

Paramount Gold and Silver Discovers New Silver/Gold Zone at San Miguel Project in Mexico

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WINNEMUCCA, NEVADA -- (Marketwired - May 1, 2014) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG) (TSX:PZG) (FRANKFURT:P6G) (WKN:A0HGKQ) ("Paramount") reported today that a new set of structures has been discovered to the south of the richly endowed Guazapares Megastructure on its 100%-owned San Miguel Project and preliminary drilling has intersected sizeable widths of high-grade precious metals.

The 7.5 km. long Guazapares Megastructure on the San Miguel property is one of the longest continuously mineralized corridors in the Sierra Madre Metallogenic Belt, consisting of quartz veins and stock works hosting a number of connected deposits stretching from La Veronica in the north, through the La Union area, to Santa Clara in the south. The new zone, named Sota Del Oro, adds approximately 2.5 kilometers of prospective strike to the known Guazapares corridor. The new structure was recognized last year by Paramount's geology team in surface alteration mapping and sampling of a sub-parallel zone that appears to run northwest and obliquely to the main corridor before joining the La Union area (see map at <http://media3.marketwire.com/docs/943001.pdf>).

Preliminary drilling tested gold and silver enrichment at depth, the true width of the structure, its orientation and dip. Initial results were prolific but also complex--multiple structures were intersected in a number of the 10 holes drilled to date with intervals grading up to 12.0 g/T of gold and up to 3,335 g/T of silver (almost 100 ounce per ton of silver). Eight of the 10 holes returned strong precious metal values. Outstanding results were obtained in drill hole LU-85 with an interval of 15 meters grading 1.46 g/T of gold and 646 g/T (almost 20 opt silver), representing a 12.23 g/T gold equivalent at a 1 to 60 gold-to-silver ratio. Drill hole LU-79 intersected many narrow structures and one large intercept of 27.6 meters grading 1.39 g/T of gold and 49.6 g/T of silver, a 2.23 g/T gold equivalent grade. These 10 core drill holes were drilled over a strike length of 450 meters. However, almost 2 kms of prospective structure still remain to be tested. Paramount has paused the drilling in this new area to model the geology and structure three-dimensionally in order to understand the primary controls on high-grade metal deposition and plan a follow up drill program.

Paramount CEO Christopher Crupi commented that, "the new structure has all the characteristics of a major discovery. The style, grade and pervasive nature of the mineralization make it similar to La Union--the best deposit found to date at San Miguel--but with the potential for greater size. We look forward to resuming our drilling as soon as we have modeled the data we now have."

Details from the 10 holes drilled to date at Sota de Oro are as follows:

Hole #	Area	Total Length (m)	From (m)	To (m)	Width (m)	Au g/T	Ag g/T
LU-079	Sota de Oro	572.95	238.00	239.55	1.55	0.336	65.48
			249.05	250.05	1.00	0.255	19.50
			289.30	291.15	1.85	2.830	17.31
			294.85	295.35	0.50	0.275	17.40
			370.65	371.15	0.50	0.621	11.70
			432.55	437.05	4.50	0.552	134.91
			443.90	445.35	1.45	0.149	55.25
			457.85	458.90	1.05	0.123	49.70
			481.25	481.90	0.65	0.267	46.80
			493.85	495.55	1.70	0.305	14.99
			497.90	525.50	27.60*	1.392	49.57
			Including	517.30	523.45	6.15	2.307
				527.45	528.10	0.65	0.075
LU-078	Sota de Oro	399.10	373.90	374.70	0.80	0.56	98.10

LU-081	Sota de Oro	572.60	234.20	235.60	1.40	2.055	549.50
			239.50	241.60	2.10	0.428	66.30
			342.55	343.15	0.60	0.834	12.30
		Including	422.05	433.50	11.45*	0.922	32.29
			423.05	428.05	5.00	1.948	46.04
		Including	443.00	450.85	7.85*	0.494	82.81
			445.00	448.90	3.90	0.841	135.87
LU-080	Sota de Oro	838.30	255.60	257.45	1.85	1.481	271.32
			490.90	491.60	0.70	0.468	20.20
			605.45	606.45	0.70	0.415	42.00
			628.05	628.80	0.75	0.043	74.20
LU-082	Sota de Oro	335.90	293.25	293.85	0.60	0.273	26.80
			298.35	300.20	1.85	1.181	51.55
LU-083	Sota de Oro	477.85	250.20	253.25	3.05	0.760	35.43
			306.85	307.45	0.60	0.198	40.70
			308.40	309.30	0.90	0.184	42.60
			311.70	314.95	3.25	0.182	29.16
LU-084	Sota de Oro	434.50	No significant intervals				
LU-086	Sota de Oro	502.80	No significant intervals				
LU-085	Sota de Oro	505.65	385.05	409.70	24.65*	1.044	411.12
		Including	385.05	400.05	15.00*	1.460	646.10
		Including	385.05	392.80	6.10	2.327	1439.61
		including	388.45	389.75	1.30	4.029	3335.00
			414.35	417.20	2.85	0.308	55.03
			424.50	428.30	3.80	0.237	63.60
LU-087	Sota de Oro	418.20	258.30	261.35	3.05	0.296	68.40
			297.80	301.70	3.90	0.343	58.71
			312.70	313.25	0.55	0.410	33.90
			327.75	328.45	0.70	0.485	47.50
			356.45	358.20	1.75	0.337	21.98
			372.45	373.60	1.15	0.056	501.00

A definitive estimate of true width requires 3D modeling but these reported intercepts are expected to be within 80% of actual widths.

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 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 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.

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 lower metal prices, Sleeper still shows excellent economic performance. At US\$1,200 gold and US\$20 silver, the estimated total pre-tax net cash flow equals US\$603 million and the net present value at a 5% discount rate is a healthy \$295 million with an internal rate of return of 15%.

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.

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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