

GOLD RESOURCE CORP  
Form 10-Q  
May 10, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2011

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34857

**GOLD RESOURCE CORPORATION**

(Exact Name of Registrant as Specified in its charter)

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**Colorado**  
(State or other jurisdiction of  
incorporation or organization)  
**2886 Carriage Manor Point, Colorado Springs, Colorado 80906**  
(Address of Principal Executive Offices) (Zip Code)

**84-1473173**  
(I.R.S. Employer  
Identification No.)  
**80906**

**Registrant's telephone number including area code: (303) 320-7708**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to post such files). 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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Larger accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 52,998,303 shares of common stock outstanding as of May 6, 2011.

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References in this report to agreements to which Gold Resource Corporation is a party and the definition of certain terms from those agreements are not necessarily complete and are qualified by reference to the agreements. Readers should refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the exhibits listed therein.

**Table of Contents****PART I - FINANCIAL INFORMATION****ITEM 1. Financial Statements****GOLD RESOURCE CORPORATION AND SUBSIDIARIES****(An Exploration Stage Company)****CONSOLIDATED BALANCE SHEETS***(U.S. dollars in thousands, except shares)*

|  | <i>March 31,<br/>2011<br/>(unaudited)</i> | <i>December 31,<br/>2010</i> |
|--|---|------------------------------|
| <b><u>ASSETS</u></b>   |   |                              |
| Current assets:  |   |                              |
| Cash and cash equivalents  | \$ 37,904                                 | \$ 47,582                    |
| Accounts receivable  | 4,393                                     | 1,185                        |
| Inventories  | 7,750                                     | 3,063                        |
| Prepaid and refundable taxes   | 6,276                                     | 5,848                        |
| Other current assets   | 6   | 9                            |
| Total current assets   | 56,329                                    | 57,687                       |
| Land and mineral rights  | 227                                       | 227                          |
| Property and equipment, net  | 6,130                                     | 4,849                        |
| Other assets   | 44  | 34                           |
| Total assets   | \$ 62,730                                 | \$ 62,797                    |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>   |   |                              |
| Current liabilities:   |   |                              |
| Accounts payable and accrued expenses  | \$ 5,587                                  | \$ 4,866                     |
| Dividends payable  | 1,590                                     | 1,590                        |
| Total current liabilities  | 7,177                                     | 6,456                        |
| Asset retirement obligation  | 2,604                                     | 2,495                        |
| Shareholders' equity:  |   |                              |
| Preferred stock - \$0.001 par value, 5,000,000 shares authorized: no shares issued and outstanding         |   |                              |
| Common stock - \$0.001 par value, 100,000,000 shares authorized: 52,998,303 shares issued and outstanding, | 53  | 53                           |
| Additional paid-in capital   | 149,050                                   | 152,444                      |
| (Deficit) accumulated during the exploration stage   | (95,858)                                  | (97,891)                     |
| Accumulated other comprehensive income (loss):   |   |                              |
| Currency translation adjustment  | (296)                                     | (760)                        |
| Total shareholders' equity   | 52,949                                    | 53,846                       |

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|   |           |           |
|---|-----------|-----------|
| Total liabilities and shareholders equity | \$ 62,730 | \$ 62,797 |
|---|-----------|-----------|

The accompanying notes are an integral part of these financial statements.

**Table of Contents****GOLD RESOURCE CORPORATION AND SUBSIDIARIES****(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF OPERATIONS***for the three months ended March 31, 2011 and 2010**and for the period from Inception (August 24, 1998) to March 31, 2011**(U.S. dollars in thousands, except shares and per share amounts)**(Unaudited)*

|   | <i>2011</i> | <i>2010</i> | <i>Inception<br/>(August 24,<br/>1998) to<br/>March 31,<br/>2011</i> |
|---|-------------|-------------|--|
| Sales of metals concentrate   | \$ 11,280   | \$          | \$ 26,034  |
| Mine cost of sales:   |             |             |  |
| Production costs applicable to sales  | 2,352       |             | 7,073  |
| Depreciation, depletion, amortization   | 64          |             | 230  |
| Accretion   | 21          |             | 89   |
| Total mine cost of sales  | 2,437       |             | 7,392  |
| Mine gross profit   | \$ 8,843    | \$          | \$ 18,642  |
| Costs and expenses:   |             |             |  |
| General and administrative (includes \$1,377 in 2011 and \$83 in 2010 of non-cash stock-based compensation) | 3,112       | 899         | 27,194   |
| Exploration expenses  | 512         | 1,216       | 29,690   |
| Construction and development  | 3,066       | 4,446       | 56,996   |
| Production start-up expense, net  |             | 729         | 209  |
| Management contract - U S Gold, related party   |             |             | 752  |
| Total costs and expenses  | 6,690       | 7,290       | 114,841  |
| Operating income (loss)   | \$ 2,153    | \$ (7,290)  | \$ (96,199)  |
| Other income (expense):   |             |             |  |
| Other income  | 6           | 4           | 2  |
| Currency exchange (loss)  | (152)       |             | (482)  |
| Interest income   | 26          | 21          | 821  |
| Total other income (expense)  | \$ (120)    | \$ 25       | \$ 341   |
| Income (loss) before income taxes   | \$ 2,033    | \$ (7,265)  | \$ (95,858)  |

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Provision for income taxes

|                                      |    |            |    |            |    |          |
|--------------------------------------|----|------------|----|------------|----|----------|
| Net income (loss)                    | \$ | 2,033      | \$ | (7,265)    | \$ | (95,858) |
| Other comprehensive income:          |    |            |    |            |    |          |
| Currency translation adjustment      |    | 464        |    | 286        |    | (296)    |
| Net comprehensive income (loss)      | \$ | 2,497      | \$ | (6,979)    | \$ | (96,154) |
| Net income (loss) per common share:  |    |            |    |            |    |          |
| Basic                                | \$ | 0.04       | \$ | (0.15)     |    |          |
| Diluted                              | \$ | 0.04       | \$ | (0.15)     |    |          |
| Weighted average shares outstanding: |    |            |    |            |    |          |
| Basic                                |    | 52,998,303 |    | 48,253,617 |    |          |
| Diluted                              |    | 57,840,414 |    | 48,253,617 |    |          |

The accompanying notes are an integral part of these financial statements.

**Table of Contents****GOLD RESOURCE CORPORATION AND SUBSIDIARIES****(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF CASH FLOWS***for the three months ended March 31, 2011 and 2010**and for the period from Inception (August 24, 1998) to March 31, 2011**(U.S. dollars in thousands, except shares)**(Unaudited)*

|  | <i>2011</i> | <i>2010</i> | <i>Inception<br/>(August<br/>24,<br/>1998) to<br/>March 31,<br/>2011</i> |
|--|-------------|-------------|--|
| Cash flows from operating activities:  |             |             |  |
| Net income (loss)  | \$ 2,033    | \$ (7,265)  | \$ (95,859)  |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |             |             |  |
| Depreciation   | 144         | 61          | 832  |
| Accretion expense  | 21          | 17          | 89   |
| Asset retirement obligation  |             |             | 2,307  |
| Stock compensation   | 1,377       | 83          | 10,858   |
| Management fee paid in stock   |             |             | 392  |
| Related party payable paid in stock  |             |             | 320  |
| Foreign currency translation adjustment  | 464         | 286         | (296)  |
| Loss on disposal of asset  |             |             | 4  |
| Issuance cost forgiven   |             |             | 25   |
| Changes in operating assets and liabilities:   |             |             |  |
| Accounts receivable  | (3,209)     |             | (4,394)  |
| Prepaid and refundable taxes   | (428)       | (1,186)     | (6,276)  |
| Other current assets   | 4           | (267)       | (6)  |
| Inventories  | (4,688)     | (1,655)     | (7,750)  |
| Accounts payable and accrued liabilities   | 720         | 216         | 5,587  |
| Other  | (9)         | (2)         | (47)   |
| Total adjustments  | (5,604)     | (2,448)     | 1,645  |
| Net cash used in operating activities  | (3,571)     | (9,713)     | (94,213)   |
| Cash flows from investing activities:  |             |             |  |
| Capital expenditures   | (1,425)     | (330)       | (7,424)  |
| Restricted cash  |             |             |  |