

Paramount Gold and Silver Opens Up New Depth Potential for Sleeper Project in Nevada

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Drilling below original Sleeper Pit intercepts 32 meters of 1.47 g/T gold, increases potential for resource additions

WINNEMUCCA, NEVADA--(Marketwired - Aug 1, 2013) - [Paramount Gold and Silver Corp.](#) (NYSE MKT:PZG)(TSX:PZG)(FRANKFURT:P6G)(WKN:A0HGKQ) ("Paramount") announced today that new core drilling at its 100%-owned Sleeper Gold Project in Nevada has intercepted gold and silver mineralization west of the Pad zone and below the old Sleeper Pit.

Paramount recently completed 24 core holes totaling 10,313 meters (33,835 ft.) at Sleeper in a program designed to extend known resource areas, acquire material for metallurgical testing and update the resource model. The program focused on the West Wood area, PAD and Facilities zones which lie adjacent to each other and south of the Sleeper mine.

PGC-13-034 was drilled from the PAD zone toward the Sleeper Pit to test the original high-grade Sleeper structure below the deepest holes drilled by previous operators. PGC-13-034 intercepted numerous intervals with gold and silver values well above the average resource grade including several intercepts above 2 g/T of gold. The most significant intercept of 32 meters averaging 1.47 g/T of gold and 1.9 g/T of silver was found 100 meters directly below the bottom of the Sleeper Pit. Drill Hole PGC-13-034 is likely to add to resources but, more importantly, it has also demonstrated that the original high-grade Sleeper structure remains open and potentially productive at depth. It appears that this highly prospective depth extension was not previously found and exploited due to obstructions which prevented Amax, the mine operator, from being able to drill the target effectively.

Paramount has commissioned SRK Consulting (www.srk.com) to update the Sleeper resource estimate to incorporate the data from 44 new drill holes totaling over 15,000 meters (more than 49,000 ft.) completed since the resource estimation used in last year's Preliminary Economic Assessment (PEA). Core from the most recent drilling has also been submitted to McClelland Lab in Reno, Nevada for metallurgical tests designed to improve recoveries, particularly for the higher grade West Wood zone.

Paramount is developing a comprehensive new geological and structural model to be used in the updated resource estimation and to design a new exploration program with two objectives: to improve the economics of the existing PEA by adding resources at a better grade and; to discover new higher grade structures similar to the original Sleeper mine within the large claim block assembled by Paramount in the trend that runs south from the Sleeper mine to Newmont's Sandman project.

Detailed intercepts from PGC-13-034 are as follow:

| Hole # | Area | Total Length (m) | From (m) | To (m) | Width (m) | Au g/T | Ag g/T |
|--------|------|------------------|----------|--------|-----------|--------|--------|
| | | | 9.75 | 23.47 | 13.7 | 0.27 | 2.50 |
| | | | 36.58 | 42.67 | 6.1 | 0.17 | 2.00 |
| | | | 47.24 | 97.54 | 50.3 | 0.14 | 1.50 |

| | | | | | | | |
|------------|---------|--------|--------|--------|------|------|------|
| | | | 146.3 | 158.5 | 12.2 | 0.24 | 1.60 |
| PGZ-13-034 | Sleeper | 498.96 | 167.64 | 185.93 | 18.3 | 0.44 | 2.30 |
| | | | 190.5 | 196.6 | 6.1 | 0.20 | 0.90 |
| | | | 213.36 | 222.5 | 9.1 | 0.40 | 0.90 |
| | | | 265.18 | 269.75 | 4.6 | 0.30 | 1.90 |
| | | | 275.84 | 307.85 | 32.0 | 1.47 | 1.90 |
| | | | 313.94 | 321.56 | 7.6 | 0.32 | 1.00 |
| | | | 413.92 | 422.15 | 8.2 | 0.39 | 0.70 |

PGZ-13-034 was drilled at an oblique angle to the mineralized zone for metallurgical purposes and these intervals are therefore not true widths. However, the true width of the 32 meter intercept is estimated to be not less than 25 meters.

Christopher Crupi, Paramount CEO, commented that "we are having considerable success optimizing the Sleeper PEA. Recent drilling is likely to expand the resource within the proposed pit while also increasing the overall resource grade. We are also enriching our understanding of the Sleeper deposit which should help us to find analogous structures within our large land position. We are increasingly confident that the structural setting for the original Sleeper mine has been repeated on our property and that we will be able to replicate its size and grade."

A map is available at the following address: <http://media3.marketwire.com/docs/PGC0801.pdf>

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%. Cash flows are highly leveraged to the gold and silver price.

NI 43-101 Disclosure

Exploration activities at Sleeper are being conducted by Paramount 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, both of whom have reviewed and approved this press release. An ongoing quality control/quality assurance protocol is being employed during the program including blank, duplicate and reference standards in every batch of assays. Samples are being assayed at ALS Chemex, Reno, Nevada while multi-element analysis is being performed in Vancouver, Canada. External check samples are also being conducted at an Inspectorate Lab in Reno, Nevada.

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 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](#).

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](#).

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 | 20,459,000 |
| 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](#).

Note: Mineral resources that are not mineral reserves do not have demonstrated economic viability.

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

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