scenario. Even higher recoveries were achieved for the 1.7 mm crush size.

Figures are available at the following address: <http://media3.marketwire.com/docs/paramap.pdf>

A viable heap leach process for San Francisco and San Antonio would increase mineable material

significantly, reduce the ore-to-waste and strip ratios and substantially increase total contained ounces within the mine plan. The current PEA mine plan includes a total of 18.5 million tonnes containing 859,000 ounces of gold and 62 million ounces of silver as follows:

Total Production	Tonnes	Grade			Contained metal		
		Au g/T	Ag g/T	AuEq	Au Oz	Ag Oz	AuEq Oz
Open pit	9,637,358	0.38	101	2.07	118,259	31,423,370	641,982
Under ground	8,855,054	2.6	108	4.4	741,063	30,643,380	1,251,786
Total	18,492,412	1.45	104	3.19	859,322	62,066,750	1,893,768

Current resource within the PEA Mine Plan

In the PEA, the San Francisco and San Antonio open pits contribute just 4.2 million tonnes to the mine plan, containing 27,570 ounces of gold and 13.9 million ounces of silver. Resources estimated by Mine Development Associates ("MDA") of Reno, Nevada indicate that at a lower cut-off grade, which could be expected in a heap leach scenario, contributed tonnes from San Francisco and San Antonio could increase almost ten times to nearly 42 million tonnes or about 396,000 ounces of gold and 32 million ounces of silver, as follows. (For resource estimate details, see news release of [September 5, 2012](#)).

				Measured & Indicated					
	Cut Off		Tonnes	Grade			Contained metal		
	Ag Eq	Au Eq							
Deposit	g/T	g/T		Au g/T	Ag g/T	AuEq	Au Oz	Ag Oz	AuEq Oz
San Francisco	10	0.17	-	-	-	-	-	-	-
San Antonio	25	0.42	7,389,000	0.02	70	1.19	5,000	16,533,000	280,550
Total			7,389,000	0.02	70	1.18	5,000	16,533,000	280,550

				Inferred					
		Cut Off	Tonnes	Grade			Contained metal		
Deposit	Ag Eq g/T	AuEq g/T		Au g/T	Ag g/T	AuEq	Au Oz	Ag Oz	AuEq Oz
San Francisco	10	0.17	32,033,000	0.38	10	0.55	386,000	10,277,000	557,000
San Antonio	25	0.42	2,110,000	0.08	73	1.30	5,000	4,978,000	87,000
Total			34,143,000	0.36	14	0.59	391,000	15,255,000	644,000

MDA resource estimate at lower cut off for the two open pit only deposits.

Note: the PEA and related estimates of resources included in the PEA mine plan incorporate 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.

Paramount will now start selecting a larger set of representative samples for a more comprehensive test of the 1/4 inch crush size to confirm the viability of a heap leach scenario and then update the current PEA. Details of the new and previous met tests can be downloaded from the Paramount web site ([www.paramountgold.com](http://www.paramountgold.com))

Paramount CEO Christopher Crupi commented: "Step by step, we are making major improvements to the economics of San Miguel, a project that is already robust at current metal prices. I am very proud of the cost-effective way in which our technical team has developed San Miguel into such an outstanding opportunity. We are rapidly approaching the point at which we can expect to realize value from our investment in San Miguel, given better precious metal prices. Fortunately, we are in no need of funds and we can continue to improve the project while we wait for markets to improve."

## 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 QP as defined by National Instrument 43-101, who have both reviewed and approved this news release. Michael Gustin of MDA, a Qualified Person responsible for resource estimation, has also reviewed and approved the portions of this news release that relate to the San Miguel resource estimate. 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, Vancouver, B.C.,

using fire assay atomic absorption methods for gold and aqua regia digestion ICP methods for other elements.

## About Paramount Gold

Paramount Gold is a U.S. based exploration and development company with multi-million ounce advanced stage precious metals projects in Nevada (Sleeper) and northern Mexico (San Miguel). Fully funded exploration programs are now in progress at these two core projects which are expected to generate substantial additional value for our shareholders. Engineering studies are scheduled for completion in 2012 to define a development path and economic valuation for each project.

The 100% owned San Miguel Project consists of over 140,000 hectares (approximately 350,000 acres) in the Palmarejo District of northwest Mexico, making Paramount the largest claim holder in this rapidly growing precious metals mining camp. The current work program at San Miguel is part of Paramount's strategy of expanding and upgrading known, large-scale precious metal occurrences in established mining camps, defining their economic potential and then partnering them with nearby producers. The San Miguel Project is ideally situated near established, low cost production where the infrastructure already exists for early, cost-effective exploitation. Paramount also owns 100% of the Sleeper Gold Project which is emerging as one of Nevada's largest new undeveloped gold resources.

## SUMMARY OF ALL PZG NI 43-101 COMPLIANT RESOURCE ESTIMATES

### 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		60,693,000

## 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 mineable.

## 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 metallurgical test results and the potential for heap leaching at San Miguel, future work at the San Miguel Project and the expected results of this work, estimates of resources including expected volumes and grades, the results of the project's PEA and the sufficiency of funding. 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, 2013 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

[Paramount Gold and Silver Corp.](#)

Glen Van Treek, VP Exploration

866-481-2233

[Paramount Gold and Silver Corp.](#)

Chris Theodossiou, Investor Relations

866-481-2233

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