

# Paramount Gold and Silver Reports Positive New Resource Estimate for Its San Miguel Project, Mexico

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## Measured and indicated (M&I) gold resource ounces increase 76%; M&I silver resource ounces rise 44%; new model includes resources for prospective lower cost heap leach scenario in forthcoming PEA

WINNEMUCCA, NEVADA--(Marketwired - Jul 8, 2014) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG)(TSX:PZG)(FRANKFURT:P6G)(WKN:A0HGKQ) ("Paramount") today released the results of a new resource estimate prepared by Mine Development Associates of Reno Nevada ("MDA") ([www.mda.com](http://www.mda.com)) for Paramount's 100%-owned San Miguel Project in northern Mexico. The new resource model on which the estimate is based "represents a major step forward in the evolution of San Miguel from a raw exploration prospect to what is now a mature, high quality economic opportunity," said Paramount CEO Christopher Crupi.

In the new model, estimated global measured and indicated (M&I) contained ounces of gold increased a robust 76%, from 638,000 to 1,123,000. Estimated M&I contained ounces of silver rose 44%, from 53.6 million to 77.1 million. Inferred resources of gold and silver fell slightly as a portion of the inferred was converted to higher categories but the size of the total resource increased substantially. At a silver-to-gold ratio of 60, estimated M&I gold equivalent ounces total 2,408,000 at an estimated average gold equivalent grade of 1.71 g/T. For a detailed breakdown of tonnes and grade by category, please see the tables below.

The new resource estimate has incorporated the following:

- Data from new core drilling completed within the resource areas since the last update.
- Geological re-modeling and re-estimation of the San Francisco bulk tonnage gold-silver deposit reflecting the recent success of heap leach metallurgical testing on this material. (See news release of May 27, 2014).
- Review of resource classification parameters based on drill confirmation of the predictability of the resource model, which has enhanced confidence.

The new estimate will be incorporated into an updated Preliminary Economic Assessment (PEA) expected next month, to be prepared by Metal Mining Consultants ("MMC") ([www.metalminingconsultants.com](http://www.metalminingconsultants.com)) of Denver, Colorado. The first PEA for San Miguel was also completed by MMC and released on [February 28, 2013](#). A PEA is a complete, integrated project design which estimates mining and processing methods and rates of production, capital and operating costs, cash flows at specified metal prices, rates of return, mine life and net present values at a proposed discount rate.

Resources at the high grade Don Ese underground deposit have increased substantially in the new estimate. Don Ese is located several hundred meters east of the Guadalupe deposit, which it closely resembles, and they probably sit within the same structure. Guadalupe is Coeur d'Alene's key development project at its neighboring Palmarejo mine complex.

The large, bulk-mineable San Francisco gold-silver deposit was re-modeled following successful metallurgical testing of its heap leach potential; measured plus indicated contained metal now stands at 126,000 ounces of gold and 3.4 million ounces of silver, plus a further 566,000 ounces of gold and 14.7 million ounces of silver in the inferred category. For a detailed breakdown of tonnes and grade by category, please see the tables below. The updated PEA is expected to include a heap leach component for San Francisco.

Crupi commented that the new resource model "represents a substantial achievement. We believe the quality of the San Miguel resource is now sufficient for a feasibility study and supports a strong, reliable valuation by potential partners. The next step is to revise the PEA from 2013 to include the larger resource and the heap leach scenario for lower grade material. We expect the results of this work to be highly encouraging for the project."

Detailed resource tables effective as at May 1, 2014 are as follows:

Area	Cut off Ageq g/t	Measured				
		Tonnes	Au g/T	Ag g/T	Au Oz	Ag Oz
Don Ese	90	599,000	2.88	254	55,000	4,898,000
La Union	25	1,175,000	2.08	18	78,000	691,000
San Miguel	25	3,271,000	1.11	66	117,000	6,933,000
San Antonio	25	1,209,000	0.04	60	1,000	2,319,000
San Francisco	9	-	-	-	-	-
La Veronica	25	-	-	-	-	-
MT/SC	25	-	-	-	-	-
<b>Total</b>		<b>6,254,000</b>	<b>1.25</b>	<b>74</b>	<b>251,000</b>	<b>14,841,000</b>

Area	Cut off Ageq g/t	Indicated				
		Tonnes	Au g/T	Ag g/T	Au Oz	Ag Oz
Don Ese	90	2,807,000	2.81	206	253,000	18,546,000
La Union	25	6,903,000	1.06	42	236,000	9,204,000
San Miguel	25	9,943,000	0.79	50	252,000	15,962,000
San Antonio	25	6,180,000	0.02	72	4,000	14,215,000
San Francisco	9	10,551,000	0.37	10	126,000	3,429,000
La Veronica	25	476,000	0.08	61	1,000	930,000
MT/SC	25	-	-	-	-	-
<b>Total</b>		<b>36,860,000</b>	<b>0.74</b>	<b>53</b>	<b>872,000</b>	<b>62,286,000</b>

Area	Cut off Ageq g/t	Measured plus Indicated				
		Tonnes	Au g/T	Ag g/T	Au Oz	Ag Oz
Don Ese	90	3,406,000	2.82	214	308,000	23,444,000
La Union	25	8,078,000	1.21	38	314,000	9,895,000
San Miguel	25	13,214,000	0.87	54	369,000	22,895,000
San Antonio	25	7,389,000	0.02	70	5,000	16,534,000
San Francisco	9	10,551,000	0.37	10	126,000	3,429,000
La Veronica	25	476,000	0.08	61	1,000	930,000
MT/SC	25	-	-	-	-	-
<b>Total</b>		<b>43,114,000</b>	<b>0.81</b>	<b>56</b>	<b>1,123,000</b>	<b>77,127,000</b>

Area	Cut off Ageq g/t	Inferred				
		Tonnes	Au g/T	Ag g/T	Au Oz	Ag Oz
Don Ese	90	2,020,000	2.07	131	135,000	8,514,000
La Union	25	1,476,000	0.90	38	43,000	1,785,000
San Miguel	25	3,350,000	0.54	21	58,000	2,282,000
San Antonio	25	2,109,000	0.08	73	5,000	4,977,000
San Francisco	9	43,229,000	0.32	8	440,000	11,269,000
La Veronica	25	3,104,000	0.09	47	9,000	4,658,000
MT/SC	25	3,520,000	0.13	40	14,000	4,503,000
<b>Total</b>		<b>58,808,000</b>	<b>0.38</b>	<b>20</b>	<b>704,000</b>	<b>37,988,000</b>

### Key Parameters for Resource Estimation

The gold and silver resources at the San Miguel project were modeled and estimated by:

- Determining statistical and geological criteria to establish gold and silver mineral domains;
- Interpreting gold and silver mineral-domain polygons on sets of vertical cross sections orientated perpendicular to the strike of the mineralization for each deposit area;
- Rectifying the mineral-domain interpretations for each deposit on a set of level plans;
- Analyzing the modeled mineralization geostatistically in order to aid in the selection of estimation and classification parameters;
- Interpolating grades into three-dimensional block models, using the gold and silver mineral- domains to control the estimations; and
- Undertaking various checks and interpolation iterations until optimal results were generated.

Additionally, MDA estimated resources at higher cut-off grades, resulting in a substantial increase in the San Miguel resource grade without a significant reduction in total contained metal. The estimates based on higher cut-off grades are contained in the tables below. Potentially mineable grades will be established in the updated PEA.

Cutoff (Ag Eq g/T)	Measured & Indicated				
	Tonnes	g Ag/t	oz Ag	g Au/t	oz Au
25	38,574,000	63	78,014,000	0.90	1,109,000
50	21,119,000	97	66,355,000	1.43	974,100
75	14,445,000	127	58,900,000	1.90	881,500
90	12,167,000	142	55,420,000	2.15	839,300
120	9,239,000	167	49,693,000	2.60	772,800
150	7,443,000	189	45,216,000	3.00	717,300

Cutoff (g Ag-equiv/t)	Inferred				
	Tonnes	g Ag/t	oz Ag	g Au/t	oz Au
25	32,833,000	34	35,986,000	0.57	597,000
50	13,628,000	58	25,317,000	0.95	419,000
75	7,381,000	83	19,674,000	1.30	308,800
90	5,224,000	102	17,162,000	1.52	256,200
120	3,258,000	133	13,934,000	1.93	202,500
150	2,342,000	156	11,761,000	2.28	171,800

### NI 43-101 Disclosure

The resource estimation disclosure in this news release has been reviewed and approved by Michael Gustin of MDA, a Qualified Person under the auspices of NI 43-101. Exploration activities at San Miguel were 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 was employed for the program including blank, duplicate and reference standards in every batch of assays. Cross-check analyses were conducted at a second external laboratory on 10% of the samples. Samples were 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.

### 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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