

GOLD RESOURCE CORP
Form SB-2
January 16, 2007

As filed with the Securities and Exchange Commission on January 16, 2007
Registration No. _____

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form SB-2
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933**

GOLD RESOURCE CORPORATION
(Name of small business issuer in its charter)

Colorado (State or other jurisdiction of incorporation or organization)	1041 (Primary Standard Industrial Classification Code Number)	84-1473173 (I.R.S. Employer Identification No.)
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222 Milwaukee Street, Suite 301, Denver, Colorado 80206
(303) 320-7708

(Address and telephone number of principal executive offices)

222 Milwaukee Street, Suite 301, Denver, Colorado 80206
(Address of principal place of business or intended place of business)

William W. Reid, President
Gold Resource Corporation
222 Milwaukee Street, Denver, Colorado 80206
(303) 320-7708
(Name, address and telephone number of agent for service)

With a copy to:
David J. Babiarz, Esq.
Jessica M. Browne, Esq.
Dufford & Brown, P.C.
1700 Broadway, Suite 2100
Denver, Colorado 80290-2101
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Approximate date of commencement of proposed sale to public:
As soon as practical after the effective date of this Registration Statement.

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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.

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum amount to be registered ⁽¹⁾	Proposed maximum offering price per unit ⁽²⁾	Amount of aggregate offering price	Total registration fee
Common Stock, \$0.001 par value to be offered by the selling shareholders	5,859,700	\$ 1.42	\$ 8,320,774	\$ 890.32

(1) In accordance with Rule 416 under the Securities Act of 1933, as amended, includes an indeterminate number of additional shares to prevent dilution in the event of stock splits, stock dividends or similar events.

(2) Estimated in accordance with Rule 457(c) promulgated under the Securities Act of 1933, as amended, based on the average of the closing bid and asked prices of the common stock on January 9, 2007.

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, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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 JANUARY 12, 2007

PROSPECTUS

GOLD RESOURCE CORPORATION

**5,859,700 Shares
of Common Stock
Offered by
Selling Shareholders**

The selling shareholders identified in this prospectus are offering 5,859,700 shares of our common stock. Of the shares of common stock offered by the selling shareholders, 4,322,000 shares were sold in a private placement completed on December 7, 2006 ("Private Placement"). A total of 257,700 shares of common stock offered by the selling shareholders were issued to certain selling shareholders as a finder's fee in connection with the Private Placement. The remaining shares are comprised of 280,000 shares issued as compensation to consultants of the company to whom we granted "piggy-back" registration rights in connection with those shares and 1,000,000 shares previously issued to William Reid, our Chairman, President and Chief Executive Officer, as "founder's shares." All of these shares of common stock are being offered by the selling shareholders named in this prospectus, or their transferees, pledgees, donees or successors in interest. The selling shareholders will receive all of the proceeds from the sale of the shares of the common stock being offered by this prospectus.

The selling shareholders may sell the shares of common stock being offered by them from time to time in the over the counter market, on one or more stock exchanges, in market transactions, in negotiated transactions or otherwise, and at prices and at terms that will be determined by the then-prevailing market price for the shares of our common stock or at negotiated prices directly or through broker-dealers, who may act as agent or as principal, or by a combination of such methods of sale. For additional information on the methods of sale, you should refer to the section entitled "PLAN OF DISTRIBUTION" on page 35.

Our common stock currently trades over the counter and is quoted on the Bulletin Board maintained by the National Association of Securities Dealers, Inc. ("OTCBB") under the symbol "GORO." On January 11, 2007, the closing price of our common stock was \$ 1.57.

Investing in our common stock involves risks that are described in the "RISK FACTORS" section beginning on page 3 of this prospectus.

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 _____, 2007

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Additional Information

This prospectus contains 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.

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 the sections entitled "RISK FACTORS" and "FINANCIAL STATEMENTS."

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 an exploration stage company organized in Colorado on August 24, 1998 to search for gold and silver. We currently have an interest in two properties located in Mexico, one known as the *El Aguila* project and one known as the *El Rey* project. In October 2002, we leased some mineral claims in the State of Oaxaca, Mexico, designated the *El Aguila* project. These claims cover approximately 1,896 hectares (4,685 acres)⁽¹⁾ and are located in the historic *San Jose de Gracia* mining district in the State of Oaxaca. The *El Aguila* project is an exploration property in which we lease a 100% interest. Since acquiring that interest, we have drilled approximately 6,700 meters (21,981 feet) of test holes in one section of the property and have encountered gold and silver mineralized material. We are continuing our exploration efforts on this property.

In 2005, we obtained some additional mineral claims in the Mexican State of Oaxaca which we call the *El Rey* project. The *El Rey* project is an exploration stage property in which we acquired mineral claims by filing mineral concessions with the Mexican government. We have conducted very limited exploration of this property to date.

We are an exploration stage company, and there is no assurance that a commercially viable mineral deposit exists on either of our properties. Additional exploration will be required before a final evaluation as to the economic feasibility is determined. There is no assurance that we will be successful in obtaining enough capital to complete necessary exploration, evaluation and feasibility studies.

Recent Events

On December 7, 2006, we completed a private placement of 4,322,000 shares of our common stock for \$1.20 per share ("Private Placement"), from which we received \$4,928,700 in net proceeds. In connection with the Private Placement, we paid an aggregate finder's fee comprised of cash of \$257,700 and 257,700 shares of our common stock to certain of the selling shareholders named in this prospectus who acted as finders for our company. At the time we paid the finder's fee, the finders had no prior relationship with our company. See "MANAGEMENT'S DISCUSSION AND ANALYSIS" for additional information regarding this offering.

(1) Please see the Glossary appearing at the end of the section titled "BUSINESS AND PROPERTIES" for a description of certain terms used in this prospectus, including conversion of metric units.

On August 14, 2006, we completed our initial public offering (“IPO”), from which we received net proceeds of \$4,351,200. The proceeds we received enabled us to begin the third stage of our exploration program at the *El Aguila* project. In October 2006, we signed a contract for a minimum of 3,333 meters (10,935 feet) of additional core drilling which commenced in November 2006, and expect to contract for additional drilling of up to 10,000 meters (32,808 feet) in 2007.

Our operations in Mexico are conducted through our wholly-owned Mexican subsidiaries, Don David Gold, S.A. de C.V. and Golden Trump S.A. de C.V. All references to us or our company in this prospectus include our subsidiaries.

Our principal executive offices are located at 222 Milwaukee Street, Suite 301, Denver, Colorado 80206, and our telephone number is (303) 320-7708.

The Offering

Common Stock outstanding before and after the Offering	28,139,552 shares ⁽¹⁾⁽²⁾⁽³⁾
Common Stock offered by the selling shareholders	5,859,700
Use of Proceeds	None
Stock Symbol	“GORO” on the OTCBB

(1) Adjusted to reflect a two for one stock split effective February 21, 2005. All references in this prospectus have been adjusted to reflect the results of that split.

(2) Excludes 2,550,000 shares of common stock underlying options which are presently exercisable.

(3) 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 reserves, location of our properties in a foreign country and dependence on key personnel. Risk factors relating to our common stock include our limited trading market, lack of 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, 2005 and 2004 has been derived from our consolidated financial statements, which have been audited by Stark Winter Schenkein & Co., LLP, our independent registered public accounting firm. Historical consolidated financial information as of and for the nine months ended September 30, 2006 and 2005 have been derived from our unaudited consolidated financial statements.

All amounts included in these tables and elsewhere in this prospectus are stated in United States dollars. You should read the data set forth below in conjunction with the section entitled “MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION,” our financial statements and related notes included elsewhere in this prospectus.

	Balance Sheet Data	
	September 30, 2006 (unaudited)	December 31, 2005
Cash and Cash Equivalents	\$ 3,298,609	\$ 176,182
Total Assets	3,342,279	246,980
Current Liabilities	290,519	33,607
Total Liabilities	290,519	33,607
Shareholders' Equity	3,051,760	213,373

	Operating Data			
	Nine months ended September 30, 2006 (unaudited)		Year ended December 31, 2005 2004	
Other Revenue	\$ 7,954	\$ 3,311	\$ 6,174	\$ 113
General and Administrative Expenses	781,090	103,142	286,219	27,732
Stock Compensation	516,350	87,500	87,500	500,000
Property Acquisition Related Costs	100,000	95,796	103,548	68,591
Exploration Costs	361,735	393,783	739,570	257,383
Net Comprehensive (Loss)	(1,764,163)	(680,662)	(1,217,711)	(853,666)
Net (Loss) per Share	\$ (0.09)	\$ (0.04)	\$ (0.08)	\$ (0.08)

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. If we are unable to prevent events that have a negative effect from occurring, then our business may suffer.

Risks Relating to Our Company

Since we are a new business with no operating history, investors have no basis to evaluate our ability to operate profitably. We were organized in 1998 but have had no revenue from operations since our inception. Our activities to date have been limited to organizational efforts, raising financing, acquiring mining properties and conducting limited exploration. We face all of the risks commonly encountered by other new businesses, including the lack of an established operating history, need for additional capital and personnel, and intense competition. There is no assurance that our business plan will be successful.

The report of our independent accountants on our financial statements for the year ended December 31, 2005 includes a "going concern" qualification, meaning that there is substantial doubt about our ability to continue in operation. The report cited the following factors in support of our accountant's conclusion: (i) the substantial losses we incurred for the years ended December 31, 2005 and 2004; (ii) our lack of operating revenue; and (iii) our dependence on sale of equity securities and receipt of capital from outside sources to continue in operation. From inception to September 30, 2006, we have accumulated a loss of \$5,673,478. If we are unable to obtain additional financing or eventually produce revenue, we may be forced to sell our assets, curtail or cease operations. In any event, investors in our common stock could lose all or part of their investment. (See "FINANCIAL STATEMENTS").

The probability of an individual prospect having reserves is extremely remote. Therefore, in all likelihood, our properties do not contain any reserves, and any funds spent by us on exploration will probably be lost. A "reserve," as defined by regulation of the Securities and Exchange Commission ("SEC"), is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Statistically, most mineral prospects do not contain reserves which can be economically extracted. For this reason, it is unlikely that our properties contain any reserves. The funds we have spent on exploration, as well as funds which we might spend in the future, will probably be lost.

We are dependent upon receipt of additional working capital to fund our business plan. We may require additional capital for exploration of one or both of our existing properties, or acquisition of additional properties. If our exploration program proves successful, we will require significant additional capital to fund development of the *El Aguila* project and to construct a mill in order to place it into production. In addition, we will require additional working capital to fund operations pending sale of any gold or other precious metals. We completed our IPO on August 17, 2006 for net proceeds of \$4,351,200 and a private placement on December 7, 2006 for net proceeds of \$4,928,700. Of the proceeds received, approximately \$532,800 has been spent on exploration as of December 31, 2006, and a total of \$4 million is allocated for future exploration costs. Depending on the results of our exploration program, we may need to obtain additional financing from outside sources within the next 12 months in order to continue to fund our business needs.

We have no proved or probable reserves, meaning there is no assurance that we can economically produce gold or other precious minerals from our properties. In order to demonstrate the availability of proved or probable reserves, it will first be necessary for us to continue exploration to demonstrate the availability of sufficient mineralized material. Exploration is inherently risky, with few properties ultimately proving economically successful. If our exploration efforts are successful, it will then be necessary for us to engage an outside engineering firm to assess

geological and other data and develop an economic model demonstrating commercial feasibility of the property. This feasibility study will require significant additional time and investment. There is no assurance that we can economically produce gold or other precious metals from our properties.