

PARAMOUNT GOLD & SILVER CORP.
Form 10-Q
November 08, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from: _____ to _____

PARAMOUNT GOLD AND SILVER CORP.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-51600
(Commission
File Number)

20-3690109
(I.R.S. Employer
Identification No.)

665 Anderson Street, Winnemucca, Nevada 89445
(Address of Principal Executive Office) (Zip Code)

(775) 625-3600
(Issuer's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13, or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date: 132,077,034 shares of Common Stock, \$.001 par value as of October 31, 2010.

PARAMOUNT GOLD AND SILVER CORP.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 contains “forward-looking statements”. Generally, the words “believes”, “anticipates,” “may,” “will,” “should,” “expect,” “intend,” “estimate,” “continue,” and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements which include, but are not limited to, statements concerning the Company’s expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such statements are subject to certain risks and uncertainties, including the matters set forth in this Quarterly Report or other reports or documents the Company files with the Securities and Exchange Commission from time to time, which could cause actual results or outcomes to differ materially from those projected.

These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein.

Undue reliance should not be placed on these forward-looking statements which speak only as of the date hereof. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

OTHER PERTINENT INFORMATION

When used in this report, the terms "Paramount," the "Company," "we," "our," and "us" refers to Paramount Gold and Silver Corp., a Delaware corporation.

PART I. – FINANCIAL INFORMATION

ITEM FINANCIAL STATEMENTS

1.

PARAMOUNT GOLD AND SILVER CORP.

(An Exploration Stage Mining Company)

Consolidated Financial Statements

(Unaudited)

Period ended September 30, 2010 and 2009

1

PARAMOUNT GOLD AND SILVER CORP.

(An Exploration Stage Mining Company)

Consolidated Balance Sheets

As at September 30, 2010(Unaudited) and June 30, 2010 (Audited)

(Expressed in United States dollars, unless otherwise stated)

	As at September 30, 2010 (Unaudited)	As at June 30, 2010 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 18,773,785	\$21,380,505
Amounts receivable	1,788,012	1,511,619
Equity conversion right (Note 13)	413,773	516,545
Loan advance (Note 9 and 16)	-	243,495
Prepaid and deposits	122,310	45,368
Prepaid Insurance (Note 11)	1,042,163	-
Marketable Securities	2,700	-
	22,142,743	23,697,532
Long Term Assets		
Mineral properties (Note 7)	48,516,487	22,111,203
Fixed assets (Note 8)	535,015	519,446
Reclamation bond	2,828,416	-
	51,879,918	22,630,649
	\$ 74,022,661	\$46,328,181
Liabilities and Shareholder's Equity		
Liabilities		
Current Liabilities		
Accounts payable	\$ 882,347	\$430,323
Warrant Liability (Note 2)	6,347,877	5,979,767
	7,230,224	6,410,090
Long Term Liabilities		
Reclamation and Enviromental Obligation	1,122,305	-
	1,122,305	-
Shareholder's Equity		
Capital stock (Note 5)	132,247	110,069
Additional paid in capital	119,567,952	90,613,573
Contributed surplus	11,026,828	10,825,222
Deficit accumulated during the exploration stage	(65,048,327)	(61,187,098)
Cumulative translation adjustment	(8,568)	(443,675)
	65,670,132	39,918,091

\$ 74,022,661 \$46,328,181

Commitments and Contingencies (Note 13)

The accompanying notes are an integral part of the consolidated financial statements

PARAMOUNT GOLD AND SILVER CORP.
(An Exploration Stage Mining Company)
Consolidated Statements of Operations (Unaudited)
(Expressed in United States dollars, unless otherwise stated)

	Period Ended September 30, 2010	Period Ended September 30, 2009	Cumulative Since Inception March 29, 2005 to September 30, 2010
Revenue			
Interest Income	\$20,937	\$54,514	\$1,038,899
Expenses:			
Incorporation Costs	-	-	1,773
Exploration	1,802,256	1,078,499	25,599,520
Professional Fees	167,735	239,932	6,392,789
Directors Compensation	50,546	-	191,770
Travel & Lodging	55,283	22,124	1,104,531
Corporate Communications	27,045	39,626	3,144,143
Consulting Fees	74,368	234,182	13,879,188
Office & Administration	80,623	80,938	2,436,456
Interest & Service Charges	2,830	6,438	99,672
Loss on disposal of Fixed Assets	-	-	44,669
Insurance	42,319	14,144	318,191
Depreciation	17,752	14,651	314,031
Accretion	14,254	-	14,254
Miscellaneous	-	5,014	203,097
Financing & Listing Fees	-	-	(22,024)
Acquisition Expenses	1,076,273	364,458	2,318,843
Income and other taxes	-	-	51,732
Write Down of Mineral Property	-	-	1,746,049
Total Expense	3,411,284	2,100,006	57,838,684
Net Loss before other item	3,390,347	2,045,492	56,799,785
Other item			
Change in fair value of Equity Conversion Right	102,772	-	923,927
Change in fair value of warrant liability	368,110	(3,088,287)	7,324,615
Net Loss (Gain)	\$3,861,229	\$(1,042,795)	\$65,048,327
Other comprehensive loss			
Foreign Currency Translation Adjustment	(435,107)	(10,663)	8,568
Total Comprehensive Loss for the Period	\$3,426,122	\$(1,053,458)	\$65,056,895
Loss (Gain) per Common share	\$0.03	\$(0.01)	

Basic and Diluted

Weighted Average Number of Common	119,165,219	78,023,648
Shares Used in Per Share Calculations		
Basic		
Diluted	119,165,219	83,023,648

The accompanying notes are an integral part of the consolidated financial statements

PARAMOUNT GOLD AND SILVER CORP.
(An Exploration Stage Mining Company)
Consolidated Statements of Cash Flows (Unaudited)
(Expressed in United States dollars, unless otherwise stated)

	For the Period Ended September 30, 2010	For the Period Ended September 30, 2009	Cummulative Since Inception to September 30, 2010
Operating Activities			
Net Gain (Loss)	\$ (3,861,229)	1,042,795	(65,048,327)
Adjustment for:			
Depreciation	17,752	14,651	314,031
Loss on disposal of assets	-	-	44,669
Stock based compensation	33,611	161,975	16,491,135
Accrued interest	-	-	(58,875)
Write-down of mineral properties	-	-	1,746,049
Accretion Expense	14,254	-	14,254
Change in fair value of equity conversion right	102,772	-	923,927
Change in fair value of warrant liability	368,110	(3,088,287)	7,324,615
(Increase) Decrease in accounts receivable	(276,393)	(147,344)	(1,788,012)
(Increase) Decrease in prepaid expenses	(102,902)	(87,342)	(148,270)
Increase (Decrease) in accounts payable	452,024	589,941	882,348
Cash used in Operating Activities	(3,252,001)	(1,513,611)	(39,302,456)
Purchase of GIC receivable	-	-	58,875
Notes receivable issued	243,495	-	21,365
Purchase of Equity conversion right	-	-	(1,337,700)
Purchase of Mineral Properties	-	(3,701,751)	(6,918,809)
Purchase of Equipment	(33,321)	(3,067)	(924,194)
Cash used in Investing Activities	210,174	(3,704,818)	(9,100,463)
Demand notes payable issued	-	-	105,580
Issuance of capital Stock	-	-	67,124,640
Cash used in Financing Activities	-	-	67,230,220
Effect of echange rate changes on Cash	435,107	28,819	(53,516)
Change in cash during period	(2,606,720)	(5,189,610)	18,773,785
Cash at beginning of period	21,380,505	7,040,999	-
Cash at end of period	\$ 18,773,785	\$ 1,851,389	\$ 18,773,785

Supplemental Cash Flow Disclosure

Interest Received	\$ 20,937	\$ -
Cash	2,243,119	-
Short-term investments	16,530,666	-

The accompanying notes are an integral part of the consolidated financial statements

PARAMOUNT GOLD AND SILVER CORP.
(An Exploration Stage Mining Company)
Consolidated Statements of Stockholders' Equity (Unaudited)
For the Period Ended September 30, 2010
(Expressed in United States dollars, unless otherwise stated)

	Shares	Par Value	Capital in Excess of Par Value	Deficit	Contributed Surplus	Cumulative Translation Adjustment	Total Stockholders Equity
Balance at September 30, 2005	11,267,726	\$ 11,268	\$ 1,755	\$(1,773)	\$—	\$—	\$ 11,250
Forward split	45,267,726	45,267	(45,267)	—	—	—	—
Returned to treasury	(61,660,000)	(61,660)	61,660	—	—	—	—
Capital issued for financing	48,289,835	48,291	20,320,683	—	—	—	20,368,974
Capital issued for services	4,157,500	4,157	9,477,295	—	—	—	9,481,452
Capital issued for mineral properties	1,178,519	1,179	2,682,617	—	—	—	2,683,796
Capital issued on settlement of notes payable	39,691	39	105,541	—	—	—	105,580
Fair Value of warrants	—	—	—	—	8,460,682	—	8,460,682
Stock based compensation	—	—	—	—	5,080,263	—	5,080,263
Foreign currency translation	—	—	—	—	—	(19,977)	(19,977)
Net Income (Loss)	—	—	—	(35,954,312)	—	—	(35,954,312)
Balance at June 30, 2008	48,540,997	48,541	32,604,284	(35,956,085)	13,540,945	(19,977)	10,217,708
Capital issued for financing	16,707,791	16,707	5,828,684	—	—	—	5,845,391
Capital issued for services	1,184,804	1,185	683,437	—	—	—	684,622
Capital issued from stock options exercised	384,627	385	249,623	—	(237,008)	—	13,000
Capital issued for mineral	16,200,000	16,200	13,140,250	—	—	—	13,156,450

properties							
Fair Value of warrants	—	—	—	—	3,612,864	—	3,612,864
Stock based compensation	—	—	—	—	1,052,709	—	1,052,709
Foreign currency translation	—	—	—	—	—	(267,215)	(267,215)
Net Income (Loss)	—	—	—	(7,241,179)	—	—	(7,241,179)
Balance at June 30, 2009	83,018,219	\$83,018	\$52,506,278	\$(43,197,264)	\$17,969,510	\$(287,192)	\$27,074,350

The accompanying notes are an integral part of the consolidated financial statements

PARAMOUNT GOLD AND SILVER CORP.
(An Exploration Stage Mining Company)
Consolidated Statements of Stockholders' Equity (Unaudited)
For the Period Ended September 30, 2010
(Expressed in United States dollars, unless otherwise stated)

	Shares	Par Value	Capital in Excess of Par Value	Deficit	Contributed Surplus	Cumulative Translation Adjustment	Total Stockholders Equity
Balance at June 30, 2009	83,018,219	\$83,018	\$52,506,278	\$(43,197,264)	\$17,969,510	\$(287,192)	\$27,074,350
Capital issued for financing	18,400,000	18,400	21,371,043	—	—	—	21,389,443
Capital issued from stock options and warrants exercised	835,136,060	8,351	12,830,936	—	(4,900,251)	—	7,939,036
Capital issued for mineral properties	300,000	300	374,700	—	—	—	375,000
Fair Value of warrants	—	—	—	—	—	—	—
Stock based compensation	—	—	—	—	309,840	—	309,840
Transition Adjustment (Note 2)	—	—	3,530,616	(12,637,875)	(2,553,878)	—	(11,661,137)
Foreign currency translation	—	—	—	—	—	(156,483)	(156,483)
Net Income (Loss)	—	—	—	(5,351,958)	—	—	(5,351,908)
Balance at June 30, 2010	110,069,579	110,069	90,613,573	(61,187,098)	10,825,222	(443,675)	39,918,091
Capital issued for financing	—	—	—	—	—	—	—
Capital issued from stock options and warrants exercised	170,690	171	146,623	—	(146,794)	—	—
Capital issued for acquisition	22,007,453	22,007	28,807,756	—	314,790	—	29,144,553
Stock based compensation	—	—	—	—	33,611	—	33,611

Foreign currency translation	—	—	—	—	—	435,107	435,107
Net Income (Loss)	—	—	—	(3,861,229)	—	—	(3,861,229)
Balance at September 30, 2010	132,247,722	132,247	119,567,952	(65,048,327)	11,026,829	(8,568)	65,670,133

The accompanying notes are an integral part of the consolidated financial statements

PARAMOUNT GOLD AND SILVER CORP.

(An Exploration Stage Mining Company)

Notes to Consolidated Financial Statements (Unaudited)

For the Period Ended September 30, 2010

(Expressed in United States dollars, unless otherwise stated)

1. Organization and Business Activity:

Paramount Gold and Silver Corp. ('the Company'), incorporated under the General Corporation Law of the State of Delaware, is a natural resource company engaged in the acquisition, exploration and development of gold, silver and precious metal properties. The Company's wholly owned subsidiaries include Paramount Gold de Mexico S.A. de C.V., Magnetic Resources Ltd, Minera Gama SA de CV, Compania Minera Paramount SAC and X-Cal Resources Ltd. The Company is an exploration stage company in the process of exploring its mineral properties, and has not yet determined whether these properties contain reserves that are economically recoverable.

2. Principal Accounting Policies:

Basis of Presentation

The consolidated financial statements are prepared by management in accordance with U.S generally accepted accounting principles ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash and cash equivalents.

Fair Value Measurements

The Company has adopted FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. The company applies fair value accounting for all financial assets and liabilities and non – financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has adopted FASB ASC 825, Financial Instruments, which allows companies to choose to measure eligible financial instruments and certain other items at fair value that are not required to be measured at fair value. The Company has not elected the fair value option for any eligible financial instruments.

Notes Receivable

Notes receivable are classified as available-for-sale or held-to-maturity, depending on our intent with respect to holding such investments. If it is readily determinable, notes receivable classified as available-for-sale is accounted for at fair value. Unrealized gains and losses on available-for-sale securities are excluded from earnings and reported net of tax as a component of other comprehensive income within shareholders' equity. Interest income is recognized when earned.

PARAMOUNT GOLD AND SILVER CORP.
(An Exploration Stage Mining Company)
Notes to Consolidated Financial Statements (Unaudited)
For the Period Ended September 30, 2010
(Expressed in United States dollars, unless otherwise stated)

2. Principal Accounting Policies (Continued):

Stock Based Compensation

The Company has adopted the provisions of FASB ASC 718, "Stock Compensation" ("ASC 718"), which establishes accounting for equity instruments exchanged for employee services. Under the provisions of ASC 718, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employees' requisite service period (generally the vesting period of the equity grant).

Comprehensive Income

FASB ASC 220 "Reporting Comprehensive Income" establishes standards for the reporting and display of comprehensive income and its components in the financial statements. As of June 30, 2010 and June 30 2009, the Company's only component of comprehensive income is foreign currency translation adjustments.

Long Term Assets

Mineral Properties

Mineral property acquisition costs are capitalized when incurred and will be amortized using the units -of - production method over the estimated life of the probable reserve following the commencement of production. If a mineral property is subsequently abandoned or impaired, any capitalized costs will be expensed in the period of abandonment or impairment.

Acquisition costs include cash consideration and the fair market value of shares issued on the acquisition of mineral properties.

Exploration Costs

Exploration costs, which include maintenance, development and exploration of mineral claims, are expensed as incurred. When it is determined that a mineral deposit can be economically developed as a result of establishing proven and probable reserves, the costs incurred after such determination will be capitalized and amortized over their useful lives. To date, the Company has not established the commercial feasibility of its exploration prospects; therefore, all exploration costs are being expensed.

Fixed Assets

Equipment is recorded at cost less accumulated depreciation. All equipment is amortized over its estimated useful life at the following annual rates, with half the rate being applied in the period of acquisition:

Computer equipment	30% declining balance
Equipment	20% declining balance

Furniture and fixtures	20% declining balance
Exploration equipment	20% declining balance

PARAMOUNT GOLD AND SILVER CORP.

(An Exploration Stage Mining Company)

Notes to Consolidated Financial Statements (Unaudited)

For the Period Ended September 30, 2010

(Expressed in United States dollars, unless otherwise stated)

2. Principal Accounting Policies (Continued):

Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted FASB ASC 740 as of its inception. Pursuant to FASB ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future periods; and accordingly is offset by a valuation allowance. FIN No.48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken into in tax returns.

To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts would be accrued and classified as a component of income tax expense in our Consolidated Statements of Operations. The Company elected this accounting policy, which is a continuation of our historical policy, in connection with our adoption of FIN 48.

Foreign Currency Translation

The parent company's functional currency is the United States dollar. The consolidated financial statements of the Company are translated to United States dollars in accordance with FASB ASC 830 "Foreign Currency Translation" ("ASC 830"). Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the consolidated balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in Mexican pesos and Canadian Dollars. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

The functional currencies of the Company's wholly-owned subsidiaries are the U.S. Dollar and the Canadian Dollar. The financial statements of the subsidiaries are translated to United States dollars in accordance with ASC 830 using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues and expenses. Translation gains (losses) are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity. Foreign currency transaction gains and losses are included in the statement of operations.

Asset Retirement Obligation

The Company has adopted ASC 410-20 "Accounting for Asset Retirement Obligations", which requires that an asset retirement obligation ("ARO") associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred and becomes determinable, with an offsetting increase in the carrying amount of the associated asset. The cost of the tangible asset, including the initially recognized ARO, is depleted such that the cost of the ARO is recognized over the useful life of the asset. The ARO is recorded at fair value, and accretion expense is recognizable over time as the discounted liability is accreted to its expected settlement value. The fair value of the

ARO is measured using expected future cash flows, discounted at the Company's credit-adjusted-risk-free interest rate.

PARAMOUNT GOLD AND SILVER CORP.

(An Exploration Stage Mining Company)

Notes to Consolidated Financial Statements (Unaudited)

For the Period Ended September 30, 2010

(Expressed in United States dollars, unless otherwise stated)

2. Principal Accounting Policies (Continued):

Environmental Protection and Reclamation Costs

The operations of the Company have been, and may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against statements of operations as incurred or capitalized and amortized depending upon their future economic benefits.

Loss per Share

The Company computes net income (loss) per share in accordance with FASB ASC 260, "Earnings per Share". FASB ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS give effect to all dilutive potential common shares outstanding during the period using the treasury stock method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive. The basic and diluted EPS has been retroactively restated to take into effect the 2 for 1 stock split that occurred on July 11, 2005.

Concentration of Credit and Foreign Exchange Rate Risk

Financial instruments that potentially subject the Company to credit and foreign exchange risk consist principally of cash, deposited with a high quality credit institution and amounts receivable, mainly representing value added tax recoverable from a foreign government. Management does not believe that the Company is subject to significant credit or foreign exchange risk from these financial instruments.

Fair Value Measurements

On July 1, 2008, the Company adopted FASB ASC 820, Fair Value Measurements as it relates to financial assets and financial liabilities. In February 2008, the FASB staff issued ASC 845, Effective Date of ASC 820 ("ASC 820"). ASC 845 delayed the effective date of ASC 820 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The provisions of ASC 845 are effective for the Company's fiscal year beginning July 1, 2009.

ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard is now the single source in GAAP for the definition of fair value, except for the fair

value of leased property as defined in ASC 820. ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed, based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed, based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

PARAMOUNT GOLD AND SILVER CORP.
 (An Exploration Stage Mining Company)
 Notes to Consolidated Financial Statements (Unaudited)
 For the Period Ended September 30, 2010
 (Expressed in United States dollars, unless otherwise stated)

2. Principal Accounting Policies (Continued):

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs that are both significant to the fair value measurement and unobservable.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Assets	Total \$	Fair Value at September 30, 2010			June 30, 2010
		Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash equivalents	18,773,785	18,773,785	-	-	21,380,505
Accounts receivable	1,788,012	1,788,012	-	-	1,511,619
Loan Advance	-	-	-	-	243,495
Equity Conversion Right	413,773	413,773	-	-	516,545
Marketable Securities	2,700	2,700	-	-	-
Liabilities					
Warrant liability	6,347,877	-	-	6,347,877	5,979,767

The Company's cash equivalents and GIC are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The cash equivalents that are valued based on quoted market prices in active markets are primarily comprised of commercial paper, short-term certificates of deposit and U.S. Treasury securities. The accounts receivable represent amounts due from a national government regarding refund of taxes. The notes receivable is classified within Level 2 of the fair value hierarchy.

The Equity Conversion Right is accounted for as an asset and is classified within Level 1 because the underlying security has a published and observable market. The Company uses the published closing stock price of the

underlying security at the end of the financial reporting period to determine the fair value of the asset. The change in fair value is recorded in the statement of operations as a loss (gain).

The changes in fair value of the Equity Conversion Right during the period ended September 30, 2010 was as follows:

Balance at June 30, 2010	516,545
Change in fair value recorded in earnings	(102,772)
Balance at September 30, 2010	413,773

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2. Principal Accounting Policies (Continued):

Fair Value Measurements (Continued)

The estimated fair value of warrants and options accounted for as liabilities was determined on the date of closing and marked to market at each financial reporting period. The change in fair value of the warrants is recorded in the statement of operations as a gain (loss) and is estimated using the Black-Scholes option-pricing model with the following inputs:

	September 30, 2010
Risk free interest rate	0.26%
Expected life of warrants and options	1 to 2 years
Expected stock price volatility	59.72%
Expected dividend yield	0%

The changes in fair value of the warrants during the year ended September 30, 2010 were as follows:

Balance at June 30, 2010	5,979,767
Issuance of warrants and options	-
Change in fair value recorded in earnings	368,110
Transferred to equity upon exercise	-
Balance at September 30, 2010	6,347,877

Accounting Standards Adopted

(i) Derivatives

In March 2008, the FASB issued ASC 815, "Disclosures about Derivative Instruments and Hedging Activities" ("ASC 815"). ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for financial statements issued for fiscal periods beginning after November 15, 2008.

Effective July 1, 2009, we adopted the amended provisions of ASC 815 on determining what types of instruments or embedded features in an instrument held by a reporting entity can be considered indexed to its own stock for the purpose of evaluating the first criteria of the scope exception in ASC 815. Warrants and options issued in prior periods with exercise prices denominated in Canadian dollars are no longer considered indexed to our stock, as their exercise price is not in the Company's functional currency of the US dollar, and therefore no longer qualify for the scope exception and must be accounted for as a derivative. These warrants and options are reclassified as liabilities under the caption "Warrant liability" and recorded at estimated fair value at each reporting date, computed using the Black-Scholes valuation method. Changes in the liability from period to period are recorded in the Statements of

Operations under the caption “Change in fair value of warrant liability.” On July 1, 2010, we recorded a cumulative effect adjustment based on the grant date fair value of warrants issued during the year ended June 30, 2009 that were outstanding at July 1, 2009 and the change in fair value of the warrant liability from the issuance date through to July 1, 2009.

We have elected to record the change in fair value of the warrant liability as a component of other income and expense on the statement of operations as we believe the amounts recorded relate to financing activities and not as a result of our operations.

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2. Principal Accounting Policies (Continued):

Accounting Standards Adopted (Continued)

(i) Derivatives (Continued)

We recorded the following cumulative effect of change in accounting principal pursuant to its adoption of the amendment as of July 1, 2009:

	Contributed surplus	Warrant liability	Accumulated deficit
Grant date fair value of previously issued warrants outstanding as of July 1, 2009	3,612,865	(3,612,865)	—
Change in fair value of previously issued warrants outstanding as of July 1, 2009	—	(12,637,875)	12,637,875
Cumulative effect of change in accounting principal	3,612,865	(16,250,740)	12,637,875

In addition, we have recorded a gain related to the change in fair value of the warrant liability of \$5,681,370 on the Consolidated Statements of Operations for the year ended June 30, 2010.

(ii) Business Combinations

In December 2007, the FASB issued FASB ASC 805 (revised 2007), “Business Combinations” (“ASC 805”). ASC 805 significantly changes the accounting for business combinations in a number of areas including the treatment of contingent consideration, pre acquisition contingencies, transaction costs, in-process research and development, and restructuring costs. In addition, under ASC 805, changes in an acquired entity's deferred tax assets and uncertain tax positions after the measurement period will impact income tax expense. ASC 805 is effective for fiscal periods beginning after December 15, 2008. The Company has adopted ASC 805 on July 1, 2009. This standard will change the accounting treatment for business combinations on a prospective basis.

In December 2007, the FASB issued ASC 810, “No controlling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51” (“ASC 810”), which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non controlling interest, changes in a parent’s ownership interest and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. The Statement also establishes reporting requirements that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. ASC 810 is effective for fiscal periods beginning after December 15, 2008. The Company has adopted ASC 810 on July 1, 2009. Adoption of this standard did not have a material impact on the Company’s financial position, results of operations, or cash flows.

(iii) Accounting Standards Codification

In July 2009, the FASB issued ASC 105-20-05, "FASB Accounting Standards Codification" ("ASC 105-10-05"), as the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP). The Codification is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in ASC 105-10-05. All other accounting literature not included in the Codification is non-authoritative. Management is currently evaluating the impact of the adoption of ASC 105-10-05 but does not expect the adoption of ASC 105-10-05 to impact the Company's results of operations, financial position, or cash flows.

2. Principal Accounting Policies (Continued):

Accounting Standards Adopted (Continued)

(iv) Financial Guarantee Insurance Contracts

In May 2008, the FASB issued ASC 460, "Accounting for Financial Guarantee Insurance Contracts - an interpretation of FASB Statement No. 60." ASC 460 requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. This Statement requires expanded disclosures about financial guarantee insurance contracts.

The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. ASC 460 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. Adoption of this standard did not have an impact on the Company's results of operations, financial position, or cash flows.

(v) Subsequent Events

In May 2009, the FASB issued ASC 855, "Subsequent Events," which establishes general standards for accounting for, and disclosures of, events that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. The pronouncement requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date and whether that date represents the date the financial statements were issued or were available to be issued. ASC 855 is effective with interim and annual financial periods ending after June 15, 2009. The Company adopted ASC 855 on July 1, 2009. Adoption of this standard did not have an impact on the Company's results of operations, financial position, or cash flows.

(vi) Convertible Debt Instruments

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP 14-1"). FSP 14-1 applies to convertible debt instruments that, by their stated terms, may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option is required to be separately accounted for as a derivative under FASB Statement No. 133. Convertible debt instruments within the scope of FSP 14-1 are not addressed by the existing APB 14. FSP 14-1 would require that the liability and equity components of convertible debt instruments within the scope of FSP 14-1 be separately accounted for in a manner that reflects the entity's nonconvertible debt borrowing rate. This will require an allocation of the convertible debt proceeds between the liability component and the embedded conversion option (i.e., the equity component). The difference between the principal amount of the debt and the amount of the proceeds allocated to the liability component would be reported as a debt discount and subsequently amortized to earnings over the instrument's expected life using the effective interest method. FSP APB 14-1 is effective for the Company's fiscal year beginning July 1, 2009 and will be applied retrospectively to all periods presented. Adoption of this standard is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

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2. Principal Accounting Policies (Continued):

Accounting Standards Adopted (Continued)

(vii) ASC 820-10-65

During the second quarter of 2009, the FASB issued FASB ASC 820-10-65, (Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly). FASB ASC 820-10-65:

Affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction.

Clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active.

Eliminates the proposed presumption that all transactions are distressed (not orderly) unless proven otherwise. FASB ASC 820-10-65 instead requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence.

Includes an example that provides additional explanation on estimating fair value when the market activity for an asset has declined significantly.

Requires an entity to disclose a change in valuation technique (and the related inputs) resulting from the application of FASB ASC 820-10-65 and to quantify its effects, if practicable.

Applies to all fair value measurements when appropriate.

FASB ASC 820-10-65 must be applied prospectively and retrospective application is not permitted. FASB ASC 820-10-65 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FASB ASC 820-10-65 must also early adopt FASB ASC 320-10-65, Recognition and Presentation of Other-Than-Temporary Impairments. The adoption of FASB ASC 820-10-65 had no impact on the company's consolidated operating results, financial position, or cash flows.

3. Recent Accounting Pronouncements:

ASC 860

In June 2009, the FASB issued ASC 860, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement" ("ASC 860"). ASC 860 is intended to establish standards of financial reporting for the transfer of assets to improve the relevance, representational faithfulness, and comparability. ASC 860 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2009. The Company will adopt ASC 860 on

July 1, 2010. The Company has determined that the adoption of ASC 860 will have no impact on its consolidated financial statements.

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ASC 810

In June 2009, the FASB issued ASC 810, "Amendments to FASB Interpretation No. 46(R)" ("ASC 810"). ASC 810 eliminates the exception to consolidate a qualifying special-purpose entity, changes the approach to determining the primary beneficiary of a variable interest entity, and requires companies to more frequently re-assess whether they must consolidate variable interest entities. Under the new guidance, the primary beneficiary of a variable interest entity is identified qualitatively as the enterprise that has both (a) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance, and (b) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. ASC 810 becomes effective for the Company's fiscal 2011 year-end and interim reporting periods thereafter. The Company does not expect ASC 810 to have a material impact on its financial statements.

4. Non-Cash Transactions:

During the period ended September 30, 2010 and 2009, the Company entered into certain non-cash activities as follows:

	2010	2009
Operating and Financing Activities		
From issuance of shares for acquisitions	\$28,829,763	\$-
From issuance of shares for cashless exercise of options	\$146,793	\$3,529
From issuance of shares for mineral property	\$-	\$-

5. Capital Stock:

a) Share issuances:

Authorized capital stock consists of 200,000,000 common shares with par value of \$0.001 each.

During the period ended September 30, 2010, the Company issued a total of 22,178,143 common shares which are summarized as follows:

	Common Shares	
	2010	2009
Financing	-	-
Acquisition of mineral properties	-	-
For exercise of warrants and options	170,690	-
For acquisition of companies	22,007,453	-
For services	-	5,429
	22,178,143	5,429

During the three month period ended September 30, 2010, the company issued 22,007,453 shares in exchange for all the outstanding and issued shares of X-Cal Resources Ltd. The Company also issued 170,690 common shares pursuant to the cashless exercise of 300,000 options at an exercise price of \$0.65.

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b) Warrants:

The following share purchase warrants and agent compensation warrants were outstanding at September 30, 2010:

	Exercise price in CAD	Exercise price in USD at June 30, 2010	Number of warrants	Remaining contractual life (years)
Warrants *	\$1.05	\$1.02	9,000,000	2.41
Agent compensation warrants *	\$1.05	\$1.02	840,000	2.41
Outstanding and exercisable at September 30, 2010			9,840,000	

* Strike price of warrant contract in Canadian dollars. At September 30, 2010 \$1.00 USD = \$0.9711 CAD.

5. Capital Stock (Continued):

	September 30, 2010	September 30, 2009
Risk free interest rate	.26%	0.93%
Expected life of warrants	1.2 years	.3 – 2 years
Expected stock price volatility	59.72%	77.67% to 106.62%
Expected dividend yield	0%	0%

c) Stock options:

On August 23, 2007, the board and stockholders approved the 2007/2008 Stock Incentive & Compensation Plan thereby reserving an additional 4,000,000 common shares for issuance to employees, directors and consultants.

On February 24, 2009 the stockholders approved the 2008/2009 Stock Incentive & Equity Compensation Plan thereby reserving an additional 3,000,000 common shares for future issuance. The stockholders also approved the re-pricing of the exercise price of all outstanding stock options to \$0.65 per share.

Stock Based Compensation

The Company uses the Black-Scholes option valuation model to value stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation, the following assumptions were used:

	September 30, 2010	September 30, 2009
Risk free interest rate	0.26%-0.98%	0.50%-0.91%
Expected dividend yield	0%	0%
Expected stock price volatility	61%-85%	121%-123%
Expected life of options	1 to 2 years	1 to 2 years

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Changes in the Company's stock options for the year ended September 30, 2010 are summarized below:

Options	Number	Weighted Avg. Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance, beginning of period	2,785,000	\$0.91	2.4	1,261,750
Issued	1,339,375	1.80		
Cancelled / Expired	150,000	1.60		
Exercised	300,000	0.65		
Outstanding at September 30, 2010	3,674,375	1.23	1.72	1,840,781
Exercisable at September 30, 2010	2,180,625	\$0.72	1.59	1,761,281

At September 30, 2010, there were 3,674,375 options outstanding. Options outstanding above that have not been vested at period end are 850,000 which have a maximum service term of 1- 4 years. The vesting of these options is dependent on market conditions which have yet to be met.

For the period ended September 30, 2010 the Company recognized stock based compensation expense in the amount of \$33,611 (2009 - \$161,975).

6. Related Party Transactions:

During the period ended September 30, 2010, directors received payments in the amount of \$98,000 (2009: \$87,157).

During the period ended September 30, 2010 the Company made payments of \$22,201 (2009: \$19,765) pursuant to a premises lease agreement to a corporation with a shareholder in common with the Company.

All transactions with related parties are made in the normal course of operations and measured at exchange value.

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7. Mineral Properties:

The Company has capitalized acquisition costs on mineral properties as follows:

	September 30, 2010	June 30, 2010
Temoris	4,074,754	4,074,754
Iris Royalty	50,000	50,000
Morelos	100,000	100,000
San Miguel Project	17,855,824	17,855,824
Andrea	20,625	20,625
Sleeper	23,859,179	–
Mill Creek	2,096,616	–
Spring Valley	385,429	–
Reese River	64,061	–
Peru	10,000	10,000
	\$ 48,516,487	\$ 22,111,203

8. Fixed Assets:

	Cost	Accumulated Amortization	Net Book Value September 30, 2010	June 30, 2010
Property and Equipment	\$799,661	\$ 264,646	\$535,015	\$519,446

During the period ended September 30, 2010, total additions to property, plant and equipment were \$33,321 (2009-\$3,068). During the period ended September 30, 2010 the Company recorded depreciation of \$17,752.

9. Investments:

Mexoro Minerals Ltd.

The Company holds 250,000 shares of common stock of Mexoro Minerals Ltd. It has not recorded these shares in its financial statements because the shares as of the date of this report were restricted from sale and the Company cannot determine if there is any net realizable value until the shares have been liquidated.

Gaibaldi Resources Corp.

The Company also holds 400,000 shares of common stock of Garibaldi Resources Corp. It has not recorded these shares in its financial statements because it cannot determine if there is any net realizable value until the shares have been liquidated.

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10. Segmented Information:

Segmented information has been compiled based on the geographic regions in which the Company has acquired mineral properties and performs exploration activities.

Loss for the period by geographical segment for the period ended September 30, 2010:

	United States	Mexico / Latin America	Total
Interest income	\$ 20,936	\$ 1	\$ 20,937
Expenses:			
Exploration	362,394	1,439,862	1,802,256
Professional fees	167,735	-	167,735
Directors compensation	50,546	-	50,546
Travel and lodging	55,283	-	55,283
Corporate communications	27,045	-	27,045
Consulting fees	74,368	-	74,368
Office and administration	65,471	15,152	80,623
Interest and service charges	1,926	905	2,831
Loss on Disposal of Assets	-	-	-
Insurance	42,319	-	42,319
Amortization	3,348	14,404	17,752
Accretion	14,254	-	14,254
Acquisition Expenses	1,076,273	-	1,076,273
Miscellaneous	-	-	-
Write off of mineral property	-	-	-
Income and other taxes	-	-	-
Total Expenses	1,940,962	1,470,323	3,411,285
Net loss before other items	\$ 1,920,026	\$ 1,470,322	\$ 3,390,348

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10. Segmented Information (Continued):

Loss for the period by geographical segment for the period ended September 30, 2009:

	United States	Peru	Mexico	Total
Interest income	\$54,448	\$-	\$65	\$54,514
Expenses:				
Exploration	(316,571)	(8,037)	1,183,819	859,211
Professional fees	239,932	-	-	239,932
Travel and lodging	22,124	-	-	22,124
Geologist fees and expenses	190,171	-	29,117	219,288
Corporate communications	39,626	-	-	39,626
Consulting fees	72,207	-	-	72,207
Office and administration	38,221	-	21,960	60,181
Interest and service charges	5,163	-	1,275	6,438
Loss on Disposal of Assets	-	-	-	-
Insurance	14,144	-	-	14,144-
Amortization	5,664	-	8,987	14,651
Office	20,757	-	-	20,757
Acquisition Expenses	365,458	-	-	365,458
Miscellaneous	5,013	-	1	5,014
Stock based compensation	161,975	-	-	161,975
Total Expenses	862,884	(8,037)	1,245,158	2,100,006
Net loss	\$808,436	\$(8,037)	\$1,245,093	\$2,045,492

Assets by geographical segment:

	United States	Mexico / Latin America	Total
September 30, 2010			
Mineral properties	\$26,405,284	\$22,111,203	\$48,516,487
Equipment	153,722	381,293	535,015
June 30, 2010			
Mineral properties	-	22,111,203	22,111,203
Equipment	\$125,825	\$393,621	\$519,446

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11. Reclamation and Environmental

The Company holds an insurance policy related to its Sleeper Gold Project that covers reclamation costs in the event the Company defaults on payments of its reclamation costs up to an aggregate of \$25 million. The insurance premium is being amortized over ten years and the prepaid insurance balance at September 30, 2010 is \$1,042,163. As a part of the policy, the Company has funds in a commutation account which is used to reimburse reclamation costs and indemnity claims. The balance of the commutation account at September 30, 2010 is \$2,828,416.

Reclamation and environmental costs are based principally on legal requirements. Management estimates costs associated with reclamation of mineral properties. On an ongoing basis the Company evaluates its estimates and assumptions; however, actual amounts could differ from those based on estimates and assumptions.

Changes to the Company's asset retirement obligations are as follows:

Balance, beginning of the period	\$0
Asset retirement obligations acquired	1,121,150
Accretion expense	14,254
Payments	(13,099)
Balance, end of period	\$1,122,305

12. Equity Conversion Right

On December 4, 2009, the Company entered into an Earn-In Agreement with SNS Silver Corp ("SNS") of Vancouver BC wherein the Company has acquired the right and option to earn up to 30% of SNS's interest in and to the Claims of the Northern Nickel Agreement that SNS holds by incurring Exploration Expenditures of CAD \$1,400,000 by December 31, 2009. SNS has confirmed that said expenditures of CAD \$1,400,000 were incurred by the Company by December 31, 2009 and that the Company now holds an option to acquire a 30% interest in the Northern Nickel claims.

Under terms of the Agreement with SNS, the Company has the option to convert the "Equity Conversion Right" on any and all sums spent on the Exploration Program into shares of SNS at a price of CAD \$0.23 per share.

At September 30, 2010, the fair value of the Equity Conversion Right was \$413,773. As a result, the Company recorded a loss related to the change in fair value of the Equity Conversion Right of \$102,772 on the Consolidated Statements of Operations for the period ended September 30, 2010.

13. Commitments and Contingencies

Litigation

In April 2010, the Company learned that Danny Sims and Sims Geological and Geotechnical Services LLC, a former contractor for the company, filed an action against the Company in the United States District Court for the District of

Arizona on the date of February 22, 2010. The Company believes the amount of the claim is indeterminable and believes there is no basis for the claim or allegations made by the plaintiff and will defend itself to the fullest possible extent.

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14. X-Cal Resources Ltd.

On August 23, 2010, the Company acquired all the issued and outstanding shares of common stock of X-Cal Resources Ltd. X-Cal Resources Ltd. is an exploration stage mining company with advanced projects in the state of Nevada. The transaction was structured as a statutory Plan of Arrangement under the Business Corporations Act of British Columbia, Canada. Under the terms of the Plan of Arrangement, X-Cal shareholders received one (1) share of Paramount common stock for every eight (8) common shares of X-Cal.

At the Closing Date, X-Cal Resources Ltd. had 176,059,978 issued and outstanding shares of common stock. Holders of these shares received a total of 22,007,453 shares of Paramount common stock. All options to purchase common shares of X-Cal were terminated prior to the Closing Date, and 1,264,375 options to purchase shares of Paramount common stock were granted to those persons under Paramount's existing stock option plans.

The Company recorded acquisition related costs for the period ended September 30, 2010 of \$1,076,273.

The amounts of X-Cal Resources Ltd. revenue and Net Loss included in the Company's consolidated income statement for the period ended September 30, 2010, and the revenue and earnings of the combined entity had the acquisition date been July 1, 2010, or July 1, 2009, are as follows:

	Revenue	Net Loss (Gain)
Actual from August 23, 2010 to September 30, 2010	\$0	\$1,188,675
Supplemental pro forma For three month period ended September 30, 2010	\$20,937	\$4,423,728
Supplemental pro forma For three month period ending September 30, 2009	\$54,514	\$(290,970)

The following is the allocation of cost of acquisition of X-Cal Resources Ltd.:

Shares eligible for conversion	176,059,978
Common stock exchange ratio per share	0.125
Equivalent new shares to be issued (par value \$0.01)	22,007,497
Total fractional shares in exchange not issued	(44)
Shares issued	22,007,453
Paramount common stock price on August 20, 2010	1.31
Total preliminary purchase price (common stock)	\$28,829,764
Estimated fair value of options issued	314,790
Total purchase price	\$29,144,554

ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF 2. OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from management's perspective on our liquidity financial condition, results of operations and other factors that may affect our future results. This MD&A should be read in conjunction with the accompanying interim financial statements and related notes. We also believe it is important to read our MD&A in conjunction with our Annual Report on Form 10-K for the year ended June 30, 2010, as well as other publicly available information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 contains "forward-looking statements". Generally, the words "believes", "anticipates," "may," "will," "should," "expect," "intend," "estimate," "continue," and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements which include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such statements are subject to certain risks and uncertainties, including the matters set forth in this Quarterly Report or other reports or documents the Company files with the Securities and Exchange Commission from time to time, which could cause actual results or outcomes to differ materially from those projected.

These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein.

Undue reliance should not be placed on these forward-looking statements which speak only as of the date hereof. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

OTHER PERTINENT INFORMATION

When used in this report, the terms "Paramount," the "Company," "we," "our," and "us" refers to Paramount Gold and Silver Corp., a Delaware corporation.

Company Overview and History

The Company is a U.S. based exploration stage mining company with multi-million ounce advanced stage precious metals projects in Nevada (Sleeper) and northern Mexico (San Miguel). We are a Delaware corporation incorporated on March 29, 2005. Our executive office is located at 665 Anderson Street, Winnemucca, Nevada. We also have a field office in Temoris, Chihuahua Mexico.

The Company's business strategy is to acquire and develop known mineral deposits in large-scale geological environments in North America. This helps eliminate discovery risks and significantly increases the efficiency and effectiveness of exploration programs. Our projects are located in established mining camps near successful operating mines. This greatly reduces the related costs for infrastructure requirements at the exploration stage and eventually for mine construction and operations. The Company's management is also focused on advancing its gold-bearing tailings and leach pad heaps at the former Sleeper mine towards an early production decision to generate near-term cash flow.

Properties

The San Miguel Project

Our exploratory activities are concentrated within the San Miguel Groupings which comprise the San Miguel Project.

Location

The San Miguel Project is located in southwestern Chihuahua in Northern Mexico, and is approximately 400 km by road from the state capital. The project is about 20 km north of the town of Temoris, adjacent to the village of Guazapares. It is in the Guazapares mining district, which is part of the Sierra Madre Occidental gold-silver belt.

The location of the San Miguel Project is shown in Map 1. The coordinate system used for all maps and sections in this report is the Universal Transverse Mercator system, Zone 12. GPS coordinates are referenced to NAD 27 Mexico.

Map 1 – San Miguel Project Location

The following table outlines our concessions within the San Miguel Project:

San Miguel Project Concession Data

Concession	Owner	Title No.	Date Staked	Hectares
San Miguel Group				
SAN MIGUEL	Paramount	166401	4-Jun-80	12.9458
SAN LUIS	Paramount	166422	4-Jun-80	4
EMPALME	Paramount	166423	4-Jun-80	6
SANGRE DE CRISTO	Paramount	166424	4-Jun-80	41
SANTA CLARA	Paramount	166425	4-Jun-80	15
EL CARMEN	Paramount	166426	4-Jun-80	59.0864
LAS TRES B.B.B.	Paramount	166427	4-Jun-80	23.001
SWANWICK	Paramount	166428	4-Jun-80	70.1316
LAS TRES S.S.S.	Paramount	166429	4-Jun-80	19.1908
SAN JUAN	Paramount	166402	4-Jun-80	3
EL ROSARIO	Paramount	166430	4-Jun-80	14
GUADALUPE DE LOS REYES	Paramount	172225	4-Jun-80	8
CONSTITUYENTES 1917	Paramount*	199402	19-Apr-94	66.2403
MONTECRISTO	Paramount*	213579	18-May-01	38.056
MONTECRISTO FRACCION	Paramount*	213580	18-May-01	0.2813
MONTECRISTO II	Paramount*	226590	2-Feb-06	27.1426
SANTA CRUZ	Amermin	186960	17-May-90	10
ANDREA	Paramount	231075	16-Jan-08	84112.6183
GISSEL	Paramount	228244	17-Oct-06	880
ISABEL	Paramount	228724	17-Jan-07	348.285
ELYCA	Paramount	179842	17-Dec-86	10.0924
			Total	85768.0715
Temoris Project				
Guazapares	Mínera Gama	232082	18-May-07	6265.2328
Roble	Mínera Gama	232084	18-May-07	797.795
Temoris Centro	Mínera Gama	232081	18-May-07	40386.1449
Temoris Fracción 2	Mínera Gama	229551	18-May-07	7328.1302
Temoris Fracción 3	Mínera Gama	229552	18-May-07	14.0432

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Temoris Fracción 4	Minera Gama	229553	18-May-07	18.6567
		Total		100713.042

Guazapares Claims				
San Francisco	Paramount*	191486	19-Dec-91	38.1598
Ampliación San Antonio	Paramount*	196127	23-Sep-92	20.9174
San Antonio	Paramount*	204385	13-Feb-97	14.8932
Guazaparez	Paramount	209497	3-Aug-99	30.9111
Guazaparez 3	Paramount	211040	24-Mar-00	250
Guazaparez 1	Paramount	212890	13-Feb-01	451.9655
Guazaparez 5	Paramount	213572	18-May-01	88.8744
Cantilito	Paramount	220788	7-Oct-03	37.035
San Antonio	Paramount	222869	14-Sep-04	105.1116
Guazaparez 4	Paramount	223664	2-Feb-05	63.9713
Guazaparez 2	Paramount	226217	2-Dec-05	404.0016
Vinorama	Paramount	226884	17-Mar-06	474.222
San Antonio	CA T-204385*	181963	17-Mar-88	15
			Total	1980.0629
			Grand Total	188461.176

(*) Under option

Nevada Exploration Projects

The Company's Nevada exploration projects consist of the Sleeper Gold Property, located in Humboldt County, Nevada, the Mill Creek Property and the Reese River Property both located in Lander County, Nevada, and WR Claims in the Spring Valley Area located in Pershing County, Nevada, United States. Our focus will be the exploration of the Sleeper Gold Property located in Humboldt County, Nevada.

MAP of Nevada Explorations

Acquisition of X-Cal Resources Ltd.

On August 23, 2010, the Company completed the acquisition of X-Cal Resources Ltd. (“X-Cal”). We acquired all of the issued and outstanding shares of common stock of X-Cal in exchange for 22,007,453 shares of our common stock. The principal asset of X-Cal is the Sleeper Gold Mine located in Humboldt County, Nevada. We intend to focus on drilling mine scale exploration targets defined by current and ongoing studies. The objective of the drilling is to test the targets for gold deposits that warrant follow up drilling for discoveries that can be mined by open pits or underground workings.

The Company has budgeted \$3 million towards an exploration program on its Sleeper Mine Property to commence in October 2010 with the following objectives:

- Confirm the geological model on which the existing resource estimate was based;
- Test the potential for a significant strike extension to the north of the West Wood resource area;
- Collect samples for use in metallurgical test work as the next step in completing a Preliminary Economic Assessment of the West Wood resource;
- Evaluate the potential expansion of a high grade vein occurrence at the Facilities target;
- Collect new mineralized material for use in metallurgical test work; and
- Increase the drill density to upgrade the classification of inferred resources in the resource area.

Liquidity and Capital Resources

At September 30, 2010 we had a cash balance of \$18,773,785 compared to \$21,380,505 for the same period in the prior year. The net reduction in cash is attributable to the funding of our exploration program at our San Miguel project in Mexico.

At September 30, 2010, the Company had a working capital of \$20.1 million. Based on our current level of activity in Mexico the cash expenditure rate on a monthly basis is approximately \$650,000. We anticipate that the monthly cash rate to increase as a result of planned exploration activities in Nevada. We believe that our existing cash is adequate to meet our budgeted expenses in the short-term.

In the past, the Company has relied on equity financings as its source of cash. In June 2010, we received \$3.1 million pursuant to the exercise of purchase warrants. In October 2009, we received net proceeds of approximately \$21.7 million through an equity offering of our common stock.

Although equity financings might be required in the future, the Company is exploring generating near-term cash flow through the production of its gold-bearing tailings and leach pad heaps located at its Sleeper Mine property in Nevada. Cash flow from operations would greatly reduce the need to source capital from equity financings which depending on market conditions might be hard to obtain or at terms unacceptable to the Company.

At September 30, 2010, the Company also had 9,840,000 “in-the-money” purchase warrants outstanding. Of the warrants outstanding, 9,000,000 are held by the Company’s largest shareholder FCMI Financial Corporation. If all the issued outstanding warrants were exercised, the Company’s cash balances would increase by approximately \$10 million.

At September 30, 2010, the accounts receivable amount of \$1,788,012 primarily consisted of value added tax due from the Mexican government. This is an increase of \$276,393 from June 30, 2010. We anticipate this amount to decrease over the next 6 months as the Company begins to receive previously filed returns due from the Mexican government.

Results of Operations

Three months Ended September 30, 2010 Compared to Three Months Ended September 30, 2009

Revenues

As an exploratory mining company, we have not earned revenue from our operations since our inception. All of our income is derived from interest earned on our cash holdings. We invest our excess cash in short-term Guaranteed Investment Certificates that range from 30 to 90 day terms. For the period ending September 30, 2010, the Company earned \$20,937 compared to \$54,514 in interest income for the same period a year earlier.

Costs and Expenses

Exploration expenses were \$1,802,256 in the three month period ended September 30, 2010 compared to \$1,078,499 for three month period ended September 30, 2009. The increase is due to our expanded exploration program at our San Miguel project. Expenses incurred include geology, drilling, lab analysis, site access, license and permitting. During the quarter, the Company drilled 33 holes with a cumulative total of 7800 meters at its San Miguel project. Since inception, we have incurred exploration costs totaling \$25,599,520.

Our general and administration expenses which include professional fees, corporate communications, consulting fees and office and administration expense totaled \$349,411 for the period ended September 30, 2010 compared to \$594,678 for the period ended September 30, 2009. This decrease of \$244,907 or 41% is a direct result of reducing headcount and streamlining all of the Company's corporate functions.

Acquisition expenses increased by \$711,815 to \$1,076,273 in the three months ended September 30, 2010 compared to \$364,458 in the same period of 2009. The increase was due to the successful acquisition of X-Cal Resources Ltd. which closed on August 23, 2010. The expenses incurred included advisory, legal, termination benefits, restructuring and related integration costs.

The increase in fair value in our warrant liability recorded in the three month ended period of September 30, 2010 was \$368,110. This adjustment was primarily due to the increase in our stock price.

Net Income (loss)

Our net loss before other items for the three month period ended September 30, 2010 was \$3,390,347 compared to a loss of \$2,045,492 in the previous year comparable period. We will continue to incur losses for the foreseeable future as we continue with our planned explorations programs at our Mexico and Nevada project locations.

Critical Accounting Policies

Management considers the following policies to be most critical in understanding the judgments that are involved in preparing the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows. Our financial statements are affected by the accounting policies used and the estimates and assumptions made by management during their preparation. Management believes the Company's critical accounting policies are those related to mineral property acquisition costs, exploration and development cost, stock based compensation, derivative accounting and foreign currency translation.

Estimates

The Company prepares its consolidated financial statements and notes in conformity to U.S. GAAP and requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates these estimates, including those related to allowances for doubtful accounts receivable and long-lived assets. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Mineral property acquisition costs

The Company capitalizes the cost of acquiring mineral properties and will amortize these costs over the useful life of a property following the commencement of production or expensed if it is determined that the mineral property has no future economic value or the properties are sold or abandoned. Costs includes cash consideration and the fair market value of shares issued on the acquisition of mineral properties. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts of the specific mineral property at the time the payments are made.

The amounts recorded as mineral properties reflect actual costs incurred to acquire the properties and do not indicate any present or future value of economically recoverable reserves.

Exploration expenses

The company records exploration expenses as incurred. When it is determined that precious metal resource deposit can be economically and legally extracted or produced based on established proven and probable reserves, further exploration expenses related to such reserves incurred after such a determination will be capitalized. To date the Company has not established any proven or probable reserves and will continue to expense exploration expenses as incurred.

Derivatives

The Company has adopted the amended provisions of ASC 815 on determining what types of instruments or embedded features in an instrument held by a reporting entity can be considered indexed to its own stock. The Company has issued stock purchase warrants with exercise prices denominated in a currency other than its functional currency of U.S. dollars. As a result, these warrants are no longer considered indexed to our stock and must be accounted for as a derivative.

Warrants that are issued with exercise prices other than the Company's functional currency of the U.S. dollar are accounted for as liabilities. The fair value of the outstanding warrants liabilities is determined at each reporting date with any change to the liability from a previous period recorded in the Statement of Operations. We record changes in fair value of the warrant liabilities as a component of other income and expense as we believe the amounts recorded relate to financing activities and not as a result of our operations. If a stock purchase warrant is exercised the Company is only obligated to issue shares in its common stock.

If the Company were to issue stock purchase warrants with exercise prices in its functional currency, the warrants would be considered indexed to our stock and the fair value at date of issue recorded as equity. There would be no requirement under U.S. GAAP to report changes in its fair value from period to period

Foreign Currency Translation

The functional currency of the Company is the U.S. dollar. Transactions involving foreign currencies for items included in operations are translated into U.S. dollars using the monthly average exchange rate and monetary assets and liabilities are translated at the exchange rate prevailing at the consolidated balance sheet date and all other consolidated balance sheet items are translated at historical rates applicable to the transactions that comprise the amounts. Translation gains and losses are included in the determination of other comprehensive loss and gains in the Statement of Operations.

Reclassification

Certain comparative figures have been reclassified to conform to the current quarter presentation.

Off-Balance Sheet Arrangements

We are not currently a party to, or otherwise involved with, any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, or capital resources

Disclosure of Contractual Disclosures

ITEM QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

3.

Not applicable.

ITEM CONTROLS AND PROCEDURES

4.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The evaluation considered the procedures designed to ensure that the information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

During the period covered by this Quarterly Report on Form 10-Q, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 13d-15(d) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(c) Inherent Limitations of Disclosure Controls and Internal Controls over Financial Reporting

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation or effectiveness to future periods are subject to risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II. – OTHER INFORMATION

ITEM LEGAL PROCEEDINGS

1.

NONE

ITEM RISK FACTORS

1A.

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the period ended June 30, 2010.

ITEM UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

2.

We issued 22,007,453 shares of our common stock pursuant to the acquisition of all the issued and outstanding shares of X-Cal Resources Ltd.

We also issued 170,690 shares of our common stock pursuant to the cashless exercise of 300,000 outstanding options at an exercise price of \$0.65.

We relied on the exemptive provisions of Section 4(2) of the Securities Act.

ITEM DEFAULTS UPON SENIOR SECURITIES

3.

Not Applicable.

ITEM REMOVED AND RESERVED

4.

ITEM OTHER INFORMATION

5.

None.

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ITEMEXHIBITS

6.

Exhibit Number	Description
3.1	Certificate of Incorporation, effective March 31, 2005, incorporated by reference to Exhibit 3.1 to Form 10-SB filed November 2, 2005
3.2	Certificate of Amendment to Certificate of Incorporation, effective August 23, 2007, incorporated by reference to Exhibit 3 to Form 8-K filed August 28, 2007
3.2(b)	Certificate of Amendment to Certificate of Incorporation, effective March 3, 2009, incorporated by reference to Exhibit 3.1 to Form 8-K filed February 26, 2009
3.3	Restated Bylaws, effective April 18, 2005
4.1	Registration Rights Agreement, dated March 30, 2007, incorporated by reference to Exhibit 10.2 to Form 8-K filed April 6, 2007
4.2	Form of Investor Warrant, incorporated by reference to Exhibit 10.3 to Form 8-K filed April 6, 2007
4.3	Form of Broker Warrant, incorporated by reference to Exhibit 10.4 to Form 8-K filed April 6, 2007
4.4	Warrant Certificate, dated March 20, 2009, issued by the Company to Dahlman Rose & Company LLC, incorporated by reference to Exhibit 4.1 to Form 8-K/A filed April 21, 2009
10.1	Option Agreement on San Miguel properties, dated December 19, 2005, incorporated by reference to Exhibit 10.11 to our Amendment to Form 10-SB filed February 9, 2006
10.2	Agency Agreement with Blackmont Capital, Inc., et al., dated March 30, 2007, incorporated by reference to Exhibit 10.1 to Form 8-K filed April 6, 2007
10.3	Agreement of Purchase and Sale between the Company and Tara Gold Resources, dated August 22, 2008, incorporated by reference to Exhibit 10.4 to Form 8-K filed September 2, 2008
10.4	Forebearance Agreement between the Company and Mexoro Minerals Ltd., dated March 17, 2009, incorporated by reference to Exhibit 10.5 to Form 8-K on March 23, 2009
10.5	Letter Agreement for Purchase and Sale of Magnetic Resources Ltd., dated February 12, 2009, incorporated by reference to Exhibit 10.6 to Form 8-K filed on March 23, 2009
10.6	Letter Agreement for Assignment of Option Agreement between the Company and Garibaldi Resources Corp., dated February 2, 2009, incorporated by reference to Exhibit 10.7 to Form 8-K on March 23, 2009
10.7	2006/07 Stock Incentive and Compensation Plan, incorporated by reference to Exhibit 10.1 to Form S-8 filed November 8, 2006
10.8	2007/08 Stock Incentive and Equity Compensation Plan, incorporated by reference to Exhibit A to our proxy statement filed June 29, 2007
10.9	2008/09 Stock Incentive and Equity Compensation Plan, incorporated by reference to Exhibit B to our proxy statement filed January 8, 2009
10.10	Financial Advisory Services Agreement, effective March 1, 2009, by and between the Company and Dahlman Rose & Company LLC, incorporated by reference to Exhibit 10.1 to Form 8-K filed April 21, 2009
10.11	Form of Klondex Support Agreement, incorporated by reference to Schedule "A" to Exhibit 2.1 to Form 8-K filed July 22, 2009

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- 10.12 Form of Paramount Support Agreement, incorporated by reference to Schedule “B” to Exhibit 2.1 to Form 8-K filed July 22, 2009
- 10.13 Support Agreement between the Company and FCMI Financial Corporation, dated August 5, 2009, incorporated by reference to Exhibit 10.1 to Form 8-K filed August 6, 2009
- 10.14 Support Agreement between the Company and Garibaldi Resources Corp., dated August 5, 2009, incorporated by reference to Exhibit 10.2 to Form 8-K filed August 6, 2009
- 10.15 Acquisition Agreement between the Company and X-Cal Resources Ltd. dated June 22, 2010, incorporated by reference to Exhibit 2.1 on Form 8-k filed June 25, 2010
- 31.1* Certificate of the Chief Executive Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 31.2* Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32.1* Certificate of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32.2* Certificate of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

*

Filed Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PARAMOUNT GOLD AND SILVER CORP.

Date: November 5, 2010

By: /s/ Christopher Crupi
Christopher Crupi
Chief Executive Officer

Date: November 5, 2010

By: /s/ CARLO BUFFONE
Carlo Buffone
Chief Financial Officer