

GOLD RESOURCE CORP

Form S-1/A

November 15, 2010

As filed with the Securities and Exchange Commission on November 15, 2010

Registration No. 333-170101

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Amendment No. 2

to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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GOLD RESOURCE CORPORATION

(Exact name of registrant as specified in its charter)

Colorado  
(State or other jurisdiction of  
incorporation or organization)

84-1473173  
(I.R.S. Employer  
Identification No.)

2886 Carriage Manor Point, Colorado Springs, Colorado 80906  
(303) 320-7708

(Address, including zip code, and telephone number, including area code,  
of registrant's principal executive offices)

William Reid, Chairman and Chief Executive Officer  
Gold Resource Corporation  
2886 Carriage Manor Point, Colorado Springs, Colorado 80906  
(Name, address and telephone number of agent for service)

With copies to:  
David J. Babiarz, Esq.  
Jessica M. Browne, Esq.  
Dufford & Brown, P.C.  
1700 Broadway, Suite 2100  
Denver, Colorado 80290-2100  
(303) 861-8013

Approximate date of commencement of proposed sale to public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.  x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.  o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.  o

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  o Accelerated filer  x Non-accelerated  
filer  o Smaller reporting  
company  o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 15, 2010

PROSPECTUS

GOLD RESOURCE CORPORATION

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3,475,000 Shares  
of Common Stock  
Offered by  
Selling Shareholders

Certain of our shareholders identified in the section of this prospectus titled “SELLING SHAREHOLDERS”, their transferees, pledgees, donees or successors in interest, may offer and sell from time to time up to 3,475,000 shares of our common stock owned by these shareholders. The shares were acquired by the Selling Shareholders in a private placement completed on September 23, 2010 and we agreed to file a registration statement of which this prospectus is a part to register the shares for resale. The shares may be offered on the NYSE Amex, in market transactions, in negotiated transactions or otherwise at prices prevailing in the market or at privately negotiated prices. We will not receive the proceeds from the sale of the shares. The selling shareholders may sell these shares to or through one or more underwriters, broker-dealers or agents, or directly to purchasers on a continuous or delayed basis. The names of any underwriters or agents will be included in a post-effective amendment to the registration statement of which this prospectus is a part or a supplement to this prospectus, as required. See “PLAN OF DISTRIBUTION” on page 14 for additional information.

Our common stock currently trades on the NYSE Amex LLC, which we refer to as the NYSE Amex, under the symbol “GORO.” On November 12, 2010, the closing price of our common stock was \$23.10 per share.

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Investing in our common stock involves risks that are described in the “RISK FACTORS” section beginning on page 4 of this prospectus.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of our common stock or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_, 2010

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Additional Information

This prospectus contains or incorporates by reference descriptions of certain contracts, agreements or other documents affecting our business. These descriptions are not necessarily complete. For the complete text of these documents, you can refer to the exhibits filed with, or incorporated by reference into, the registration statement of which this prospectus is a part. (See “WHERE YOU CAN FIND MORE INFORMATION”).

You should rely only on the information contained in this prospectus, or to which we have referred you. We have not authorized anyone to provide you with information other than as contained or referred to in this prospectus. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate as of the date of this document.

Special Note Regarding Forward-Looking Statements

Please see the note under “RISK FACTORS” for a description of special factors potentially affecting forward-looking statements included in this prospectus.

## PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It does not contain all of the information you should consider before investing in our stock. You should read the entire prospectus carefully, including our financial statements incorporated by reference from our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as well as the section herein entitled “RISK FACTORS” for information about important risks that you should consider before investing in our common stock.

As used in this prospectus, unless the context requires otherwise, the terms “Gold Resource,” “we,” “our” or “us” refer to Gold Resource Corporation and where the context requires, our consolidated subsidiaries.

### Our Company

We are a precious metal production and exploration company focusing on gold and silver, organized in Colorado on August 24, 1998. We currently have an interest in five properties located in the southern state of Oaxaca, Mexico, one of which is currently in production. Our five properties are called the El Aguila property, the Las Margaritas property, the El Rey property, the Solaga property and the Alta Gracia property. Our exploration and development activities to date have primarily focused on the El Aguila property. We commenced commercial production of the mineralized material from the El Aguila property in July 2010. To date, we have conducted limited drilling of our El Rey property but have yet to commence drilling of the Las Margaritas property, the Solaga property or the Alta Gracia property.

In 2007, in response to what we perceived to be promising drilling results at the El Aguila property, we implemented plans to develop this property for production, which we now refer to as the “El Aguila Project.” During 2009, we completed construction of a mill facility at El Aguila designed to process up to 850 tonnes of ore per day through a flotation circuit and 150 tonnes of ore per day through an agitated leach circuit, depending on the type of ore. We began commissioning the mill in December 2009 and began producing concentrate in February 2010. In July 2010, we declared commercial production, when the mill was consistently reaching 80% recovery on at least 640 tonnes per day of mineralized material through the flotation circuit.

Our production to date has been exclusively from the El Aguila near-surface open pit mine. In an effort to assure a source of ore for continuous production, we undertook development of an underground mine at the nearby La Arista vein in early 2010. If that underground mine is successfully completed, we expect the ore will be processed at the existing mill at El Aguila, located a distance of approximately 2 kilometers from the mine. We expect to commence production from the underground mine sometime in 2011.

In December 2008, we entered into a strategic alliance agreement with Hochschild Mining Holdings Limited, which we refer to as Hochschild, a Peruvian-based precious metal producer operating primarily in the Americas. Pursuant to that agreement, we agreed, among other things, to sell Hochschild some of our common stock, to grant it a preemptive right to participate in future financings and a first right of refusal to participate in any joint ventures which we may propose to organize in the future. Since executing that agreement, we have sold 14,186,374 shares of our common stock to Hochschild for aggregate proceeds of approximately \$65 million. Hochschild has also appointed one member of our board of directors, and has the right to appoint an additional member in the event its beneficial ownership of our common stock equals or exceeds 40%.



We are considered an exploration stage company for accounting purposes, since we have no proven or probable reserves under definitions recognized by the Securities and Exchange Commission, which we refer to as the SEC. In order to report proven or probable reserves, we believe it would be necessary for us to conduct additional drilling and exploration to further define our mineralization, as well as perform a feasibility study evaluating the economic and legal feasibility of producing mineralization at one or more of our projects. While we have not completed the steps necessary to define proven or probable reserves, we may undertake those efforts in the future.

Our principal executive offices are located at 2886 Carriage Manor Point, Colorado Springs Colorado 80906, and our telephone number is (303) 320-7708. We maintain a website at [www.goldresourcecorp.com](http://www.goldresourcecorp.com) and through a link on our website you can view the periodic filings that we make with the SEC. Except for any documents that are incorporated by reference into this prospectus that may be accessed from our website, the information available on or through our website is not a part of this prospectus.

#### Recent Events

**Financing.** On September 23, 2010, we completed a private placement pursuant to which we sold 3,475,000 shares of common stock for \$16.00 per share (or gross proceeds of \$55.6 million) to the investors listed in the “SELLING SHAREHOLDERS” section below. We intend to use the proceeds from the financing to accelerate the development of the La Arista underground mine and our exploration program at our Oaxaca properties, as well as to identify and acquire additional properties in an effort to diversify our property portfolio. Jefferies & Company, Inc. acted as the sole placement agent for this transaction and received a placement agent fee equal to 6% of the sale proceeds, or \$3,336,000, plus expenses. In connection with the private placement, we agreed to file a registration statement with the SEC, of which this prospectus forms a part, to register the shares sold in the private placement for resale.

**Exchange Listing.** On August 26, 2010, our common stock was accepted for listing on the NYSE Amex, and continues to trade under the symbol “GORO.”

#### The Offering

Common Stock outstanding before the Offering	52,998,303 shares(1)(2)
Common Stock outstanding after the Offering	52,998,303 shares(1)(2)
Common Stock offered by the Selling Shareholders	3,475,000
Use of Proceeds	We will not receive any proceeds from the sale of common stock by the selling shareholders.
Stock Symbol	“GORO” on the NYSE Amex

(1) Excludes 4,080,000 shares of common stock underlying options which are presently exercisable.

(2) Includes shares to be offered by the selling shareholders.

#### Risk Factors

An investment in our common stock is subject to a number of risks. Risk factors relating to our company include a history of operating losses, lack of proven or probable mineral reserves, a limited history of production, dependence on a single property, a royalty on certain production in favor of a third party, volatility in the price of gold and silver, intense competition, the possible need for additional capital, the possibility of uninsured losses, location of our

properties in a foreign country and dependence on key personnel. Risk factors relating to our common stock include market overhang, our limited trading market, limited dividends and volatility of our stock price. See “RISK FACTORS” for a full discussion of these and other risks.



## Summary Financial Data

The following tables present certain selected historical consolidated financial data about our company. Historical consolidated financial information as of and for the years ended December 31, 2009, 2008 and 2007 has been derived from our consolidated financial statements, which have been audited by StarkSchenkein, LLP, our independent registered public accounting firm. The financial information for the nine months ended September 30, 2010 and 2009 is unaudited. All amounts included in these tables are stated in United States dollars. You should read the data set forth below in conjunction with our financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

	Balance Sheet Data		
	September 30, 2010 (unaudited)	2009	December 31, 2008
Cash and Cash Equivalents	\$ 54,861,743	\$ 6,752,325	\$ 3,534,578
Current Assets	69,298,986	20,701,405	3,737,468
Total Assets	73,609,047	22,664,758	4,781,018
Current Liabilities	4,243,429	724,439	1,753,285
Total Liabilities	6,380,222	2,716,426	1,753,285
Shareholders' Equity	67,228,825	19,948,332	3,027,733

	Operating Data				
	Nine months ended September 30, 2010 (unaudited)		2009	Year ended December 31, 2008 2007	
Sales	\$ 9,609,326	\$ --	\$ --	\$ --	\$ --
Cost of Sales	2,950,878	--	--	--	--
Gross Profit	6,658,448	--	--	--	--
Property Exploration and Evaluation	3,966,450	3,871,821	7,811,371	8,171,396	5,731,771
Construction and Development	12,111,226	18,889,528	20,994,436	14,501,461	--
General and Administrative Expenses	4,677,724	4,327,873	5,211,004	3,552,007	2,539,604
Total costs and expenses	20,964,482	27,089,222	34,183,804	26,348,812	8,318,855
Other Income	353,075	25,140	54,497	333,609	242,513
Net (Loss)	(13,952,959)	(27,064,082)	(34,129,307)	(26,015,203)	(8,076,342)
Net (Loss) per Share	\$ (0.28)	\$ (0.65)	\$ (0.78)	\$ (0.76)	\$ (0.28)



## RISK FACTORS

Investment in our common stock involves a high degree of risk and could result in a loss of your entire investment. Prior to making an investment decision, you should carefully consider all of the information in this prospectus and, in particular, you should evaluate the risk factors set forth below. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also impair our business operations.

### Risks Relating to Our Company

We have incurred substantial losses since our inception and may never be profitable. Since our inception in 1998, we have never been profitable, and we have very limited revenue from operations. During the fiscal years ended December 31, 2009 and 2008, and for the nine months ended September 30, 2010, we have reported net losses of approximately \$34 million, \$26 million and \$14 million, respectively. We had an accumulated deficit of approximately \$89 million as of September 30, 2010. We expect to continue to incur losses unless and until we generate sufficient revenue from production to fund continuing operations, including exploration and development costs. There is no assurance we will be profitable for any quarterly or annual period. Our failure to report profits may adversely affect the price of our common stock and you may lose all or part of your investment.

We have no proven or probable reserves, and any funds spent by us on exploration or development could be lost. We have not established the presence of any proven or probable mineral reserves, as defined by the SEC, at any of our properties. The SEC has defined a “reserve” as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Any mineralized material discovered by us should not be considered proven or probable reserves.

In order to demonstrate the existence of proven or probable reserves, it would be necessary for us to perform additional exploration to demonstrate the existence of sufficient mineralized