

GOLD RESOURCE CORP
Form S-8
December 01, 2006

As filed with the Securities and Exchange Commission on December 1 , 2006

SEC File No. _____

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

FORM S-8

Registration Statement
Under the Securities Act of 1933

GOLD RESOURCE CORPORATION
(Exact name of registrant as specified in its charter)

Colorado **84-1473173**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

222 Milwaukee Street, Suite 301, Denver, Colorado 80206
(303) 320-7708
(Address of Principal Executive Offices and Zip Code)

GOLD RESOURCE CORPORATION
NON-QUALIFIED STOCK OPTION AND STOCK GRANT PLAN
(Full title of the plan)

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

(303) 861-8013

Approximate date of commencement of proposed sale to public: This Registration Statement shall become effective immediately upon filing as provided in Rule 462 under the Securities Act of 1933.

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]

Calculation of Registration Fee

Title of each class of securities to be registered	Proposed maximum amount to be registered	Proposed maximum offering price per unit ⁽¹⁾	Amount of aggregate offering price	Total registration fee
Common Stock, \$0.001 par value	6,000,000	\$1.625	\$9,750,000	\$1043.25

(1) Calculated in accordance with Rule 457(c) and (h) of the regulations promulgated under the Securities Act of 1933.

EXPLANATORY NOTE

This registration statement is being filed to register 6,000,000 shares of common stock, \$0.001 par value, of Gold Resource Corporation authorized under the Gold Resource Corporation Non-Qualified Stock Option and Stock Grant Plan (the "Plan") and includes a reoffer prospectus prepared in accordance with General Instruction C to Form S-8 and Part I of Form S-3, which may be used for the offer and sale of securities registered hereunder by certain officers and directors of Gold Resource Corporation who may be deemed to be "affiliates" of Gold Resource Corporation as that term is defined in Rule 405 under the Securities Act of 1933. The reoffer prospectus also includes restricted securities received prior to the filing of this registration statement under the Plan by a shareholder who is not an "affiliate." The amount of shares to be offered or resold by means of the reoffer prospectus contained herein by each selling shareholder (and any other person with whom such selling shareholder is acting in concert for the purpose of selling such shares), may not exceed, during any three-month period, the amount specified in Rule 144(e) of the Securities Act.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The documents containing the information specified in Part I, Items 1 and 2 of Form S-8, will be sent or given to any recipient of a stock option or stock award in accordance with Form S-8 and Rule 428(b)(1) of the Securities Act. Such documents are not required to be and are not filed with the Securities and Exchange Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of this Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act. The reoffer prospectus follows this paragraph.

REOFFER PROSPECTUS

GOLD RESOURCE CORPORATION

**2,240,000 shares of Common Stock,
\$0.001 par value**

This prospectus relates to 2,240,000 shares of common stock, \$0.001 par value per share, which may be offered from time to time by the selling shareholders identified in this prospectus under the heading “**SELLING SHAREHOLDERS**.” Gold Resource Corporation (hereinafter referred to as “Gold Resource,” “we,” “our” or “us”) will not receive the proceeds from the sale of the shares. The shares may be offered by the selling shareholders from time to time: (i) in transactions in the over the counter market, on an automated inter-dealer system or national securities exchange on which shares of our common stock may be listed, in negotiated transactions, or a combination of such methods; and (ii) at market prices prevailing at the time of sale, or at prices related to such prevailing market prices, or at negotiated prices. The selling shareholders may effect these transactions by selling the shares to or through securities broker-dealers. Such broker-dealers may receive compensation in the form of discounts, concessions, or commissions from the selling shareholders and/or the purchasers of the shares for whom broker-dealers may act as agent or to whom they sell as principal, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions). See “**SELLING SHAREHOLDERS**” and “**PLAN OF DISTRIBUTION**” in this prospectus. Selling shareholders may also sell such shares pursuant to Rule 144 under the Securities Act of 1933, as amended (“Securities Act”) if the requirements for the availability of such rule have been satisfied.

Of the total shares included in this prospectus, 2,000,000 are defined as “control securities” under the Securities Act. Of those 2,000,000 shares, 1,900,000 shares will be issued to the selling shareholders upon exercise of options granted to them under our Non-Qualified Stock Option and Stock Grant Plan (the “Plan”) and 100,000 shares were issued to a director as a stock grant award. The remaining 240,000 shares included in this prospectus are “restricted securities” as defined in the Securities Act and are held by a selling shareholder who exercised options under the Plan prior to the filing of the registration statement of which this prospectus forms a part. This prospectus has been prepared for the purposes of registering the shares under the Securities Act to allow for future sales to the public by selling shareholders on a delayed or continuous basis without restriction.

We have agreed to bear all expenses (other than underwriting discounts, selling commissions, and underwriter expense allowance, and fees and expenses of counsel and other advisers to the selling shareholders) in connection with the registration and sale of the shares being offered by the selling shareholders.

Effective September 14, 2006 our common stock began trading in the over the counter market and quoted on the Bulletin Board maintained by the National Association of Securities Dealers (the “OTCBB”) under the symbol “GORO.” On November 30, 2006, the last reported sale price of our common stock was \$1.62 per share.

These securities are speculative and involve a high degree of risk. See Risk Factors beginning at page 7.

Since we do not currently meet the registrant requirements for use of Form S-3, the amount of common stock which may be resold by means of this prospectus by each of the selling shareholders, and any other person with whom he or she is acting in concert for the purpose of selling securities of our company must not exceed, in any three-month period, the amount specified in Rule 144(e) promulgated under the Securities Act.

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

The date of this prospectus is December 1, 2006

ADDITIONAL AVAILABLE INFORMATION

The registration statement (including any post-effective amendments) that contains this prospectus, including the exhibits to the registration statement, contains additional information about us and the securities the selling shareholders may offer under this prospectus.

The public may read and copy any materials we file with the Securities and Exchange Commission (the "SEC") at the SEC's Public Reference Room at 100 F Street, N.E, Washington, DC 20549. The public may obtain more information on the operation of the Public Reference Room by calling 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

DOCUMENTS INCORPORATED BY REFERENCE

We will provide, without charge, to each person to whom a copy of this prospectus is delivered, including any beneficial owner of securities, upon the written or oral request of such person, a copy of any or all of the documents incorporated by reference herein (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into the information that the prospectus incorporates). Requests should be directed to:

Gold Resource Corporation
222 Milwaukee Street, Suite 301
Denver, Colorado 80206
Telephone number: (303) 320-7708
Attention: William W. Reid, President

The following documents filed with the SEC (File Number 333-129321) are hereby incorporated by reference into this prospectus:

1. Our prospectus filed pursuant to Rule 424(b)(3) dated May 15, 2006;
2. Our Quarterly Report on Form 10-QSB/A for the quarter ended March 31, 2006;
3. Our Current Report on Form 8-K dated June 20, 2006;
4. Our Quarterly Report on Form 10-QSB for the quarter ended June 30, 2006;
5. Our Current Report on Form 8-K dated September 19, 2006; and
6. Our Quarterly Report on Form 10-QSB for the quarter ended September 30, 2006.

All documents filed by us with the SEC pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this prospectus and prior to the termination of the offering registered hereby shall be deemed to be incorporated by reference into this prospectus and to be a part hereof from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

SUMMARY

The following information summarizes information found in this prospectus and the documents incorporated by reference in this prospectus. It does not contain all of the information you should consider before investing in our common stock. You should read the entire prospectus carefully, including the sections entitled “RISK FACTORS” and “DOCUMENTS INCORPORATED BY REFERENCE.”

About the 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) 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 and legal feasibility is determined. There is no assurance that the proceeds of this offering will be successful to complete necessary exploration, evaluation and feasibility studies.

In August 2006, we completed our initial public offering. We sold 4,600,000 shares of our common stock for cash proceeds of \$4,351,200 (net of finders' fees of \$248,800). Effective September 14, 2006, our common stock began trading on the OTCBB under the symbol “GORO.”

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.

Summary Financial Data

The following table presents certain selected historical consolidated financial data about our company. Historical consolidated financial information as of and for the year 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.

You should read the data set forth below in conjunction with our financial statements and related notes incorporated by reference in this prospectus.

	Balance Sheet Data	
	September 30, 2006	December 31, 2005
	(unaudited)	
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		Year ended December 31, 2005	
	2005		2004	
	(unaudited)			
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.

Risk 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 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.

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 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. While we completed our initial public offering on August 17, 2006 for net proceeds of \$4,351,200, we have allocated approximately \$3 million for future exploration costs and anticipate we will 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 we can economically produce gold or other precious metals from our properties.

At the present time, we are totally dependent upon production of gold or other precious metals from two properties, raising the risk if either or both of those properties should prove unproductive. Since we have never produced gold or other precious metals from either of our properties, and since we have no proved or probable reserves, there is no assurance that gold or other precious metals can be economically produced under existing and future costs and expenses. If we are unable to economically produce gold from either or both of these properties, we would be forced to identify and invest substantial sums in one or more additional properties, and there is no assurance that such properties would be available on terms favorable to us.

Our properties are located in Mexico and are subject to changes in political conditions and regulations in that country. Our existing properties are located in Mexico. In the past, Mexico has been subject to political instability, changes and uncertainties which may cause changes to existing government regulations affecting mineral exploration and mining activities. Civil or political unrest could disrupt our operations at any time. Our mineral exploration and mining activities in Mexico may be adversely affected in varying degrees by changing governmental regulations relating to the mining industry or shifts in political conditions that increase the costs related to our activities or maintaining our properties. Finally, Mexico's status as a developing country may make it more difficult for us to obtain required financing for our project.

Our business operations may be adversely affected by social and political unrest in Oaxaca. The property which we are currently exploring for mineralization is located in the State of Oaxaca, Mexico. Oaxaca City, the capital of the State of Oaxaca, is currently experiencing escalating social and political unrest. Certain civilian groups seeking political reform have staged protests and demonstrations around various locations in Oaxaca City, including schools, government offices and major roadways and violence in the area is increasing. Although our property is located roughly one and one half hour's drive from Oaxaca City, these events may still negatively impact our business operations. Our exploration program may be interrupted if we are unable to hire qualified personnel or if we are denied access to the site where our property is located. We may also be required to make additional expenditures to provide increased security in order to protect property or personnel located at our exploration site. Significant delays in exploration or increases in expenditures will likely have a material adverse affect on our financial condition and results of operations.

Our ability to continue exploration and extract any minerals that we discover is subject to payment of concession fees and royalties and if we fail to satisfy these requirements, we may lose our interest in the properties. Mining concessions in Mexico are subject to payment of concession fees to the federal government or lease payments to the owner of the concessions. Additionally, our lease for the *El Aguila* project is subject to a net smelter return royalty of 4% where production is sold in the form of gold/silver doré and 5% where production is sold in concentrate form. Our failure or inability to pay the concession fees to the government may cause us to lose our interest in one or both of our properties. The requirement to pay royalties to the owner of the lease at our *El Aguila* property will reduce our profitability if we commence commercial production of gold or other precious metals.

Our ability to develop our property, even if warranted by exploration results, is subject to the rights of the Ejido (local inhabitants) to surface use for agricultural purposes. If we are successful in discovering sufficient amounts of mineralized material to warrant production, our ability to mine minerals is subject to making satisfactory arrangements with the *Ejido* for access and surface disturbances. *Ejidos* are groups of local inhabitants who were granted rights to conduct agricultural activities on the property. We must negotiate a satisfactory arrangement with these inhabitants in order to disturb or discontinue their rights to farm. Our inability to successfully negotiate such agreements could impair or impede our ability to successfully mine the properties.

The volatility of the price of gold could adversely affect our future operations and, if warranted, our ability to develop our properties. The commercial feasibility of our properties and our ability to raise funding to conduct continued exploration and development if warranted, is dependent on the price of gold and other precious metals. The price of gold may also have a significant influence on the market price of our common stock and the value of our properties. Our decision to put a mine into production and to commit the funds necessary for that purpose must be made long before the first revenue from production would be received. A decrease in the price of gold may prevent our property from being economically mined or result in the writeoff of assets whose value is impaired as a result of lower gold prices. The price of gold is affected by numerous factors beyond our control, including inflation, fluctuation of the United States Dollar and foreign currencies, global and regional demand, the sale of gold by central banks, and the political and economic conditions of major gold producing countries throughout the world. During the last five years, the average annual market price of gold has fluctuated between \$271 per ounce and \$445 per ounce, as shown in the table below. Although it is possible for us to protect some price fluctuations by hedging in certain circumstances, the volatility of mineral prices represents a substantial risk, which no amount of planning or technical expertise can eliminate.

2001	2002	2003	2004	2005
\$271	\$310	\$364	\$406	\$445

Competition in the mining industry is intense, and we have limited financial and personnel resources with which to compete. Competition in the mining industry for desirable properties, investment capital and personnel is intense. Numerous companies headquartered in the United States, Canada and elsewhere throughout the world compete for properties on a global basis. We are an insignificant participant in the gold mining industry due to our limited financial and personnel resources. We may be unable to attract the necessary investment capital to fully explore and if warranted, develop our properties and unable to acquire other desirable properties.

An adequate supply of water may not be available to complete desired development of our property. If we make a discovery sufficient enough to warrant putting our property into production, we will require additional amounts of water for our operations. We would be required to pump water from the Totolapam River to any facility we may construct on our property. Water rights are owned by the Mexican nation and administered by the *Comision Nacional de Agua* (“CNA”), an agency of the Mexican government. The CNA has granted water concessions to private parties throughout the area defined as the Oaxaca Hydrologic Basin, however, there is no assurance that we will be granted such concessions. Accordingly, we may not have access to the amount of water needed to operate a mine at the property.

Since most of our expenses are paid in Mexican pesos, and we anticipate selling any production from our properties in United States dollars, we are subject to adverse changes in currency values that will be difficult to prevent. Our operations in the future could be affected by changes in the value of the Mexican peso against the United States dollar. At the present time, since we have no production, we have no plans or policies to utilize forward sales contracts or currency options to minimize this exposure. If and when these measures are implemented, there is no assurance they will be cost effective or be able to fully offset the effect of any currency fluctuations.

Our activities in Mexico are subject to significant environmental regulations, which could raise the cost of doing business. Mining operations are subject to environmental regulation by SEMARNAT, the environmental protection agency of Mexico. Regulations require that an environmental impact statement,