

PARAMOUNT GOLD & SILVER CORP.

Form 425

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PARAMOUNT GOLD AND SILVER DRILLING INTERSECTS NEW MINERALIZATION AT ITS DON ESE DEPOSIT ADJACENT TO COEUR'S GUADALUPE MINE

Drill hole DS-053 intersects 12.6 meters grading 4.56 g/T of Au and 63.6 g/T of Ag

Together, Don Ese and Coeur's adjoining Independencia deposit provide significant development synergies

Winnemucca, Nevada – January 20, 2015 -Paramount Gold and Silver Corp. (NYSE/TSX: PZG) ("Paramount") reported today that each of the last three core holes in its 2014 drill program have intercepted gold and silver mineralization. These holes targeted the higher grade Don Ese deposit, located on its 100%-owned San Miguel Project in northern Mexico immediately adjacent to Coeur Mining's (NYSE: CDE) Palmarejo Mine Complex. DS-052 and DS-053 were infill holes drilled to upgrade the mineralized material estimate while DS-051 successfully tested the Don Ese vein at depth, effectively expanding the length of the known mineralization.

The most recent program of infill and exploration drilling at Don Ese and the nearby Dana discovery totalled 4,364 meters in eight holes. The results are expected to increase the total mineralized material at each deposit (see cross-section below). Drilling at Dana has discovered a further mineralized occurrence which appears to be an offshoot of Don Ese, and these zones could be exploited in tandem (see January 6, 2014 news release).

Coeur has stated that it plans to develop Don Ese by a 1,000 meter decline adjacent to the existing Guadalupe surface infrastructure at an initial cost of approximately \$15 million, and anticipates initial production from Don Ese by the end of 2015, ramping up to 2,500 tons per day by the end of 2017 (see Coeur press release dated December 17, 2014 for more development details). Coeur recently announced an initial resource at its Independencia deposit, which represents the northwest extension of Don Ese (see Coeur press release dated December 19, 2014).

Paramount CEO Christopher Crupi noted that drilling focused on the Dana discovery and other nearby targets will start up again shortly. "Our aim is to add further value to the proposed combination of Paramount and Coeur. Coeur's infrastructure at its Palmarejo project is ideally suited for low cost, efficient development of San Miguel's deposits. Further drilling should help to accelerate the realization of these synergies and potentially extend the mine life of Coeur's Palmarejo complex by adding to the inventory of mineralized material."

The results from the final three holes drilled in 2014 at Don Ese are:

Hole #	Area	Total Length (m)	From (m)	To (m)	Width (m)	Au g/T	Ag g/T
DS-051	DON ESE	667.15	600.10	605.50	5.40	0.83	33.5
		593.45	532.50	545.45	12.95	1.20	107.7
DS-052	DON ESE Including	534.95	538.60	3.65	2.33	233.2	

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Including	541.95	544.25	2.30	1.94	105.9	
	495.70	435.90	448.50	12.60	4.56	63.6
DS-053 DON ESE Including	440.00	445.95	5.95	9.29	95.9	
Including	441.60	443.60	2.00	22.10	93.5	

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A precise estimate of true widths requires additional modeling, however it is expected that true widths are not less than 80% of the reported intercepts.

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Paramount and Coeur Mining, Inc. have entered into an agreement and plan of merger, dated as of December 16, 2014 (the "Merger Agreement") pursuant to which Coeur will acquire all of the issued and outstanding shares of common stock of Paramount and the San Miguel Project (the "Merger"). As a condition to closing the Merger, the shares of Paramount's subsidiary holding its Nevada mining assets will be spun-off to holders of Paramount's common stock.

Pursuant to the Merger Agreement, Coeur will acquire each share of outstanding Paramount common stock from Paramount's stockholders in exchange for 0.2016 of a share of Coeur common stock. In addition, Paramount stockholders will receive their pro rata share of the outstanding shares of an existing subsidiary or a newly incorporated subsidiary ("SpinCo") of Paramount. SpinCo will hold Paramount's interest in the Sleeper Gold, Mill Creek and Spring Valley Projects in Nevada and will be capitalized with \$10 million in cash from Coeur. Upon completion of the Merger, Paramount stockholders will hold, in aggregate, a 95.1% interest in SpinCo and Coeur will hold the remaining 4.9%. The Merger is subject to regulatory and stockholder approval.

#### 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.

#### 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 stockholders.

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The San Miguel Project consists of over 100,000 hectares (over 247,000 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. The San Miguel Project does not contain any known reserves and any planned drilling program is exploratory in nature.

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. The Sleeper Gold Project does not contain any known reserves and any planned drilling program is exploratory in nature.

#### 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, 2014 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.

#### Additional Information

The joint proxy statement included in the registration statement on Form S-4 that Coeur has filed with the SEC and that Paramount will mail to its stockholders contains information about Paramount, the San Miguel Project, Coeur, the Merger Agreement and related matters. Stockholders are urged to read the joint proxy statement carefully, as it contains important information that stockholders should consider before making a decision about the Merger. In addition to receiving the joint proxy statement from Paramount by mail, stockholders will also be able to obtain the joint proxy statement, as well as other filings containing information about Paramount and Coeur, without charge, from the SEC's website ([www.sec.gov](http://www.sec.gov)) or, without charge, from Paramount at the telephone number and address below. This announcement is neither a solicitation of a proxy, an offer to purchase, nor a solicitation of an offer to sell shares of Paramount. Paramount and its executive officers and directors may be deemed to be participants in the solicitation of proxies from Paramount's stockholders with respect to the proposed merger. Information regarding any interests that Paramount's executive officers and directors may have in the merger is set forth in the joint proxy statement. Copies of the Merger Agreement and certain related documents were filed by Paramount with the SEC on December 18, 2014 on Form 8-K and are available at the SEC's website at [www.sec.gov](http://www.sec.gov).

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