

Paramount Gold and Silver Drills 18 Meters of 4.46 g/T Gold and 434.9 g/T Silver, Completing Its Don Ese Infill Program at San Miguel

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Resource size and grade likely to rise as all 16 new holes intersect high grade material

WINNEMUCCA, NEVADA -- (Marketwired - Feb 25, 2014) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG) (TSX:PZG) (FRANKFURT:P6G) (WKN:A0HGKQ) ("Paramount") today reported results from the final two core holes drilled at Don Ese-part of its ongoing program to enhance the resource base at its 100%-owned San Miguel Project in northern Mexico. Paramount has been drilling at San Miguel since late last year with two core rigs. The focus now shifts to a potential new discovery on the southern end of the 7.5 km long Guazapares Megastructure.

Two additional holes were drilled into the Don Ese deposit to upgrade and expand resources. Infill drill hole DS-044 intersected 18 meters of 4.46 g/T of gold and 424.88 g/T of silver including a central portion of 3.4 meters grading 19.18 g/T of gold with 1,873.6 g/T of silver. Drill hole DS-045 intercepted two zones of higher silver and gold grades within the main Don Ese vein including 7.7 meters of 2.31 g/T of gold and 118.5 Ag g/T of silver and 6.2 meters of 0.65g/T of gold and 176.6 g/T of silver. These two holes were completed within the resource block model and are expected to move inferred resources to measured and indicated.

Commenting on these results, Paramount CEO Christopher Crupi noted that "on a gold equivalent basis, hole 44 is reporting 18 meters of 11.5 grams of gold per tonne. These are exceptional results which should enhance the economic potential of the Don Ese deposit compared to last year's PEA (Preliminary Economic Assessment)."

Paramount will now provide Mine Development Associates (www.mda.com) with the data from a total of 16 new core holes (8,027 meters) to be incorporated into a new resource estimate (see table below) which will be used to update the PEA. The new PEA will also evaluate the potential for including a heap leach operation into the project's design, to process lower grade material which was left out of last year's PEA. As previously announced on November 6, 2013, metallurgical tests support the potential viability of a heap leach component which would increase the resource base and could also serve as a low cost start-up option prior to commencing underground mining and milling.

Results from the final two holes drilled at Don Ese in 2014 are as follow:

Hole #	Area	Total Length	From (m)	To (m)	Width (m)	Au g/T	Ag g/T
DS-044	DON ESE	436.35	421.15	421.80	0.65	0.861	79.20
			435.00	435.50	0.50	1.000	224.00
			452.90	461.15	8.25	1.446	201.65
			468.10	468.80	0.70	0.264	44.30
			472.70	490.70	18.00	4.461	424.88
			472.70	476.10	3.40	19.178	1873.59
DS-045	DON ESE	542.15	495.60	501.80	6.20	0.651	176.58
			507.20	514.90	7.70	2.312	118.50

True widths are expected to be 85 % of reported intercepts.

A map is available at the following address:
<http://media3.marketwire.com/docs/929538A.pdf>.

Previously reported drill holes, to be incorporated in an updated resource estimate.

Hole #	Area	Total Length	From (m)	To (m)	Width (m)	Au g/T	Ag g/T
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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
DS-13-035	DON ESE	423.50	332.00 348.75	16.75*	1.479	209.80
		Including	338.10 342.50	4.40	3.567	484.44
			352.85 357.75	4.90	0.143	25.37
			364.65 366.60	1.95	3.969	200.85
			398.15 398.65	0.50	1.000	247.00
DS-13-036	DON ESE	505.05	421.35 422.10	0.75	0.346	87.10
			429.80 432.45	2.65	2.184	133.79
		including	431.40 432.45	1.05	5.254	247.00
			439.75 470.30	30.55*	0.742	86.30
		including	439.75 441.75	2.00	3.034	448.00
			489.40 489.95	0.55	3.794	89.30
DS-13-037	DON ESE	359.05	278.25 281.25	3.00	0.297	28.22
			352.60 353.90	1.30	0.246	132.00
DS-13-038	DON ESE	340.85	296.90 304.65	7.75	2.535	230.81
		including	298.00 299.65	1.65	4.190	271.24
			312.05 314.00	1.95	0.198	35.90
			315.45 316.05	0.60	0.407	63.40
			327.00 327.90	0.90	2.440	303.00
			335.00 335.65	0.65	3.913	624.00
			339.35 339.85	0.50	2.457	268.00
DS-13-039	DON ESE	383.80	293.30 298.80	5.50	1.475	198.71
			300.25 301.65	1.40	0.513	89.90
			326.35 326.80	0.45	0.224	70.50
			344.80 345.45	0.65	0.752	210.00
			367.90 371.85	3.95	11.866	2294.78
		including	369.70 371.85	2.15	17.995	3435.44
		including	369.70 370.50	0.80	29.400	4833.00
			374.30 376.10	1.80	0.509	161.67
DS-13-040	DON ESE	466.25	354.45 378.35	23.90	4.986	335.94
		including	361.10 367.85	6.75	12.797	741.77
		including	363.00 364.65	1.65	37.130	1883.88
		including	363.95 364.65	0.70	59.700	2793.00
			400.25 401.90	1.65	0.600	54.34
			413.85 414.55	0.70	0.656	55.00

DS-13-041	DON ESE	472.60	384.75	421.20	36.45	3.662	222.17
	including	393.55	397.35		3.80	2.769	242.99
	including	403.05	418.90		15.85	7.042	365.25
	including	405.05	409.65		4.60	16.509	723.45
	including	405.05	406.05		1.00	56.600	1907.00
	including	407.05	408.00		0.95	10.900	483.00
		423.80	424.35		0.55	1.050	33.50
		427.70	428.95		1.25	1.711	130.26
DS-13-042	DON ESE	551.7	477.40	479.15	1.75	0.295	40.60
			480.85	484.80	3.95	0.855	47.32
			488.10	511.45	24.35	4.818	311.69
	Including		488.10	491.80	3.70	13.214	697.36
	Including		495.50	501.55	6.05	8.712	584.02
DS-13-043	DON ESE	438.7	343.50	351.30	7.80	0.597	93.68
			359.05	360.95	1.90	1.238	165.00
			371.95	373.20	1.25	0.875	191.00
			382.00	382.60	0.60	0.500	144.00
			418.05	421.60	3.55	0.696	119.12

True widths range from 60% to 95 % of reported intercept; for more details visit www.paramountgold.com

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 Treck, 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 Mine Development Associates (www.mda.com). 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

INFERRRED 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.

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, 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.

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