



BEACON ROCK RESEARCH

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PARAMOUNT GOLD AND SILVER SPECIAL REPORT

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5956 N.W. 213th, Portland, Oregon 97229

Paramount Gold and Silver Corp. (AMEX, TSX: PZG, \$1.77)

Mike Niehuser, 503-307-3188

mike@beaconrockresearch.com

Analyst Day at Paramount's San Miguel Project

We recently toured the projects of several companies in the southeast corner of the State of Chihuahua, Mexico. One of our favorites was Paramount Gold and Silver Corp. (AMEX, TSX: PZG). This was due to the combination of management, project(s) potential, and the fact that Paramount's aggressive exploration activities are relatively unknown. The Company's exploration program provides both near-term catalysts for appreciation as well as opportunity for sustained growth and creation of value over the longer term.

Paramount reports having completed over 27,000 meters of core drilling, totaling 157 drill holes on the project, with results pending on 43 of these holes. In April of 2007, Paramount commenced a 50,000 meter drill program, of which 20,000 meters have been completed to date.

Paramount should soon receive a large number of assays which may be very positive. We anticipate that upcoming drill results on the Company's San Miguel target (one of many targets in the San Miguel Project) may resemble other better known names in the area which should resonate with investors (Fig. 1). In addition, Paramount has a very large and very prospective land position between two well known projects, Palmarejo Silver and Gold Corporation's (TSX Venture: PJO) Trogan project, hosting a 3.1 million ounce gold resource to the west, and Goldcorp Inc's (NYSE: GG) El Sauzal mine, with a 2.5 million ounce gold resource to the southeast.



Figure 1—San Miguel Project Map

Source: Delve Consultants, LLC, Technical Report (July 2007)

Paramount’s land position was too large to visit all of their projects and targets in one day. The primary group of analysts had only one day at the San Miguel project (Fig. 2), which included review of drill holes, trenches, and historic workings at San Antonio (see Fig. 3) plus the Montecristo target to the north. The visit was sufficient for analysts to grasp the potential of the 10 km strike length of mineralization extending well beyond the current resource.

We were fortunate to spend an additional day at the San Miguel project while the group went on to visit other companies. This second day consisted of both the San Miguel target to the northeast, and the area south of San Antonio, including the area along strike from the historic San Luis mine south to La Union. The additional time afforded us the opportunity to grasp an even greater vision of the potential of the entire San Miguel project. Unfortunately, we lacked the time to visit the adjacent wholly owned Andrea project and the Paramount/Garibaldi JV, to the south and east of the San Miguel project (Fig. 4), which dwarfs the San Miguel project, and may eventually prove to have an even greater number of promising targets. The map below clearly outlines Paramount’s dominant land position between Palmarejo’s project to the west and the El Sauzal mine to the southeast.

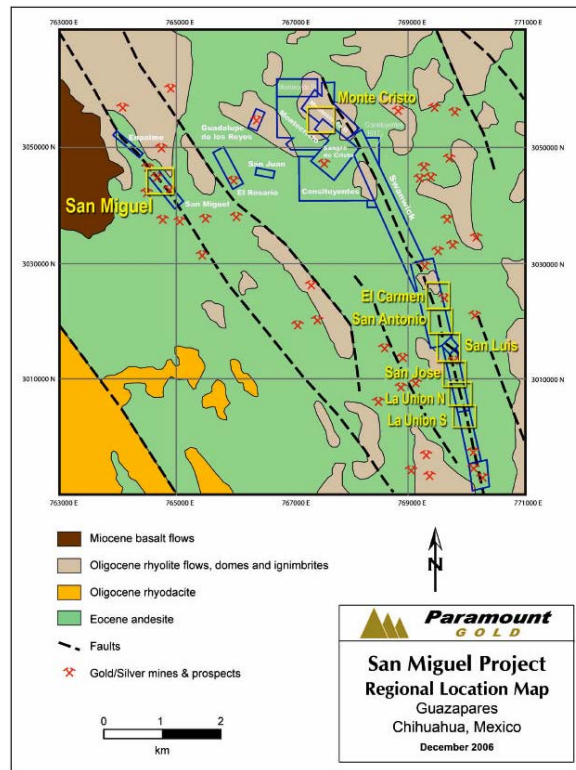


Figure 2—San Miguel Project Map
Source: Delve Consultants, LLC, Technical Report (July 2007)

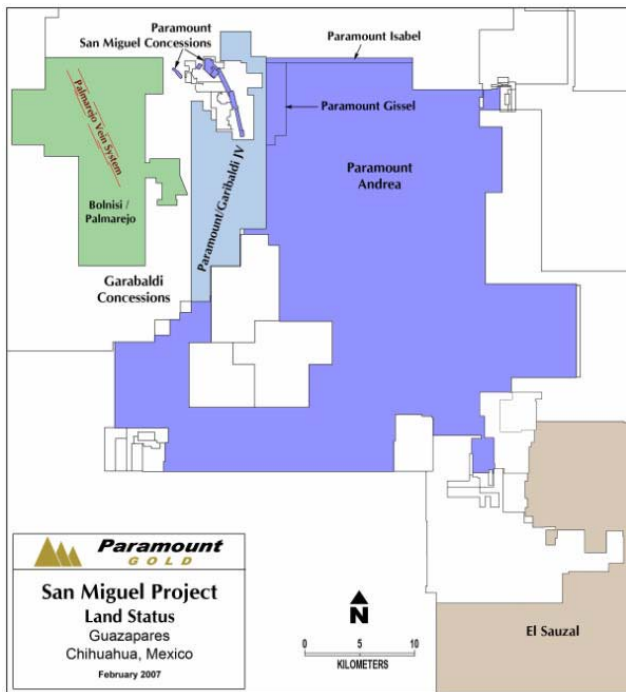


Figure 4—San Miguel, Paramount/Garibaldi JV, and Andrea Concessions
Delve Consultants, LLC, Technical Report (July 2007)



Figure 3—COO Larry Segerstrom and Portfolio Manager
Exploration Trench, San Antonio
Source: Analyst

Paramount’s projects include the 70% owned San Miguel project, the wholly owned Andrea project, and the joint venture on the Garibaldi project. All of the projects are located in the Guazapares Mining District part of the Sierra Madre Occidental gold-silver belt of Mexico. In April of 2007 the Company embarked upon an aggressive 50,000 meter drill program, of which they have completed about 20,000 meters to date. They are now waiting on drill results for the San Miguel target.

San Miguel Project Targets

Paramount owns 70% of the San Miguel project, west of Palmarejo’s 3.1 million ounce gold Trogan Project, recently acquired by Coeur D’Alene Mines Corp. (NYSE: CDE) for about \$1.1 billion. The primary mineralized structure of San Miguel consists of two sub-parallel mineralized zones with an approximate strike length of 10 kilometers. Presently, only 7 km of the 10 km strike length has been tested, and this only to a depth of 50 to 150 meters.

The most significant historic mining activity in the area focused on the San Luis mine, located in the town of Guazapares (Fig. 6). The Alaska-Juneau Mining Company operated a 150 tpd flotation mill at the mine from 1959 to 1968. The mine reached a depth of 800 feet, which has since filled with water up to 300 feet from the top of the shaft (Fig. 7). Production records record historic average grades of 12 g/t gold and 350 g/t silver, with more than 10% lead and zinc. In addition, the weighted average of 92 face samples on Alaska-Juneau longitudinal mine section calculated 155 g/t gold and 144 g/t silver. Operations at the San Luis mine were discontinued due to operating issues at Alaska-Juneau. It is believed that operating difficulties at Alaska-Juneau stopped the San Luis mine well short of mining mineralized zones. Considering the previous high cut-off rates it would appear that the veins trailing to the south to the La Union target may host significant gold mineralization.

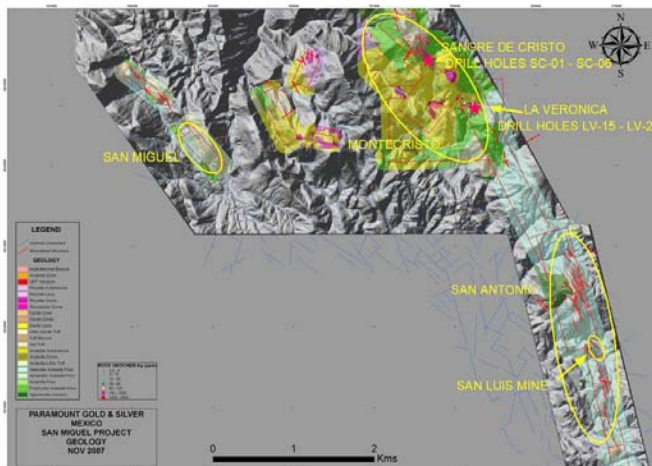


Figure 5—San Miguel Project Map
Source: Paramount



Figure 6—San Luis Area Geology
Source: Paramount



Figure 7—Historic San Luis Mine Shaft,
Current Water Supply for Town of Guazapares
Source: Analyst

The San Luis mine is interesting due to high grades from historic operation and potentially untapped mineralized zones. Samples taken by Paramount included 11.31 g/t gold and 87 g/t silver across 25.8 meters. We don't expect Paramount to dewater and restart the mine, but they are likely to use information from the mine to locate other similar high-grade occurrences near surface along strike between the historic San Luis mine and the La Union target to the south.

Initial Resource Established

In January of 2007 Paramount established an initial Inferred resource of 4 million tonnes of 273 g/t silver equivalent (35 million oz. silver equivalent), based on 39 drill holes. Since April of 2007 the company has drilled an additional 118 holes at the San Miguel project, including in-fill and step-out drill holes, many of which are still pending. Overall, it would appear that the current drill program is confirming mineralization along strike. Paramount is scheduled to complete a resource upgrade by the end of 2Q08.

San Antonio-El Carmen Target

Paramount reported assays from drilling at its San Antonio-El Carmen target in early October, 2007 to the north of the historic San Luis mine (Fig. 9). Drill results demonstrate continuity of mineralization and the deposit remains open along strike and down dip. Results including SA-52 intercepting 2.85 meters of 6.7 g/t gold and 632 g/t silver, including 0.85 meters of 17.75 g/t gold and 1,600 g/t silver. Later in the month, Paramount reported additional results from 12 holes further demonstrating consistency of the zone of mineralization at good grades. For example, SA-32 intercepted 0.9 meters of 0.26 g/t gold and 692.0 g/t silver. In addition, SA-40 intercepted 2.0 meters of 891.0 g/t silver and SA-38 intercepted 3.75 meters of 239.0 g/t silver and 0.8 meters of 932 g/t silver.



Figure 10—Historic Workings
San Antonio Deposit
Source: Analyst



Figure 8—Former San Luis Mine Office
Alaska-Juneau Mine Company
Source: Analyst

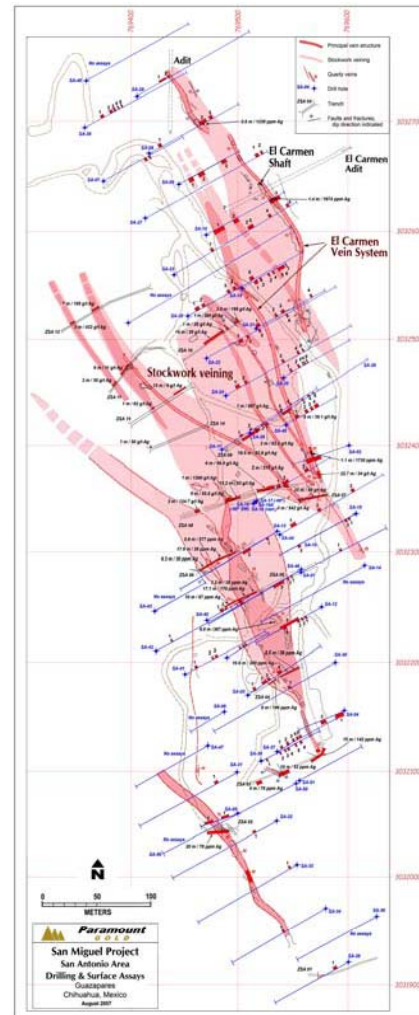


Figure 9—San Antonio Area Geology
Source: Paramount

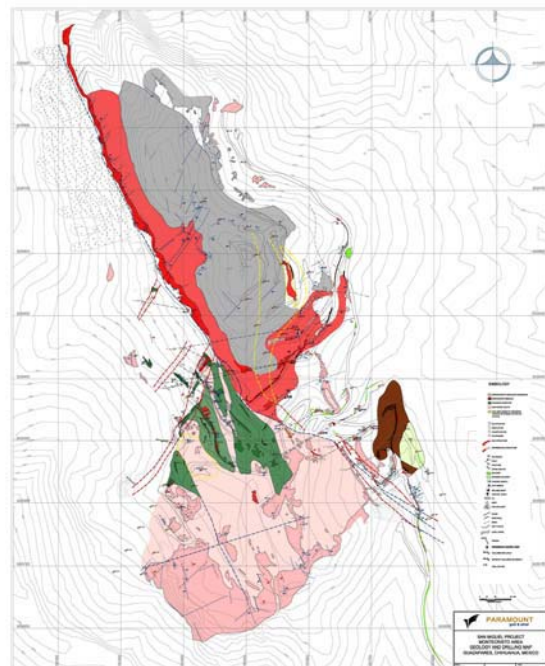
Paramount reported early drill results at its La Veronica target (Fig. 5) including a 10.2 meter intersection of 468 g/t silver with 0.81% lead and zinc (including 5,370 g/t silver across 0.4 meters). In October of 2007, the Company reported drill results from an additional ten holes. Highlights include LV-02 intersecting 3.81 meters with 0.32 g/t gold, 439.0 g/t silver (7.64 g/t Au eq), LV-06 with over 0.69 meters intersecting 8.25 g/t gold, and five holes with intersections ranging from 2.42 to 12.95 meters, which reported gold equivalent grades of 3.68 to 7.64 g/t. The Company reported additional drill results in November including LV-12 intersecting 1.64 meters of 189 g/t silver, with a total of six drill holes ranging from 0.87 to 13.0 meters with gold equivalent grades of 1.13 g/t to 3.15 g/t.



Figure 11—San Miguel Project Looking North from El Carmen (San Miguel , Montecristo, and La Veronica Targets, left to right)
Source: Analyst

The Montecristo target to the north of San Antonio is a bulk tonnage gold-silver target. The Company appears early in its understanding of Montecristo but it does have the potential of being large (Fig. 12). Montecristo is a dome complex intruded into tertiary volcanics with a hydrothermal breccia developed along the contact. Three drill holes were completed in 2006. These include MC-01 which intercepted 19.5 meters of 0.39 g/t gold and 80.6 g/t silver (1.74 Au eq.), and MC-03 intercepting 29.5 meters of 0.61 g/t gold and 11.3 g/t silver (0.80 Au eq).

Figure 12—Montecristo Area Geology
Source: Paramount



The San Miguel target, situated in the northeast portion of the San Miguel project (Fig. 5), is a gold rich silver vein open for two kilometers and at depth. The mineralization appears concentrated in a thick zone at the contact of andesites and rhyolites (Fig. 13). We believe that drilling through this zone of structural change may elevate San Miguel to primary area of interest for Paramount and offer a potential catalyst should results provide some resemblance to the nearby Palmarejo project. Paramount has conducted a sampling of historic workings and a trenching program in this mineralized zone (Fig. 14). Results of initial programs included 1.09 g/t gold and 330 g/t silver across 12 meters. Surface samples across the vein average 9 meters at 0.85 g/t gold and 202 g/t silver. The Company is currently drilling at San Miguel (Fig. 15) and is anticipating results of a 25 hole drill program.

Figure 13—San Miguel Area Geology
Source: Paramount

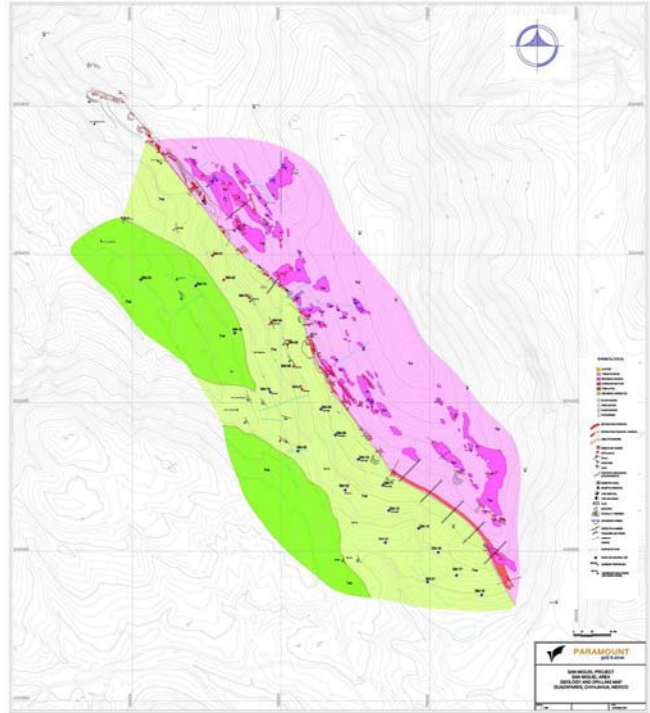


Figure 15—Drilling from Tracked Drill Rig at San Miguel
Source: Analyst

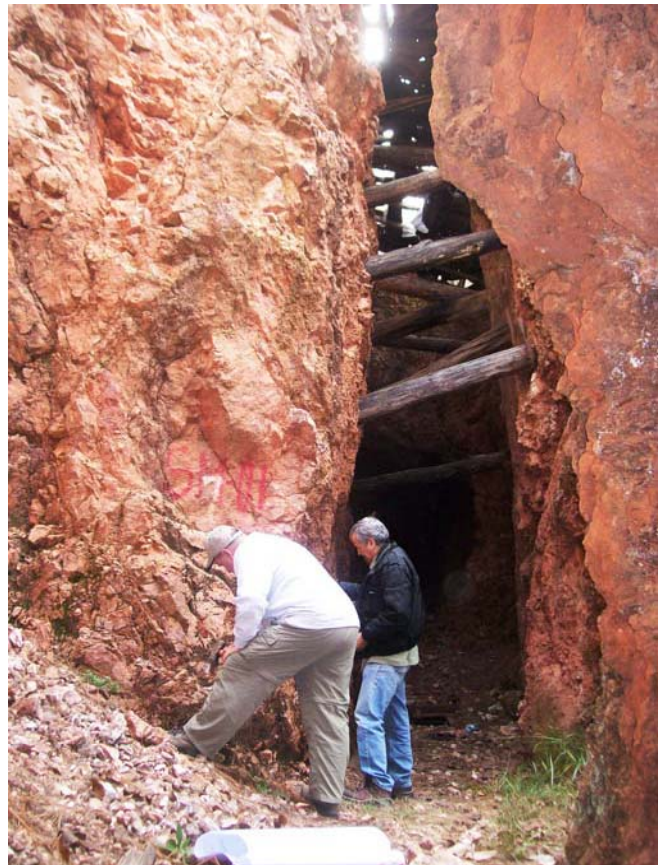


Figure 14—COO Larry Segerstrom in Historic Workings at San Miguel
Source: Analyst

Other Projects (Andrea)

The Andrea project is 100% owned by Paramount and contains an 86,300 hectare concession. Andrea dominates the area between the Company’s San Miguel project and Goldcorp’s El Sauzal gold mine (Fig. 15). Paramount has conducted an aggressive pre-drilling exploration campaign at Andrea including regional geochemistry, satellite imagery analysis and follow-up work. This includes an extensive stream sediment sampling program (308 drainage basins-including stream sediment and heavy mineral concentrate samples at each site). In addition, they completed a hydrothermal alteration mineral mapping program using in-house Aster satellite imagery analysis. These programs identified several areas with anomalous gold, silver, copper and zinc and strong hydrothermal alteration. While early in the exploration of Andrea, the Company has exposed several prospective targets.

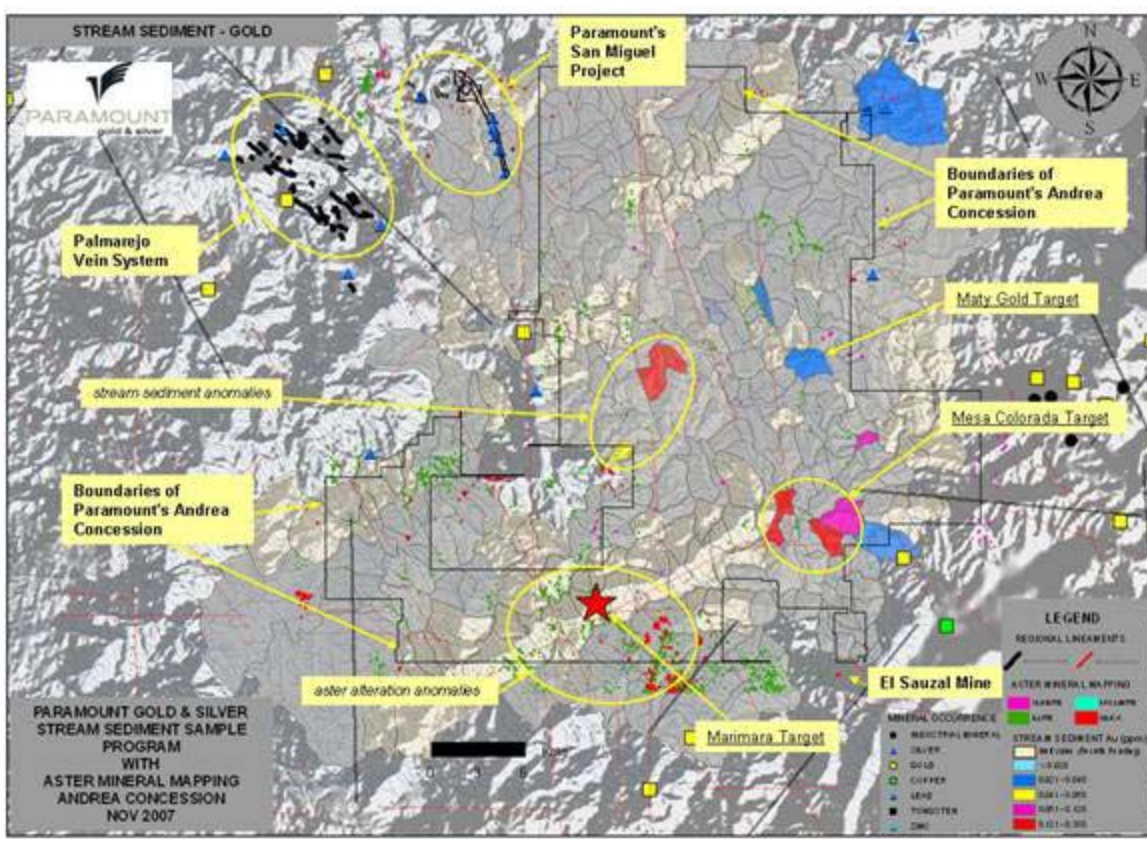


Figure 15—Paramount Land Position Highlighting Most Promising Exploration Targets
Source: Paramount

Marimara is a porphyry copper target, covering a 120-hectare area of intensely fractured, altered and iron stained rock with 2-5% original pyrite content. The system extends under volcanics and may be considerable. The area contains historic mine workings, some of which followed gold-silver quartz veins. Mesa Colorado is a gold-silver target with intense alterations, in an area of historic mine workings. This area contains the largest group of stream sediment anomalies in the Andrea concession, and is located at a major intersection of regional lineaments. Maty is a gold-silver target with initial results from sampling showing contents ranging from 3.4 to 19.2 g/t gold and 76 to 702 g/t silver in vein material. While Paramount’s understanding is still very early at Andrea, the project is very large and very well situated, producing targets to follow up in 2008.

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Management Comments

We were quite impressed with management we met on site. The activities and organization at the project reflected the “large company” background of the Chief Operating Officer Larry Segerstrom. Mr. Segerstrom is a geologist and appeared to have a very good understanding of the project. In addition, his prior management experience with a drilling company was evident in the manner in which we observed the drill program in process. We were also impressed with the organization of the core shack in Temoris. We understand Paramount has about 60 employees, 17 of which are geologists. It was also evident upon visiting the project office in Temoris the high quality of consultants the Company is utilizing to better understand the project.



Figure 16—Temoris Core Shack
Source: Analyst

Corporate Comments

Paramount reported cash of \$13.2 million on its balance sheet as of the end of September 30, 2007. The Company completed a \$21.8 million financing in March 2007 at \$2.10 per share with Blackmont Capital as the lead. A subsequent \$2.4 million financing was completed in November 2007 at \$2.40 per share with Fondi Anima of Milan, Italy. Currently there are 47.4 million shares outstanding (57.6 million diluted). Paramount’s current resource are detailed below.

Area	Tonnes	Au g/t	Ag g/t	% Pb	% Zn	Ag Eq g/t	Ag Eq Oz
La Union	675,000	1.54	63.8	0.28%	1.06%	245	5,307,700
San Jose	1,010,000	0.17	72.9	0.06%	1.51%	234.5	7,615,400
San Luis	305,400	1.36	177.4	0.90%	5.00%	472.2	4,643,100
San Antonio-El Carmen	2,050,000	0.006	214.1	0.30%	0.49%	270.7	17,841,200
Total	4,040,400	0.42	150.9	0.28%	0.96%	272.7	35,841,200

Source: Analyst

Conclusion

The visit to the project provided an opportunity to witness a significant level of activity and progress which should lead to additional resources for Paramount. We would expect that assays from San Miguel target in the near future should illuminate potential comparisons with Palmarejo’s Trogan project to the west. The Company is also scheduled to produce a resources update following the drill program in the first half of 2008 leading to commencement of a Scoping Study later in the year. The Company plans to complete additional drilling to extend known zones by drilling along strike, down-dip, and by drilling subparallel structures. This would include the San Miguel, San Luis, El Carmen North, and San Jose West gold rich zones. They also intend on drilling targets on Andrea concession and reconnaissance activities at the adjacent 7,000 hectare joint venture with Garibaldi. In our opinion, Paramount’s exploration and development activities with ample targets appear to provide more upside than is readily apparent in their identified resources.



Figure 16—Montecristo Target with Analyst in Foreground
Source: Felipe Holz hacker Alves

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