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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES 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)

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

2886 Carriage Manor Point, Colorado Springs, Colorado 80906
(Address of Principal Executive Offices) (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	GORO	NYSE American

Securities registered under Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by 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 such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

The aggregate market value of the common stock of Gold Resource Corporation held by non-affiliates as of June 30, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was $212,855,186 based on the closing price of the common stock of $3.38 as reported on the NYSE American.

As of February 28, 2020, there were 65,691,527 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Definitive Proxy Statement to be filed pursuant to Regulation 14A for the registrant's 2020 annual meeting of shareholders are incorporated by reference into Part III of this Form 10-K.

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ADDITIONAL INFORMATION

Descriptions of agreements or other documents contained in this report are intended as summaries and are not necessarily complete. Please refer to the agreements or other documents filed or incorporated herein by reference as exhibits. Please see **Item 15. Exhibits** for a complete list of those exhibits.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve risks and uncertainties. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this report, the words "plan," "target," "anticipate," "believe," "estimate," "intend", "expect" and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements include, without limitation, the statements regarding Gold Resource Corporation's strategy, future plans for development and production, future expenses and costs, future liquidity and capital resources, future dividends and estimates of mineralized material. All forward-looking statements in this report are based upon information available to Gold Resource Corporation on the date of filing this report, and the company assumes no obligation to update any such forward-looking statements. Forward looking statements involve a number of risks and uncertainties and there can be no assurance that such statements will prove to be accurate. Gold Resource Corporation's actual results could differ materially from those discussed in this report. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the **Item 1A. Risk Factors** section of this report.

In addition to the specific factors identified under **Item 1A. Risk Factors** in this report, other uncertainties that could affect the accuracy of forward-looking statements include:

- Commodity price fluctuations;
- Mine protests and work stoppages;
- Rock formations, faults and fractures, water flow and possible CO2 gas exhalation or other unanticipated geological situations;
- Decisions of foreign countries and banks within those countries;
- Unexpected changes in business and economic conditions, including the rate of inflation;
- Changes in interest rates and currency exchange rates;
- Timing and amount of production;
- Technological changes in the mining industry;
- Our operating costs and other costs of doing business;
- Access to and availability of materials, equipment, supplies, labor and supervision, power and water;
- Results of current and future feasibility studies;
- The level of demand for our products;
- Changes in our business strategy, plans and goals;
- Interpretation of drill hole results and the geology, grade and continuity of mineralization;
- Litigation by private parties or regulatory action by governmental entities;
- Acts of God such as floods, earthquakes and any other natural disasters; and
- The uncertainty of mineralized material estimates and timing of mine construction and attaining commercial production levels.

This list, together with the factors identified under **Item 1A. Risk Factors**, is not exhaustive of the factors that may affect any of our forward-looking statements. You should read this report completely and with the understanding that our actual future results may be materially different from what we expect. These forward-looking statements represent our beliefs, expectations and opinions only as of the date of filing this report. We do not intend to update these forward-looking statements except as required by law. We qualify all of our forward-looking statements by these cautionary statements.

PART I

ITEM 1. BUSINESS

History and Organization

Gold Resource Corporation was organized under the laws of the State of Colorado on August 24, 1998. We are a producer of metal concentrates that contain gold, silver, copper, lead and zinc, and doré containing gold and silver from the Aguila and Alta Gracia projects in the southern state of Oaxaca, Mexico ("Oaxaca Mining Unit") and the Isabella Pearl Mine in Nevada, United States of America ("Nevada Mining Unit").

Our operations in Oaxaca are conducted through our Mexican subsidiary, Don David Gold Mexico S.A. de C.V. ("DDGM"). Our Nevada exploration, development and operations are performed through two wholly-owned subsidiaries, GRC Nevada Inc. and Walker Lane Minerals Corp. ("Walker Lane").

The Aguila project includes the Arista underground mine and processing facility, which commenced operation in 2010, initially from the Aguila open pit mine, followed by development and mining the Arista underground mine. The Arista Mine was expanded in 2016 with the development of the Switchback vein system. The Arista underground mine is located approximately two kilometers from the processing facility. The Alta Gracia project includes the Mirador underground mine which began operations in 2017. The Aguila processing facility produces metal concentrates and doré from ore mined from both the Arista and Mirador Mines. The Aguila and Alta Gracia projects include a total of approximately 29,547 hectares of mining concessions, access roads from a major highway, haul roads, a processing facility, and adjoining buildings, an assay lab, an open pit and underground mines, tailings facilities and other infrastructure. Please see **Item 2. Properties** for maps and additional information. Most of the production from the Aguila and Alta Gracia projects from 2011 to present has been from the Arista Mine.

On August 12, 2016, we acquired all of the outstanding stock of Walker Lane, which included the Isabella Pearl project. Construction of the Isabella Pearl Mine commenced in June 2018, was substantially completed in April 2019 and commercial production levels were achieved in October 2019. We also continue exploration and evaluation work on our portfolio of other precious metal properties in our Nevada Mining Unit and continue to evaluate other properties for possible acquisition.

In this report, "Company," "our," "us" and "we" refer to Gold Resource Corporation together with our subsidiaries, unless the context otherwise requires. See glossary on page 33 for additional definitions.

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* and through a link on our website you can view the periodic filings that we make with the U.S. Securities and Exchange Commission ("SEC"), as well as certain of our corporate governance documents such as our code of ethics free of charge.

2019 Developments

For the year ended December 31, 2019, we reported revenue of $135.4 million, mine gross profit of $29.1 million and net income of $5.8 million. Approximately 89% of our 2019 revenue was from the Oaxaca Mining Unit. We achieved our Oaxaca Mining Unit's annual production outlook of 27,000 gold ounces and 1,700,000 silver ounces within our planned range of plus or minus 10%. Our annual 2019 mill production from our Oaxaca Mining Unit totaled 29,435 gold ounces, 1,722,852 silver ounces, 1,859 copper tonnes, 9,202 lead tonnes and 23,683 zinc tonnes. Our Isabella Pearl Mine in Nevada produced its first doré in April 2019. Our 2019 doré production from our Nevada Mining Unit totaled 10,883 gold ounces and 9,752 silver ounces.

Oaxaca Mining Unit

During 2019, we continued to develop the Arista underground mine, including the Switchback vein system. In 2019, we continued bulk tonnage mining techniques at Switchback, while also processing a large amount of development ore. We completed construction of the three critical capital projects which were started in 2018. These projects are the paste fill plant, the tailings lift, and the power grid project.

In addition to the Arista underground mine, we continued to develop the Mirador Mine in 2019 and consistently delivered development ore to the Aguila processing facility. While difficult ground conditions slowed development at times, we continued to target higher grade areas in the mine. We have built, commissioned and continued to develop and operate the Mirador Mine with internally generated cash flow.

Nevada Mining Unit

During 2019, we completed construction of the Isabella Pearl Mine and began producing and selling gold doré. During the year, we were mining lower-grade ore in order to access the higher-grade portions of the Pearl deposit.

Dividends

During 2019, we paid $0.02 per share on an annualized basis from January to October of 2019, when it was then increased to $0.04 per share on an annualized basis beginning in November 2019. Please see **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities** for additional information**.**

Condition of Physical Assets and Insurance

Our business is capital intensive and requires ongoing investment for the replacement, modernization or expansion of equipment and facilities. For more information, please see **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources**, below. We maintain insurance policies against property loss and business interruption and insure against most risks that are typical in the operation of our business in amounts that we believe to be reasonable. Such insurance, however, contains exclusions and limitations on coverage, particularly with respect to property loss, environmental liability and political risk. There can be no assurance that claims would be paid under such insurance policies in connection with a particular event. Please see **Item 1A. Risk Factors**, below for additional information.

Environmental Matters

We conduct our operations so as to protect the environment and believe our operations are in compliance with applicable laws and regulations in all material respects. Our operating mines have reclamation plans in place that we believe meet all applicable legal and regulatory requirements. At December 31, 2019, $5.6 million was accrued on our consolidated balance sheet for reclamation costs relating to operating and exploration properties in the U.S. and Mexico.

Competitive Business Conditions

The acquisition of gold and silver properties is subject to intense competition. Identifying and evaluating potential mining prospects is a costly and time-consuming endeavor. Due to our limited capital and personnel, we are at a competitive disadvantage compared to many other companies with regard to exploration and, if warranted, advancement of mining properties. We believe that competition for acquiring mineral prospects will continue to be intense in the future.

Government Regulations and Permits

In connection with mining, milling and exploration activities, we are subject to United States and Mexican federal, state and local laws and regulations governing the protection of the environment, including laws and regulations relating to protection of air and water quality, hazardous waste management and mine reclamation as well as the protection of endangered or threatened species. The department responsible for environmental protection in Mexico is *Secretaria de Medio Ambiente y Recursos Naturales* ("SEMARNAT"). The departments responsible for the environmental regulation in the United States of America include the United States Environmental Protection Agency ("EPA"), the Nevada Department of Environmental Protection (NDEP), Bureau of Land Management ("BLM") and the Nevada Department of Wildlife ("NDOW"). Any of these regulators have broad authority to shut down and/or levy fines against facilities that do not comply with its environmental regulations or standards. Potential areas of environmental consideration for mining companies, including ours, include but are not limited to, acid rock drainage, cyanide containment and handling, contamination of water sources, dust, and noise.

For operations at our Oaxaca Mining Unit, we have secured and continue to maintain various regulatory permits from federal, state and local agencies. These governmental and regulatory permits generally govern the processes being used to operate, the stipulations concerning air quality and water issues, and the plans and obligations for reclamation of the properties at the conclusion of operations. These laws and regulations are continually changing and are generally becoming more restrictive. We have received the required local community support for the Aguila and Alta Gracia projects in the area where we are currently producing.

For our operations at our Nevada Mining Unit, we have obtained the permits necessary to develop, construct, and operate our Isabella Pearl Mine. In connection with our mining operation and exploration activities in Nevada, we are subject to various federal, state and local laws and regulations governing protection of the environment, including, but not limited to, the Clean Air Act; the Clean Water Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Endangered Species Act; the Federal Land Policy and Management Act; the National Environmental Policy Act; the Resource Conservation and Recovery Act; and related state laws. These laws and regulations are continually changing and are generally becoming more restrictive.

Customers

During the year ended December 31, 2019, two customers accounted for 91% of our revenue in our Oaxaca Mining Unit and one customer accounted for 100% of our sales in our Nevada Mining Unit. In the event that our relationship with any of the customers is interrupted for any reason, we believe that we would be able to locate another entity to purchase our products. However, any interruption could temporarily disrupt the sale of our principal products and adversely affect our operating results. We periodically review our options for alternative sales outlets to mitigate the concentration of risk in case of any unforeseen disruptions.

Employees and Contractors

We have approximately sixty-four full-time employees, six of which serve as our executive officers. These individuals devote all of their business time to our affairs.

We contract for the services of approximately 566 individuals employed by third parties in Mexico and Nevada and also use various independent contractors for environmental permitting, mining, surface exploration drilling and trucking.

ITEM 1A. RISK FACTORS

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that may be materially affected by several risk factors, including those summarized below:

Risks Relating to Our Company

Our results of operations, cash flows and the value of our properties are highly dependent on the market prices of gold and silver and certain base metals and these prices can be volatile. The profitability of our gold and silver mining operations and the value of our mining properties are directly related to the market price of gold and silver, copper, lead and zinc. The price of gold and silver may also have a significant influence on the market price of our common stock. The market price of gold and silver historically has fluctuated significantly and is affected by numerous factors beyond our control. These factors include supply and demand fundamentals, global or national political or economic conditions, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, gold and silver sales and loans by central banks, forward sales by metal producers, accumulation and divestiture by exchange traded funds, and a number of other factors.

We derive a significant portion of our revenue from the sale of gold, silver, and zinc, and to a lesser extent copper and lead, and our results of operations will fluctuate as the prices of these metals change. A period of significant and sustained lower metal prices would materially and adversely affect our results of operations and cash flows. The volatility of mineral prices represents a substantial risk which no amount of planning or technical expertise can fully eliminate. In the event metal prices decline or remain low for prolonged periods of time, we might be unable to develop our existing exploration properties, which may adversely affect our results of operations, financial performance, and cash flows. An asset impairment charge may result from the occurrence of unexpected adverse events that impact our estimates of expected cash flows generated from our producing properties or the market value of our non-producing properties, including a material diminution in the price of metals.

During 2019, the price of gold, as measured by the London P.M. fix, fluctuated from a low of $1,270 per ounce to a high of $1,546 per ounce while the price of silver fluctuated from a low of $14.38 per ounce to a high of $19.31 per ounce. As of February 28, 2020, gold and silver prices were $1,610 per ounce and $17.19 per ounce, respectively. The volatility in gold and silver prices is illustrated by the following table, which sets forth for each of the past five calendar years, the high, low, and average annual market prices in U.S. dollars per ounce of gold and silver based on the daily London P.M. fix:

	2015	2016	2017	2018	2019
Gold:					
High	$ 1,297	$ 1,366	$ 1,346	$ 1,355	$ 1,546
Low	$ 1,049	$ 1,077	$ 1,151	$ 1,178	$ 1,270
Average	$ 1,160	$ 1,251	$ 1,257	$ 1,268	$ 1,393
Silver:					
High	$ 18.23	$ 20.71	$ 18.56	$ 17.52	$ 19.31
Low	$ 13.71	$ 13.58	$ 15.22	$ 13.97	$ 14.38
Average	$ 15.68	$ 17.14	$ 17.04	$ 15.71	$ 16.21

Most of our production is currently derived from a single mine and any interruptions or stoppages in our mining activities would adversely affect our revenue. We are largely dependent on revenues from a single mine to fund our operations. Any interruption in our ability to mine this location, such as a labor strike, natural disaster, or loss of permits would negatively impact our ability to generate revenue following such interruption. Additionally, if we are unable to economically develop additional mines, we will eventually deplete the body of mineralized material and will no longer generate revenue sufficient to fund our operations. A decrease in, or cessation of, our mining operations at this mine would adversely affect our financial performance and may eventually cause us to cease operations.

If we are unable to achieve anticipated gold and silver production levels, our financial condition and results of operations will be adversely affected. We have been processing ore from the Arista and Mirador underground mines at the Aguila and Alta Gracia projects, respectively, and from our open pit mine at our Isabella Pearl project based on estimates of mineralized material identified during exploration and in our Proven and Probable Reserve report. However, risks related to reserve estimates, metallurgy, and/or mining dilution are inherent when working with extractable minerals. Sales of gold and silver that we realize from future mining activity will be less than anticipated if the mined material does not contain the concentration of gold and silver predicted by our geological exploration, studies and reports. If sales of gold and silver are less than anticipated, we may not be able to recover our investment in our properties and our operations may be adversely affected. Our inability to realize production based on quarterly or annual projections may also adversely affect the price of our common stock and you may lose part or all of your investment.

Estimates of proven and probable reserves and mineralized material are uncertain and the volume and grade of ore actually recovered may vary from our estimates. The proven and probable reserves stated in this report represent the amount of gold, silver, copper, lead and zinc that we estimated, at December 31, 2019, could be economically and legally extracted or produced at the time of the reserve determination. Estimates of proven and probable reserves and mineralized material are subject to considerable uncertainty. Such estimates are, to a large extent, based on the prices of gold, silver, copper, lead and zinc as well as interpretations of geologic data obtained from drill holes and other exploration techniques. These prices and interpretations are subject to change. If we determine that certain of our estimated reserves or mineralized material have become uneconomic, we may be forced to reduce our estimates. Actual production may be significantly less than we expect.

Any material changes in mineral estimates and grades of mineralization may affect the economic viability of our current operations, our decision to place a new property into production and/or such property's return on capital. There can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in a large-scale on-site operation in a production environment. Extended declines in market prices for gold and/or silver may render portions of our mineralization estimates uneconomic and result in reduced reported mineralization or adversely affect the commercial viability of one or more of our properties. Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our results of operations or financial condition.

Additionally, the term "mineralized material" as used in this report does not indicate proven and probable reserves as defined by Industry Guide 7 ("Guide 7") promulgated by the SEC or our standards. Estimates of mineralized material are subject to further exploration and development and are therefore subject to considerable uncertainty. We cannot be certain that any part or parts of the mineralized material deposit will ever be confirmed or converted into Guide 7 compliant reserves or that mineralized material can be economically or legally extracted.

Our current property portfolio is limited to three producing properties and our ability to remain profitable over the long-term will depend on our ability to expand the known deposits like Arista, Mirador, and Isabella Pearl, and /or identify, explore and develop additional properties in Mexico and Nevada. Gold and silver producers must continually replace reserves depleted by production to maintain production levels over the long term and provide a return on invested capital. Depleted reserves can be replaced in several ways, including expanding known ore bodies, locating new deposits, or acquiring interests in reserves from third parties. Exploration is highly speculative in nature, capital intensive, involves many risks and is frequently unproductive. Our current or future exploration programs may not result in new mineral producing operations. Even if significant mineralization is discovered, it will likely take many years from the initial phases of exploration until commencement of production, during which time the economic feasibility of production may change.

From time to time, we may acquire mineral interests from other parties. Such acquisitions are based on an analysis of a variety of factors including historical exploration results, estimates of and assumptions regarding the extent of mineralized material, and/or reserves, the timing of production from such reserves and cash and other operating costs. In addition, we may rely on data and reports prepared by third parties (including the ability to permit and compliance with existing regulations) which may contain information or data that we are unable to independently verify or confirm. All of these factors are uncertain and may have an impact on our ability to develop the properties.

As a result of these uncertainties, our exploration programs and any acquisitions which we may pursue may not result in the expansion or replacement of our current production with new ore reserves or operations, which could have a material adverse effect on our business, prospects, results of operations and financial position.

We may not continue to be profitable. During the fiscal years ended December 31, 2019, 2018 and 2017, we reported net income of $5.8 million, $9.3 million, and $4.2 million, respectively. We have accumulated retained earnings of $16.9 million as of December 31, 2019. Metal prices have a significant impact on our profit margin and there is no assurance that we will be profitable in the future. Unexpected interruptions in our mining business may cause us to incur losses, or the revenue that we generate from production may not be sufficient to fund continuing operations including exploration and mine construction costs. Our failure to generate future profits may adversely affect the price of our common stock and you may lose all or part of your investment.

We may require significant additional capital to fund our business plans. We may be required to expend significant funds to determine if mineralized material and proven and probable mineral reserves exist at any of our non-producing properties, to continue exploration, and if warranted, develop our existing properties and to identify and acquire additional properties to diversify our property portfolio. If we receive the necessary permits and make a positive development decision, we will require significant additional capital to bring the project into production. We have spent, and may be required to continue to expend, significant amounts of capital for drilling, geological and geochemical analysis, assaying, feasibility studies, mine development, and mining and process equipment in connection with our exploration, development, and production activities.

Our ability to obtain necessary funding for these purposes, in turn, depends upon a number of factors, including our historical and prospective results of operations, the status of the national and worldwide economy, the price of gold, silver and other valuable metals, the condition of the debt and equity markets, and the costs associated with extracting minerals. We may not be successful in generating or obtaining the required financing, or if we can obtain such financing, such financing may not be on terms that are favorable to us. Failure to obtain such additional financing could result in delay or indefinite postponement of further mining operations or exploration and construction and the possible partial or total loss of our interest in our properties.

If we do not hedge our exposure to fluctuations in gold and silver prices, we may be subject to significant reductions in price. We do not use hedging transactions with respect to any of our gold and silver production and we do not expect to do so in the future. Accordingly, we are fully exposed to price fluctuations if precious and base metal prices decline. While the use of hedging transactions limits the downside risk of price declines, their use also may limit future revenues from price increases. Hedging transactions also involve the risk that the counterparty may be unable to satisfy its obligations.

Revenue from the sale of metal concentrate may be adversely affected by loss or damage during shipment and storage at our buyer's facilities. We rely on third-party transportation companies to transport our metal concentrate to the buyer's facilities for processing and further refining. The terms of our sales contracts with the buyers require us to rely on assay results from samples of our metal concentrate that are obtained at the buyer's warehouse to determine the final sales value for our metals. Once the metal concentrate leaves our processing facility, we no longer have direct custody and control of these products. Theft, loss, road accidents, improper storage, fire, natural disasters, tampering or other unexpected events while in transit or at the buyer's location may lead to the loss of all or a portion of our metal concentrate products. Such losses may not be covered by insurance and may lead to a delay or interruption in our revenue and as a result, our operating results may be adversely affected.

A significant delay or disruption in sales of concentrates or doré as a result of the unexpected disruption in services provided by smelters or refiners could have a material adverse effect on results of operations. We rely on refiners and smelters to refine and process and, in some cases, purchase, the gold and silver doré and gold, silver, copper, lead and zinc concentrate produced by our mines. Access to refiners and smelters on economic terms is critical to our ability to sell our products to buyers and generate revenues. We periodically enter into agreements with refiners and smelters, some of which operate their refining or smelting facilities outside the United States, and we believe we currently have contractual arrangements with a sufficient number of refiners and smelters so that the loss of any one refiner or smelter would not significantly or materially impact our operations or our ability to generate revenues. Nevertheless, services provided by a refiner or smelter may be disrupted by new or increased tariffs, duties or other cross-border trade barriers, the bankruptcy or insolvency of one or more refiners or smelters or the inability to agree on acceptable commercial or legal terms with a refiner or smelter. Such an event or events may disrupt an existing relationship with a refiner or smelter or result in the inability to create a contractual relationship with a refiner or smelter, which may leave us with limited, uneconomical or no access to refining or smelting services for short or long periods of time. Any such delay or loss of access may significantly impact our ability to sell doré and concentrate products. We cannot ensure that alternative refiners or smelters would be available or offer comparable terms if the need for them were to arise or that it would not experience delays or disruptions in sales that would materially and adversely affect results of operations.

Exploration and, if deemed feasible, development of mineral properties is inherently risky and could lead to unproductive properties and/or capital investments. Our long-term success depends on our ability to identify additional mineral deposits on our properties and any other properties that we may acquire and to develop one or more of those properties into commercially viable mining operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently unproductive. These risks include unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labor. The success of gold exploration is determined in part by the following factors:

- The identification of potential gold mineralization based on surface and drill analysis;
- Availability of government-granted exploration and construction permits;
- The quality of our management and our geological and technical expertise; and
- The capital available for exploration and development.

Substantial expenditures are required to establish proven and probable reserves through detailed drilling and analysis, to develop metallurgical processes to extract metal and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade, metallurgy, rock competency and proximity to infrastructure like power, water and roads; metal prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and local and community support. We may invest significant capital and resources in exploration activities and abandon such investments if we are unable to identify commercially exploitable mineral reserves. The decision to abandon a project may have an adverse effect on the market value of our common stock and our ability to raise future financing.

We may acquire additional exploration stage properties and our business may be negatively impacted if reserves are not located on acquired properties. We have in the past and may in the future acquire additional exploration stage properties. There can be no assurance that reserves will be identified on any properties that we acquire. We may experience negative reactions from the financial markets if we successfully complete acquisitions of additional properties and reserves are not located on acquired properties. These factors may adversely affect the trading price of our common stock or our financial condition or results of operations.

To the extent that we seek to expand our operations and increase our reserves through acquisitions, we may experience issues in executing acquisitions or integrating acquired operations. From time to time, we examine opportunities to make selective acquisitions in order to provide increased returns to our shareholders and to expand our operations and reported reserves and, potentially, generate synergies. The success of any acquisition would depend on a number of factors, including, but not limited to:

- Identifying suitable candidates for acquisition and negotiating acceptable terms;
- Obtaining approval from regulatory authorities and potentially our shareholders;
- Implementing our standards, controls, procedures and policies at the acquired business and addressing any pre-existing liabilities or claims involving the acquired business; and
- To the extent the acquired operations are in a country in which we have not operated historically, understanding the regulations and challenges of operating in that new jurisdiction.

There can be no assurance that we will be able to conclude any acquisitions successfully, or that any acquisition will achieve the anticipated synergies or other positive results. Any material problems that we encounter in connection with such an acquisition could have a material adverse effect on our business, results of operations and financial position.

We rely on contractors to conduct a significant portion of our operations and construction projects. A significant portion of our operations and construction projects are currently conducted in whole or in part by contractors. As a result, our operations are subject to a number of risks, some of which are outside our control, including:

- The difficulty and inherent delay in replacing a contractor and its operating equipment in the event that either party terminates the agreement;
- Reduced control and oversight over those aspects of operations which are the responsibility of the contractor;
- Failure of a contractor to perform under its agreement;
- Interruption of operations and construction or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- Injuries or fatalities on the job as a result of the failure to implement or follow adequate safety measures;
- Failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- Problems of a contractor with managing its workforce, labor unrest or other related employment issues.

In addition, we may incur liability to third parties as a result of the actions of our contractors. The occurrence of one or more of these risks could adversely affect our results of operations and financial position.

Our profits are subject to two mining duties imposed by the Mexican government. The Mexican government requires mineral producers to pay a ‘special’ mining duty to the government of 7.5% on net profits and an additional ‘extraordinary’ mining duty of 0.5% on gross sales of precious metals of gold, silver and platinum. This legislation has and may in the future significantly and adversely affect our results of operations, including our cash flows, which may in turn affect the amount of capital we have available for typical uses of cash, including but not limited to, reinvestment into our business, funding new projects and paying dividends to our shareholders.

Increased operating and capital costs could adversely affect our results of operations. Costs at any particular mining location are subject to variation due to a number of factors, such as variable ore grade, changing metallurgy and revisions to mine plans in response to the physical shape and location of the ore body, as well as the age and utilization rates for the mining and processing- related facilities and equipment. In addition, costs are affected by the price and availability of input commodities, such as fuel, electricity, labor, chemical reagents, explosives, steel, concrete and mining and processing related equipment and facilities. Commodity costs are, at times, subject to volatile price movements, including increases that could make production at certain operations less profitable. Further, changes in laws and regulations can affect commodity prices, uses and transport. Reported costs may also be affected by changes in accounting standards. A material increase in costs at any significant location could have a significant effect on our results of operation and operating cash flow.

We could have significant increases in capital and operating costs over the next several years in connection with the development of new projects in challenging jurisdictions and in the sustaining and/or expansion of existing mining and processing operations. Costs associated with capital expenditures may increase in the future as a result of factors beyond our control. Increased capital expenditures may have an adverse effect on the results of operation and cash flow generated from existing operations, as well as the economic returns anticipated from new projects.

The facilities and development of our underground and open pit mines and operations are subject to all of the risks inherent in development, construction, and operations. These risks include potential delays, cost overruns, shortages of material or labor, construction defects, breakdowns and injuries to persons and property. We expect to engage subcontractors and material suppliers in connection with the continued mine activities at the Aguila, Alta Gracia, and Isabella Pearl projects. While we anticipate taking all measures which we deem reasonable and prudent in connection with our facilities, construction of the underground mine and the operation of the processing facility, there is no assurance that the risks described above will not cause delays or cost overruns in connection with such construction or operation. Any delays would postpone our anticipated generation of revenue and adversely affect our operations, which in turn may adversely affect the price of our stock.

Underground mining operations are subject to unique risks. The exploration for minerals, mine construction and mining operations in an underground mine involve a high level of risk and are often affected by hazards outside of our control. Some of these risks include, but are not limited to, underground fires or floods, fall-of-ground accidents, seismic activity and unexpected geological formations or conditions including noxious fumes or gases. The occurrence of one or more of these events in connection with our exploration, mine construction, or production activities may result in the death of, or personal injury to, our employees, other personnel or third parties, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, deferral or unanticipated fluctuations in production, environmental damage and potential legal liabilities, all of which may adversely affect our reputation, business, prospects, results of operations and financial condition.

Construction, start-up, and ramp-up of mine and process facilities is subject to all of the risks inherent in construction and operation, including delays and costs of construction in excess of our projections and differing recovery vs. our projections of minerals. Many factors could increase the costs of ongoing mine and process facility operations, including:

- Design, engineering and construction difficulties or delays;
- Cost overruns;
- Our failure or delay in obtaining necessary ongoing legal, regulatory and other approvals;
- Interruptions in the supply of the necessary equipment, or construction materials or labor or an increase in their price;
- Injuries to persons and property;
- Opposition of local and or Non-Governmental-Organization interests; and
- Natural disasters, accidents, political unrest or unforeseen events.

If any of the foregoing events were to occur, our financial condition could be adversely affected and we may be required to seek additional capital, which may not be available on commercially acceptable terms, or at all. If we are unable to achieve our projected ramp up of the project, we may not be able to recover any costs already incurred and result in a materially adverse effect on our business, results of operations, financial condition, and cash flows.

Our operations are subject to ongoing permitting requirements which could result in the delay, suspension or termination of our operations. Our operations, including our ongoing exploration drilling programs and production, require ongoing permits from governmental authorities. If we cannot obtain or maintain the necessary permits or if there is a delay in receiving future permits, our timetable and business plan will be adversely affected. We have from time to time relied on third party environmental firms to assist in our efforts to obtain and remain current with required regulations and permits. While we attempt to manage and oversee third party firms, we are dependent on the firm to operate in a professional and knowledgeable manner.

Continuation of our mining operations is dependent on the availability of sufficient and affordable water supplies. Our mining operations require significant quantities of water for mining, ore processing and related support facilities. Our properties in Mexico and Nevada are in areas where water is scarce and competition among users for continuing access to water is significant. Continuous production and mine development is dependent on our ability to acquire and maintain water rights and claims and to defeat claims adverse to current water uses in legal proceedings. Although each of our operating mines currently has sufficient water rights and claims to cover its operating demands, we cannot predict the potential outcome of pending or future legal proceedings relating to water rights, claims and uses. Water shortages may also result from weather or environmental and climate impacts out of our control. Shortages in water supply could result in production and processing interruptions. In addition, the scarcity of water in certain regions could result in increased costs to obtain sufficient quantities of water to conduct our operations. The loss of some or all water rights, in whole or in part, or ongoing shortages of water to which we have rights or significantly higher costs to obtain sufficient quantities of water (or the failure to procure sufficient quantities of water) could result in our inability to maintain production at current or expected levels, require us to curtail or shut down mining production and prevent us from pursuing expansion or development opportunities. Laws and regulations may be introduced in some jurisdictions in which we operate which could also limit access to sufficient water resources, thus adversely affecting our operations.

Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income. We recognize deferred tax assets when the tax benefit is considered to be more likely than not of being realized; otherwise, a valuation allowance is applied against deferred tax assets. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, our ability to realize the deferred tax assets could be impacted. Additionally, future changes in tax laws could limit our ability to obtain the future tax benefits represented by our deferred tax assets. At December 31, 2019, our net deferred tax assets were $4.6 million.

Our continuing reclamation obligations at our operations could require significant additional expenditures. We are responsible for the reclamation obligations related to disturbances located on all of our properties. We have a liability on our balance sheet to cover the estimated reclamation obligation. However, there is a risk that any reserve could be inadequate to cover the actual costs of reclamation when carried out. Continuing reclamation obligations will require a significant amount of capital. There is a risk that we will be unable to fund these additional obligations and further, that the regulatory authorities may increase reclamation requirements to such a degree that it would not be commercially reasonable to continue mining and exploration activities, which may adversely affect our results of operations, financial performance and cash flows.

Our operating properties located in Mexico are subject to changes in political or economic conditions and regulations in that country. The risks with respect to Mexico or other developing countries include, but are not limited to: nationalization of properties, military repression, extreme fluctuations in currency exchange rates, criminal activity, lack of personal safety or ability to safeguard property, labor instability or militancy, mineral title irregularities and high rates of inflation. In addition, changes in mining or investment policies or shifts in political attitude in Mexico may adversely affect our business. We may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, opposition from non-governmental organizations, water use and mine safety. The effect of these factors cannot be accurately predicted and may adversely impact our operations.

Our ability to develop our Mexican properties is subject to the rights of the Ejido (agrarian cooperatives) who use or own the surface for agricultural purposes. Our ability to mine minerals is subject to maintaining satisfactory arrangements and relationships 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 and maintain a satisfactory arrangement with these residents in order to disturb or discontinue their rights to farm. While we have successfully negotiated and signed such agreements related to the Aguila and Alta Gracia projects, our inability to maintain these agreements or consummate similar agreements for new projects could impair or impede our ability to successfully explore, develop and mine the properties.

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 ("U.S."), Canada, and elsewhere throughout the world compete for properties and personnel on a global basis. We are a small participant in the gold mining industry due to our limited financial and personnel resources. We presently operate with a limited number of personnel and we anticipate operating in the same manner going forward. We compete with other companies in our industry to hire qualified personnel when needed to successfully operate our mine and processing facility. We may be unable to attract the necessary investment capital or personnel to fully explore and if warranted, develop our properties and be unable to acquire other desirable properties. We believe that competition for acquiring mineral properties, as well as the competition to attract and retain qualified personnel, may continue to be intense in the future.

Since a significant amount of our expenses in Mexico are paid in Mexican pesos, we are subject to changes in currency values that may adversely affect our results of operations. Our operations have in the past and will in the future be affected by changes in the value of the Mexican peso against the U.S. dollar. The appreciation of non-U.S. dollar currencies such as the peso against the U.S. dollar increases expenses and the cost of purchasing capital assets in U.S. dollar terms in Mexico, which can adversely impact our operating results and cash flows. Conversely, depreciation of non-U.S. dollar currencies usually decreases operating costs and capital asset purchases in U.S. dollar terms. The value of cash and cash equivalents, and other monetary assets and liabilities denominated in foreign currencies also fluctuate with changes in currency exchange rates.

Our activities are subject to significant environmental regulations, which could raise the cost of doing business or adversely affect our ability to develop our properties. Our mining operations in Mexico are subject to environmental regulation by SEMARNAT. Regulations governing advancement of new projects or significant changes to existing projects require an environmental impact statement, known in Mexico as a MIA. We may also be required to submit proof of local community support for a project to obtain final approval. If an environmental impact statement is adverse or if we cannot obtain community support, our ability to explore and develop our properties could be adversely affected. Significant environmental legislation exists in Mexico, including fines and penalties for spills, release of emissions into the air, and other environmental damage, which fines or penalties could adversely affect our financial condition or results of operations.

In addition, significant state and federal environmental laws and regulations in the U.S. may hinder our ability to explore, develop, and operate at our Nevada Mining Unit. Federal laws that govern mining claim location and maintenance and mining operations on federal lands are generally administered by the BLM. Additional federal laws, governing mine safety and health, also apply. State laws also require various permits and approvals before exploration, development or production operations can begin. Among other things, a reclamation plan must typically be prepared and approved, with bonding in the amount of projected reclamation costs. The bond is used to ensure that proper reclamation takes place, and the bond will not be released until that time. Local jurisdictions may also impose permitting requirements (such as conditional use permits or zoning approvals).

Our business is subject to the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, a breach or violation of which could lead to civil and criminal fines and penalties, loss of licenses or permits and reputational harm. We operate in certain jurisdictions that have experienced some degree of governmental and private sector corruption, and in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. The U.S. Foreign Corrupt Practices Act and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. Our Code of Ethics and other corporate policies mandate compliance with these anti-bribery laws, which often carry substantial penalties. There can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees, contractors, or agents. As such, our corporate policies and processes may not prevent all potential breaches of law or other governance practices. Violations of these laws, or allegations of such violations, could lead to civil and criminal fines and penalties, litigation, and loss of operating licenses or permits, and may damage our reputation, which could have a material adverse effect on our business, financial position and results of operations or cause the market value of our common stock to decline.

We are dependent upon information technology systems, which are subject to disruption, damage, failure and risks associated with implementation and integration. We are dependent upon information technology systems in the conduct of our operations. Our information technology systems are subject to disruption, damage or failure from a variety of sources, including, without limitation, computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. Cybersecurity incidents, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. Various measures have been implemented to manage our risks related to information technology systems and network disruptions. However, given the unpredictability of the timing, nature and scope of information technology disruptions, we could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our cash flows, competitive position, financial condition or results of operations.

We may also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into our operations. If we are not able to successfully implement system upgrades or modifications, we may have to rely on manual reporting processes and controls over financial reporting that have not been planned, designed or tested. Various measures have been implemented to manage our risks related to the system upgrades and modifications, but system upgrades and modification failures could have a material adverse effect on our business, financial condition and results of operations and could, if not successfully implemented, adversely impact the effectiveness of our internal controls over financial reporting.

The nature of mineral exploration and production activities involves a high degree of risk and the possibility of uninsured losses. Exploration for and the production of minerals is highly speculative and involves greater risk than many other businesses. Many exploration programs do not result in the discovery of mineralization, and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Our operations are, and any future mining operations or construction we may conduct will be, subject to all of the operating hazards and risks normally incident to exploring for and mining of mineral properties, such as, but not limited to:

- Economically insufficient mineralized material;
- Fluctuation in production costs that make mining uneconomic;
- Labor disputes;
- Unanticipated variations in grade and other geologic problems;
- Environmental hazards;
- Water conditions;
- Difficult surface or underground conditions;
- Industrial accidents;
- Metallurgical and other processing problems;
- Mechanical and equipment performance problems;
- Failure of pit walls, dams, declines, drifts and shafts;
- Unusual or unexpected rock formations;
- Personal injury, fire, flooding, cave-ins and landslides; and
- Decrease in the value of mineralized material due to lower gold, silver prices, and other metal prices.

Any of these risks can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs and expenditures, potential revenues and targeted production dates. We currently have limited insurance to guard against some of these risks. If we determine that capitalized costs associated with any of our mineral interests are not likely to be recovered, we would incur a write down of our investment in these interests. All of these factors may result in losses in relation to amounts spent which are not recoverable or result in additional expenses.

We do not insure against all of the risks to which we may be subject in our operations and development. While we currently maintain insurance for general commercial liability claims and the physical assets at our Aguila, Alta Gracia, and Isabella Pearl projects, we do not maintain insurance to cover all of the potential risks associated with our operations. We might be subject to liability for environmental, pollution or other hazards associated with mineral exploration and mine construction, for which insurance may not be available, which may exceed the limits of our insurance coverage, or which we may elect not to insure against because of premium costs or other reasons. We may also not be insured against interruptions to our operations. Losses from these or other events may cause us to incur significant costs which could materially adversely affect our financial condition and our ability to fund activities on our properties. A significant loss could force us to reduce or suspend our operations and development.

We depend upon a limited number of personnel and the loss of any of these individuals could adversely affect our business. Due to the relatively limited number of personnel that we employ, we are dependent on certain individuals to run our business. These individuals include our executive officers and other key employees. If any of these individuals were to die, become disabled or leave our company, we would be forced to identify and retain individuals to replace them. There is no assurance that we can find suitable individuals to replace them or to add to our employee base if that becomes necessary. We have no life insurance on any individual, and we may be unable to hire a suitable replacement on favorable terms should that become necessary.

Title to mineral properties can be uncertain. Our ability to explore and operate our properties depends on the validity of our title to that property. Our U.S. mineral properties include patented and unpatented mining claims. Unpatented mining claims provide only possessory title and their validity is often subject to contest by third parties or the federal government, which makes the validity of unpatented mining claims uncertain and generally riskier. Our concessions in Mexico are subject to continuing government regulation and failure to adhere to such regulations will result in termination of the concession. Uncertainties inherent in mineral properties relate to such things as the sufficiency of mineral discovery, proper posting and marking of boundaries, assessment work and possible conflicts with other claims not determinable from public record. There may be valid challenges to the title to our properties which, if successful, could impair development and/or operations.

In the event of a dispute regarding title to our Mexican properties, it will likely be necessary for us to resolve the dispute in Mexico, where we would be faced with unfamiliar laws and procedures. The resolution of disputes in foreign countries can be costly and time consuming. In a foreign country we face the additional burden of understanding unfamiliar laws and procedures. We may not be entitled to a jury trial, as we might be in the United States. Further, to litigate in any foreign country, we would be faced with the necessity of hiring lawyers and other professionals who are familiar with the foreign laws. For these reasons, we may incur unforeseen costs if we are forced to resolve a dispute in Mexico or any other foreign country.

Our directors and officers may be protected from certain types of lawsuits. The laws of the State of Colorado provide that our directors will not be liable to us or our shareholders for monetary damages for all but certain types of conduct as directors of the company. Our Articles of Incorporation permit us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. Additionally, we entered into individual indemnification agreements with our current directors and officers and we intend to execute substantially similar agreements with future directors and officers. The exculpation provisions of any of these items may have the effect of preventing shareholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our limited assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment or other circumstances. Pursuant to the terms of the indemnification agreements, we are required to advance funds to our directors and officers prior to the final disposition of any threatened or actual legal proceeding, and including in the event it is ultimately determined that such officer or director is not entitled to indemnification pursuant to the terms of the indemnification agreement, in which case we will depend on reimbursement of advanced expenses from such individual.

Risks Related to Our Common Stock

Our stock price may be volatile and as a result you could lose part or all of your investment. In addition to other risk factors identified and due to volatility associated with equity securities in general, the value of your investment could decline due to the impact of numerous factors upon the market price of our common stock, including:

- Changes in the worldwide price for gold and/or silver;
- Adverse results from our exploration, development, or production efforts;
- Producing at rates lower than those targeted;
- Political and regulatory risks;
- Weather conditions, including unusually heavy rains;
- Failure to meet our revenue or profit goals or operating budget;
- Decline in demand for our common stock;
- Downward revisions in securities analysts' estimates or changes in general market conditions;
- Technological innovations by competitors or in competing technologies;
- Investor perception of our industry or our prospects;
- Lawsuits;
- Economic impact from spread of disease;
- Actions by government or central banks; and
- General economic trends.

Stock markets in general have experienced extreme price and volume fluctuations and the market prices of individual securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our common stock. As a result, you may be unable to sell your shares at a desired price.

Past payments of dividends on our common stock are not a guaranty of future payments of dividends. In 2010, we began paying cash dividends to the holders of our common stock. However, our ability to continue to pay dividends in the future will depend on a number of factors, including, cash flow, mine construction requirements and strategies, other acquisition and/or construction projects, spot gold and silver prices, taxation, government-imposed royalties and general market conditions. Further, a portion of our cash flow is expected to be retained to finance our operations and development of mineral properties. Any material change in our operations may affect future dividends which may be modified or canceled at the discretion of our Board of Directors. Any decrease in our monthly dividend would likely have an adverse impact on the price of our common stock.

We are subject to the Continued Listing Criteria of the New York Stock Exchange ("NYSE American"), and our failure to satisfy these criteria may result in delisting of our common stock. Our common stock is currently listed on the NYSE American. In order to maintain that listing, we must maintain certain share price and other criteria, including maintaining a minimum amount of shareholders' equity and a minimum number of public shareholders. In addition to objective standards, the NYSE American may delist the securities of any issuer if, in its opinion, the issuer's financial condition and/or operating results appear unsatisfactory; if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing on the NYSE American inadvisable; if the issuer sells or disposes of principal operating assets or ceases to be an operating company; if an issuer fails to comply with the NYSE American's listing requirements; if an issuer's common stock sells at what the NYSE American considers a "low selling price" and the issuer fails to correct this via a reverse split of shares after notification by the NYSE American; or if any other event occurs or any condition exists which makes continued listing on the NYSE American, in its opinion, inadvisable.

If the NYSE American delists our common stock, investors may face material adverse consequences, including, but not limited to, a lack of trading market for our securities, reduced liquidity, decreased analyst coverage of our securities, and an inability for us to obtain additional financing to fund our operations.

Issuances of our stock in the future could dilute existing shareholders and adversely affect the market price of our common stock. We have the authority to issue up to 100,000,000 shares of common stock, 5,000,000 shares of preferred stock, and to issue options and warrants to purchase shares of our common stock without stockholder approval. As of February 28, 2020, there were 65,691,527 shares of common stock outstanding. Future issuances of our securities could be at prices substantially below the price paid for our common stock by our current shareholders. In addition, we can issue blocks of our common stock in amounts up to 20% of the then-outstanding shares without further shareholder approval. Because we have issued less of our common stock than many of our larger peers, the issuance of a significant amount of our common stock may have a disproportionately large impact on our share price compared to larger companies.

Awards of our shares and stock options to employees may not have their intended effect. A portion of our total compensation program for our executive officers and key personnel has historically included the award of shares and options to buy shares of our common stock. If the price of our common stock performs poorly, such performance may adversely affect our ability to retain or attract critical personnel. In addition, any changes made to our stock option policies or to any other of our compensation practices which are made necessary by governmental regulations or competitive pressures could affect our ability to retain and motivate existing personnel and recruit new personnel.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We classify our mineral properties into three categories: “Operating Properties”, “Development Properties”, and “Exploration Properties”. Operating Properties are properties on which we operate a producing mine and are what we consider a “material” property in accordance with SEC Industry Guide 7. Other properties may also be material to our business.

We currently have 100% interest in ten properties in the Americas. Six of our properties, including two Operating Properties and four Exploration Properties, are within our Oaxaca Mining Unit located in Oaxaca, Mexico, along the San Jose structural corridor. In addition, we have one Operating and three Exploration Properties within our Nevada Mining Unit located in south central Nevada, U.S.A in the Walker Lane Mineral Belt.

Proven and Probable Reserves

The term “proven (measured) reserves” means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, grade, and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurements are spaced so closely and the geologic character is sufficiently defined that the size, shape, depth and mineral content of reserves is well established. The term “probable (indicated) reserves” means reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

As of December 31, 2019, our estimate of Proven and Probable ("P&P") reserves was:

Description	Tonnes	Gold g/t	Silver g/t	Precious Metal Gold Equivalent g/t	Gold Ounces	Silver Ounces	Precious Metal Gold Equivalent Ounces	Copper %	Lead %	Zinc %
Oaxaca Mining Unit Total										
Arista Mine										
Proven	2,591,700	2.04	112	3.43	169,600	9,295,900	285,900	0.4	1.7	4.9
Probable	163,700	1.47	172	3.62	7,800	906,400	19,000	0.3	1.3	4.0
Arista Mine Total	**2,755,400**	**2.00**	**115**	**3.44**	**177,400**	**10,202,300**	**304,900**	**0.4**	**1.7**	**4.8**
Mirador Mine										
Proven	75,500	0.75	365	5.31	1,800	885,700	12,900			
Probable	700	1.33	393	6.25	100	8,400	100			
Mirador Mine Total	**76,200**	**0.76**	**365**	**5.32**	**1,900**	**894,100**	**13,000**			
Oaxaca Mining Unit Total	**2,831,600**	**1.97**	**122**	**3.58**	**179,300**	**11,096,400**	**317,900**			
Nevada Mining Unit Total										
Isabella Pearl Mine										
Proven	893,300	5.39	35	5.82	154,800	998,000	167,300			
Probable	1,354,100	1.50	7	1.59	65,300	312,700	69,200			
Isabella Pearl Mine Total	**2,247,400**	**3.05**	**18**	**3.27**	**220,100**	**1,310,700**	**236,500**			
Nevada Mining Unit Total	**2,247,400**	**3.05**	**18**	**3.27**	**220,100**	**1,310,700**	**236,500**			
Total	**5,079,000**	**2.45**	**76**	**3.40**	**399,400**	**12,407,100**	**554,400**			

Notes to the 2019 P&P reserves:

1. Metal prices used for P&P reserves were $1,306 per ounce of gold, $16.32 per ounce of silver, $2.83 per pound of copper, $0.99 per pound of lead and $1.27 per pound of zinc. These prices reflect the three-year trailing average prices for gold, silver, copper, lead and zinc.
2. Precious metal gold equivalent is 80.03:1 using gold and silver only to calculate gold equivalencies.
3. A breakeven Net Smelter Return ("NSR") cutoff grade of $76 per tonne was used for estimations of P&P reserves at the Arista Mine. The term "cutoff grade" means the lowest NSR value considered economic to process.
4. No appreciable amounts of base metals are present in the veins identified to-date at the Mirador Mine at the Alta Gracia project. A breakeven cutoff grade of 2.50 g/t gold-equivalent (AuEq) was used for proven and probable reserves at the Mirador Mine using gold and silver only to calculate gold equivalencies.
5. Mining, processing, energy, administrative and smelting/refining costs were based on 2019 actual costs for the Oaxaca Mining Unit.
6. Arista Mine metallurgical recovery assumptions used were 78% for gold, 91% for silver, 78% for copper, 78% for lead and 81% for zinc. Mirador Mine metallurgical recovery assumptions used were 87% for gold and 88% for silver. These recoveries reflect 2019 actual average recoveries for the Aguila and Alta Gracia projects.
7. P&P reserves are diluted and factored for expected mining recovery.
8. Minimum mining width for P&P reserves is 1.5 meters for the Arista and Mirador underground mines.
9. For the Isabella Pearl Mine, the quantities of material within the designed pits were calculated using a cutoff grade of 0.44 Au g/t.
10. Mining, processing, energy, administrative and smelting/refining costs were based on 2019 actual costs for the Isabella Pearl Mine.
11. Metallurgical gold recovery assumptions used for the Isabella Pearl project were 81% for crushed ore and 60% for ROM ore. These recoveries reflect predicted average recoveries from metallurgical test programs.
12. Isabella Pearl P&P reserves are diluted and factored for expected mining recovery.
13. Figures in tables are rounded to reflect estimate precision and small differences generated by rounding are not material to estimates.

For comparison, at December 31, 2018, our estimate of P&P reserves was:

Description	**Tonnes**	**Gold g/t**	**Silver g/t**	**Precious Metal Gold Equivalent g/t**	**Gold Ounces**	**Silver Ounces**	**Precious Metal Gold Equivalent Ounces**	**Copper %**	**Lead %**	**Zinc %**
Oaxaca Mining Unit Total										
Arista Mine										
Proven	2,669,000	1.87	112	3.35	160,500	9,574,900	287,000	0.4	1.5	4.6
Probable	279,900	1.88	115	3.40	17,000	1,032,400	30,600	0.3	1.3	3.7
Arista Mine Total	**2,948,900**	**1.87**	**112**	**3.35**	**177,500**	**10,607,300**	**317,600**	**0.4**	**1.5**	**4.5**
Mirador Mine										
Proven	107,000	0.69	495	7.23	2,400	1,704,000	24,900			
Probable	21,300	0.62	409	60.30	400	280,000	4,100			
Mirador Mine Total	**128,300**	**0.68**	**481**	**7.03**	**2,800**	**1,984,000**	**29,000**			
Oaxaca Mining Unit Total	**3,077,200**	**1.82**	**127**	**3.50**	**180,300**	**12,591,300**	**346,600**			
Nevada Mining Unit Total										
Isabella Pearl Mine										
Proven	719,800	5.65	35	6.10	130,700	801,600	141,300			
Probable	2,214,600	1.18	5	1.25	84,100	375,100	89,000			
Isabella Pearl Mine Total	**2,934,400**	**2.28**	**12**	**2.44**	**214,800**	**1,176,700**	**230,300**			
Nevada Mining Unit Total	**2,934,400**	**2.28**	**23**	**2.44**	**214,800**	**1,176,700**	**230,300**			
Total	**6,011,600**	**2.04**	**71**	**2.99**	**395,100**	**13,768,000**	**576,900**			

Notes to the 2018 P&P reserves:

1. Metal prices used for P&P reserves were $1,258 per ounce of gold, $16.62 per ounce of silver, $2.65 per pound of copper, $0.97 per pound of lead and $1.20 per pound of zinc. These prices reflect the three-year trailing average prices for gold, silver, copper, lead and zinc.
2. Precious metal gold equivalent is 75.69:1 using gold and silver only to calculate gold equivalencies.
3. A breakeven Net Smelter Return ("NSR") cutoff grade of $80 per tonne was used for estimations of P&P reserves at the Arista Mine. The term "cutoff grade" means the lowest NSR value considered economic to process.
4. No appreciable amounts of base metals are present in the veins identified to-date at the Mirador Mine at the Alta Gracia project. A breakeven cutoff grade of 1.98 g/t gold-equivalent (AuEq) was used for proven and probable reserves at the Mirador Mine using gold and silver only to calculate gold equivalencies.
5. Mining, processing, energy, administrative and smelting/refining costs were based on 2018 actual costs for the Oaxaca Mining Unit.
6. Arista Mine metallurgical recovery assumptions used were 80% for gold, 92% for silver, 80% for copper, 78% for lead and 83% for zinc. Mirador Mine metallurgical recovery assumptions used were 79% for gold and 78% for silver. These recoveries reflect 2018 actual average recoveries for the Aguila and Alta Gracia projects.
7. P&P reserves are diluted and factored for expected mining recovery.
8. Minimum mining width for P&P reserves is 1.5 meters for the Arista and Mirador underground mines.
9. For the Isabella Pearl project, the quantities of material within the designed pits were calculated using a cutoff grade of 0.61 Au g/t for crushed ore and 0.38 Au g/t for Run-of-Mine ("ROM") ore.
10. Mining, processing, energy, administrative and smelting/refining costs were based on 2018 cost estimates used for the Isabella Pearl project feasibility study.
11. Metallurgical gold recovery assumptions used for the Isabella Pearl project were 81% for crushed ore and 60% for ROM ore. These recoveries reflect predicted average recoveries from metallurgical test programs.
12. Isabella Pearl P&P reserves are diluted and factored for expected mining recovery.
13. Figures in tables are rounded to reflect estimate precision and small differences generated by rounding are not material to estimates.

Mineralized Material

We use the term "mineralized material" to describe mineralization in our mineral deposits that do not constitute "reserves" under U.S. reporting requirements set forth in Guide 7.

In addition to our P&P reserves, we estimate mineralized material within the definition of Guide 7. Mineralized material does not have demonstrated economic viability. The SEC only permits issuers to report “mineralized material” in tonnage and average grade without reference to contained ounces or quantities of other metals. All of our mineralized material is located at our Oaxaca Mining Unit.

As of December 31, 2019, our estimate of mineralized material was:

Description	Tonnes	Gold g/t	Silver g/t	Copper %	Lead %	Zinc %
Arista Mine	1,574,700	1.46	141	0.2	1.2	3.4
Alta Gracia	170,400	0.77	376			
Margaritas	26,000	0.51	260			
Oaxaca Mining Unit Total	1,771,100					

Notes to the 2019 mineralized material:

1. Mineralized Material is exclusive of P&P Reserves.
2. Metal prices used for mineralized material were $1,306 per ounce of gold, $16.32 per ounce of silver, $2.83 per pound of copper, $0.99 per pound of lead and $1.27 per pound of zinc. These prices reflect the three-year trailing average prices for gold, silver, copper, lead and zinc.
3. A breakeven Net Smelter Return (“NSR”) cutoff grade of $76 per tonne was used for estimations of mineralized material. The term “cutoff grade” means the lowest NSR value considered economic to process.
4. No appreciable amounts of base metals are present in the veins identified to-date at the Alta Gracia project including the Mirador Mine, and the Margaritas project. A breakeven cutoff grade of 2.50 g/t gold-equivalent (AuEq) was used for mineralized material at the Alta Gracia and Margaritas projects using gold and silver only to calculate gold equivalencies at a ratio of 80.03 to 1.
5. Arista Mine metallurgical recovery assumptions used were 78% for gold, 91% for silver, 78% for copper, 78% for lead and 81% for zinc. Alta Gracia and Margaritas projects metallurgical recovery assumptions used were 87% for gold and 80% for silver. These recoveries reflect 2019 actual average recoveries for the Aguila and Alta Gracia projects.
6. Mineralized material is diluted and factored for expected mining recovery.
7. Minimum mining width for mineralized material is 1.5 meters for the Arista Mine and the Alta Gracia and Margaritas projects.
8. Figures in tables are rounded to reflect estimate precision and small differences generated by rounding are not material to estimates.
9. 100% of the Isabella Pearl project pit contained mineralized material was converted to reserves.

For comparison, at December 31, 2018, our estimate of mineralized material was:

Description	Tonnes	Gold g/t	Silver g/t	Copper %	Lead %	Zinc %
Arista Mine	1,843,900	1.59	110	0.3	1.2	3.7
Alta Gracia	66,600	0.63	363			
Margaritas	26,000	0.51	260			
Oaxaca Mining Unit Total	1,936,500					

Notes to the 2018 mineralized material:

1. Mineralized Material is exclusive of P&P Reserves.
2. Metal prices used for mineralized material were $1,258 per ounce of gold, $16.62 per ounce of silver, $2.65 per pound of copper, $0.97 per pound of lead and $1.20 per pound of zinc. These prices reflect the three-year trailing average prices for gold, silver, copper, lead and zinc.
3. A breakeven Net Smelter Return (“NSR”) cutoff grade of $80 per tonne was used for estimations of mineralized material. The term “cutoff grade” means the lowest NSR value considered economic to process.
4. No appreciable amounts of base metals are present in the veins identified to-date at the Alta Gracia project including the Mirador Mine, and the Margaritas project. A breakeven cutoff grade of 1.98 g/t gold-equivalent (AuEq) was used for mineralized material at the Alta Gracia and Margaritas projects using gold and silver only to calculate gold equivalencies at a ratio of 75.69 to 1.
5. Arista Mine metallurgical recovery assumptions used were 80% for gold, 92% for silver, 80% for copper, 78% for lead and 83% for zinc. Alta Gracia and Margaritas projects metallurgical recovery assumptions used were 79% for gold and 78% for silver. These recoveries reflect 2018 actual average recoveries for the Aguila and Alta Gracia projects.
6. Mineralized material is diluted and factored for expected mining recovery.
7. Minimum mining width for mineralized material is 1.5 meters for the Arista Mine and the Alta Gracia and Margaritas projects.

8. Figures in tables are rounded to reflect estimate precision and small differences generated by rounding are not material to estimates.
9. 100% of the Isabella Pearl project pit contained mineralized material was converted to reserves.

Our P&P Reserve and Mineralized Material estimates were prepared by our technical staff under the direction of Fred H. Brown, Senior Resource Geologist, and Barry Devlin, Vice President of Exploration. Mr. Brown graduated with a Bachelor of Science degree in Geology from New Mexico State University in 1987, obtained a Graduate Diploma in Engineering (Mining) in 1997 from the University of the Witwatersrand and a Master of Science in Engineering (Civil) from the University of the Witwatersrand in 2005. He is registered with the Association of Professional Engineers and Geoscientists of British Columbia and as a Professional Geoscientist and the Society for Mining, Metallurgy and Exploration as a Registered Member. Mr. Devlin holds a Bachelor of Science degree with honors in Geology, 1981, and a Masters in Geology, 1987, from the University of British Columbia. He is also a Professional Geologist registered with the Association of Professional Engineers and Geoscientists of British Columbia.

For a description of the key assumptions, parameters and methods used to estimate Proven and Probable Reserves and Mineralized Material included in this report, as well as data verification procedures and a general discussion of the extent to which the estimates may be affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other factors, investors may review the annual reserve report posted on our website (http://www.goldresourcecorp.com.)

Oaxaca Mining Unit

All of the properties that make up our Oaxaca Mining Unit are located in Oaxaca, Mexico in what is known as the San Jose structural corridor, which runs north 70 degrees west. Our properties comprise 55 continuous kilometers of this structural corridor which spans three historic mining districts in Oaxaca; the map below shows the general location of our properties:

We are granted concessions from the Mexican federal government to explore and mine our properties in Mexico. We hold certain properties directly as the concession holder and lease other properties from a third party. As of December 31, 2019, our Oaxaca Mining Unit encompassed approximately 55,119 hectares (136,199 acres) covered by 24 mining concessions and 5 lease concessions. The annual concession fees are $728,929 and we have made all necessary payments for 2019. Please see **Mining Concessions and Regulations in Mexico**, below.

Operating Properties

Aguila Project

Background: The Aguila project currently comprises 18 mining concessions aggregating 24,372 hectares.

In 2002, we leased the Aguila, El Aire, and La Tehuana concessions from a third party. The Aguila and El Aire concessions are part of the Aguila project and the La Tehuana concession comprises the Margaritas property. The lease agreement is subject to a 4% net smelter return royalty where production is sold in the form of gold/silver doré and 5% for production sold in concentrate form. Subject to meeting minimum exploration requirements, there is no expiration term for the lease. We may terminate it at any time upon written notice to the lessor and the lessor may terminate it if we fail to fulfill any of our obligations, which primarily consist of paying the appropriate royalty to the lessor.

In August 2003, we commenced an initial drilling and exploration program at the Aguila project. Through 2018, we have drilled a total of 935 core holes (both surface and underground) equaling 286,424 meters and 166 reverse circulation holes equaling 14,367 meters for a total of 1,101 holes totaling 300,791 meters.

In 2010, we acquired from a third party, at no additional cost, the El Chacal and El Pilon concessions, which are subject to a 2% royalty, but are not subject to the Aguila lease agreement. We filed for and received additional concessions from the Mexican government which are also not part of the concessions leased or acquired from the third party. The mineral concessions making up the Aguila project are located within the San Pedro Totolapam and San Pedro Quiatoni Ejidos.

Location and Access: The Aguila project is located in the Sierra Madre del Sur Mountains of southern Mexico in the central part of the State of Oaxaca. The property is located along a major paved highway approximately 120 kilometers southeast of Oaxaca City, the state's capital city. The property is approximately four kilometers due northwest from the village of San Jose de Gracia. We have constructed gravel and paved roads from the village to the mine and processing facility which provides adequate access to the property.

The climate of the Aguila project area is dry and warm to very warm with most rainfall occurring in June through September and annual precipitation averaging 423.7 mm. The average yearly temperature is 26.6 degrees centigrade. The area is very rocky with arid vegetation. Subsistence farming occurs and the main agricultural crop is agave cactus that is cultivated for the production of mescal.

Geology and Mineralization: The Aguila project is located in the San Jose de Gracia Mining District in Oaxaca. Multiple volcanic domes of various scales, and probably non-vented intrusive domes, dominate the district geology. These volcanogenic features are imposed on a pre-volcanic basement of sedimentary rocks. Gold and silver mineralization in this district is related to the manifestations of this classic volcanogenic system and is considered epithermal in character.

Historically, we have produced ore from two locations on the Aguila property, the Aguila open pit mine and the Arista underground mine. The Aguila open pit mineralization is considered low sulfidation, epithermal mineralization primarily of gold with some silver and no base metals. The Arista underground mine is considered intermediate epithermal mineralization of gold, silver, copper, lead, and zinc. The host rock in the Arista vein system is primarily andesite.

Facilities: We constructed a processing facility and other infrastructure at the Aguila project for approximately $35 million in 2009, and expanded the processing facility in 2012 and 2013, spending an additional $23 million. The flotation mill expansion, completed at the end of 2013, increased the number of flotation cells, added a second ball mill to allow for additional processing capacity and a Knelson gravity concentrator. In 2014 we completed a doré processing facility. The Aguila processing facility is flexible in its ability to process several types of mineralization. It has a differential flotation section capable of processing polymetallic ore and producing up to three separate concentrate products for sale. The facility also has an agitated leach circuit capable of producing gold and silver doré for sale. Depending on the specific type and characteristics of the ore, the facility has processed sulfide material in its flotation circuit at well above its nominal capacity of 1,500 tonnes of ore per day. The agitated leach circuit can process a nominal 300 tonnes per day.

We obtained water rights from the Mexican government for an amount of water that we believe is sufficient to meet our operating requirements and pump it approximately five kilometers to the site from a permitted well located near the Totolapam River.

Additional improvements at the site include installation of diesel generation power plants and switch gear, paving a three-kilometer section of the road from the mine to the processing facility, construction of a new surface maintenance garage and fuel station, construction of haul roads from the mine site to the processing facility, office space at the processing facility, an assay lab, an exploration office, tailings impoundment facilities, a paste fill plant and other infrastructure.

In 2019, we completed the power grid project and now nearly all power to the site is provided from the Mexican power grid.

Exploration Activities:

Our exploration activities during 2019 mainly focused on underground exploration drilling at the Arista and Switchback vein systems in the Arista Mine. The Switchback drilling program continued to target further expansion and delineation of the multiple high-grade parallel veins for reserve definition, expansion and mine plan optimization. The Switchback vein system extends for over one kilometer and remains open on strike and vertical extent.

Underground drilling during 2019 also continued to expand the ore zones in the Arista Mine, mainly on the Baja, Santiago and Splay 31 veins of the Arista vein system currently in production, and two new veins, Sadie and Sasha, discovered in the Switchback vein system. Thirty-four underground diamond drill holes totaling 11,795 meters were completed at the Aguila project during 2019. Surface geologic mapping and rock chip sampling was also conducted in the vicinity of the Arista Mine, the Aguila open pit and other prospects of the Aguila project.

Alta Gracia

Background: In August 2009, we acquired claims adjacent to the Margaritas property in the Alta Gracia Mining District by filing concessions known as the David 1, the David 2 and La Herradura, totaling 5,175 hectares.

As of December 31, 2016, proven and probable reserves had been established for the Mirador Underground Mine on our Alta Gracia property. In July 2017, mine development reached the economic ore zone of the Mirador vein and mining began.

Location and Access: The Alta Gracia project is approximately 20 kilometers northeast from the village of San Pedro Totalapam, in the Municipality of San Pedro Totolapam. Access to the project is by a gravel road that departs the paved highway approximately 13 kilometers east of the village of San Pedro Totalapam. The haulage distance by road from Alta Gracia to the Aguila processing facility is approximately 32 kilometers.

Geology and Mineralization: The sedimentary and volcanic units mapped at Alta Gracia are similar to those observed at the Aguila project. The district is dominated by Tertiary-age rhyolite flows and tuffs which are underlain by andesite flows and tuff. Granodiorite and felsic intrusives are observed to outcrop to north and east of the Mirador mine. Known vein occurrences at Alta Gracia are mainly hosted in andesite and rhyolite. The veins currently being mined at Alta Gracia are considered low sulfidation epithermal mineralization with economic values only for gold and silver.

Facilities: During 2016, we received our operating permit for the Mirador Mine. Explosive magazines, located inside the Mirador Mine at the Alicia portal, were also constructed and permitted.

In 2017, two mine portals were developed to provide access to the Mirador vein. Mine site offices and a mobile equipment maintenance shop were established adjacent to the Aguacate portal. Additionally, a diesel power generation plant, compressed air and a mine water pumping station were developed and put into service. In 2018, old workings were improved to create a second access to the vein system called Independencia. The portal for this access is located approximately 500 meters southwest of the Mirador portal. Development is now established to the mineralization delineated within the Mirador's Independencia vein during the 2018 and 2019 drill campaigns.

Ore from the Mirador Mine, primarily silver, is transported by contracted haul trucks to and processed at our agitated leach plant at the Aguila processing facility, with final product being doré.

Exploration Activities: The 2019 Alta Gracia surface and underground drill campaign focused primarily on the Independencia vein. The goal of this drill campaign was to test the extensions of the high-grade ore shoot previously identified on the Independencia vein. In 2019, we completed 18 step-out and in-fill diamond drill holes totaling 2,327 meters at Alta Gracia. Surface and underground geological mapping and sampling along with detailed topographic surveying also continued in the historic mining areas at Alta Gracia, mainly at the Aguacatillo prospect. A surface geochemical soil sampling program was also carried out to the west, along the projected extension of the Independencia vein. The new information was used for estimation of reserves and mineralized material and to guide future follow-up drilling programs. To date, over 49 veins have been identified and modelled at the Alta Gracia Project at or near its Mirador Mine.

Please see **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations** for additional information concerning our mining operations at the Aguila project.

Exploration Properties

Margaritas Property

The Margaritas property is made up of the La Tehuana concession. It is comprised of approximately 925 hectares located along our 55-kilometer mineralized trend and adjacent to the Aguila project

In 2019, we continued to review results from previous surface drilling, surveying, detailed geological mapping and rock chip channel sampling for the Margaritas property. Additional rock chip channel sampling of historic workings and expansion of the soil and rock geochemical program were also carried out in the Trenes mineralized zone. This included identification of significant historic small-scale mine workings called "Chileños" in the Trenes area. A future follow-up surface diamond drilling program is targeted for Trenes. Trenes is located approximately 10-kilometers northwest of the Arista Mine along our 55-kilometer mineralized trend.

Chamizo Property

In June 2011, we acquired an exploration concession from the Mexican government of approximately 17,898 hectares referred to as Chamizo. In March 2013, we acquired a property known as Cerro Colorado from Almaden Minerals, Ltd. (Almaden) consisting of approximately 1,860 hectares. The Cerro Colorado property is surrounded by our Chamizo concession and we include it as part of the Chamizo property. Any future production from the Cerro Colorado concession is subject to a 2% net smelter return royalty in favor of Almaden.

Because of the close proximity of Chamizo to Alta Gracia, exploration activity began on this property during late 2011 and to date has included geochemical sampling and drilling of eight shallow core holes for a total of 1,327 meters. We completed the acceptable minimum amount of work required to maintain the claims during 2019 and target the same amount of work in 2020.

Fuego Property

In March 2013, we acquired the Fuego property from Almaden subject to a 2% net smelter return royalty. The Fuego property consists of approximately 2,554 hectares and is located south of our Alta Gracia and Chamizo properties. In 2013, Fuego was included in the property-wide airborne geophysical survey. Geologic mapping and surface sampling has been conducted on the Fuego property allow us to meet the acceptable minimum amount of work required to maintain the claims. We do not anticipate any significant exploration activities at El Fuego in 2020. However, we plan to conduct the acceptable minimum amount of work required to maintain the claims.

Rey Property

The Rey property consists of concessions on the far northwest end of our 55-kilometer mineralized corridor in the State of Oaxaca known as Rey, El Virrey, La Reyna and El Marquez. The Rey property consists of 2,774 hectares. We acquired the Rey concession from a third party, and it is subject to a 2% net smelter return royalty payable to them on a portion of the claims. We obtained the remaining concessions by staking claims and filing for concessions with the Mexican government.

The Rey property is located approximately 64.4 kilometers by road from the Aguila project. There is no plant or equipment on the Rey property. If exploration is successful, any mining would probably require an underground mine where mineralized material could be trucked to the Aguila processing facility for processing. To date, we have drilled 48 core holes for a total of 5,273 meters at the Rey property. Early in 2012, we completed a small amount of work to finish refurbishing and extending an existing shaft on the property to permit underground exploratory drilling. We ceased work at the Rey property during 2012, following a request to obtain additional approvals from local community agencies. In 2020, we plan to continue working with the local agencies and anticipate resolving the matter, but we have no assurance that we will be able to resume our exploration activities in the near term. If the matter is resolved, we plan to conduct follow-up drilling and exploration based on the drilling done in 2007 and 2008. We do not anticipate any significant exploration activities at Rey in 2020. However, we plan to conduct the acceptable minimum amount of work required to maintain the claims.

Mining Concessions and Regulations in Mexico

Mineral rights in Mexico belong to the Mexican federal government and are administered pursuant to Article 27 of the Mexican Constitution. All of our mining concessions are exploitation concessions, which may be granted or transferred to Mexican citizens and corporations. Our leases or concessions are held by our Mexican subsidiary. Exploitation concessions have a term of 50 years and can be renewed for another 50 years. Concessions grant us the right to explore and exploit all minerals found in the ground. Maintenance of concessions requires the semi-annual payment of mining duties (due in January and July) and the performance of assessment work, on a calendar year basis, with assessment work reports required to be filed in the month of May for the preceding calendar year. The amount of mining duties and annual assessment are set by regulation, may increase over the life of the concession and include periodic adjustments for inflation.

Mexican mining law does not require payment of finder's fees to the government, except for a discovery premium in connection with national mineral reserves, concessions and claims or allotments contracted directly from the Mexican Geological Survey. None of the claims held by DDGM are under such a discovery premium regime.

Ejido Lands and Surface Right Acquisitions in Mexico

Surface lands within our Oaxaca Mining Unit are Ejido lands (agrarian cooperative lands granted by the federal government to groups of Campesinos pursuant to Article 27 of the Mexican Constitution of 1917). Prior to January 1, 1994, Ejidos could not transfer Ejido lands into private ownership. Amendments to Article 27 of the Mexican Constitution in 1994 now allow individual property ownership within Ejidos and allow Ejidos to enter into commercial ventures with individuals or entities, including foreign corporations. We have an agreement with the local San Pedro Totolapam Ejido allowing exploration and exploitation of mineralization at the Aguila project and some of our surrounding properties.

Mexican law recognizes mining as a land use generally superior to agriculture. However, the law also recognizes the rights of the Ejidos to compensation in the event mining activity interrupts or discontinues their use of the agricultural lands. Compensation is typically made in the form of a cash payment to the holder of the agricultural rights. The amount of such compensation is generally related to the perceived value of the agricultural rights as negotiated in the first instance between the Ejidos and the owner of the mineral rights. If the parties are unable to reach agreement on the amount of the compensation, the decision can be referred to the government.

We have established surface rights agreements with the San Pedro Totolapam Ejido and the individuals impacted by our proposed operations which allow disturbance of the surface where necessary for our exploration activities and mining operations.

Nevada Mining Unit

In Nevada, we are the owner of four properties totaling 973 unpatented mining claims covering approximately 17,715 acres, subject to the paramount title of the United States of America, under the administration of the Bureau of Land Management ("BLM"). Under the Mining Law of 1872, which governs the location of unpatented mining claims on federal lands, the owner (locator) has the right to explore, develop, and mine minerals on unpatented mining claims without payments of production royalties to the U.S. government, subject to the surface management regulation of the BLM. Currently, annual claim maintenance fees are the only federal payments related to unpatented mining claims. Annual maintenance fees of $172,355 were paid during 2019.

In addition to the unpatented claims, we also own 17 patented mining claims covering approximately 276 acres and an additional 200 acres of fee lands in Mineral County, Nevada. Patented claims and fee lands unlike unpatented claims, pass title to the holder. The patented claims and fee lands are subject to payment of annual property taxes made to the county where they are located. Annual property taxes on our patented claims and fee lands have been paid through June 30, 2020.

Our properties in Nevada are located in the Walker Lane Mineral Belt which is known for its significant and high-grade gold and silver production. Activities at our properties in Nevada range from exploration at East Camp Douglas and County Line to mineral delineation at Mina Gold to production at Isabella Pearl. We believe that our Nevada properties have excellent potential for additional discoveries of both bulk tonnage replacement-type and bonanza-grade vein-type gold deposits, similar to other gold deposits historically mined in the nearby Paradise Peak, Borealis, Bodie, Tonopah, and Goldfield districts.

Our primary focus is to discover, delineate and advance potential open pit heap leach gold operations, in addition to Isabella Pearl, at our Nevada Mining Unit. We believe that our Nevada properties are highly prospective based on their geology, surface samples, drill results, and close proximity to past and current high-grade gold and silver producing mines. We also target equipment sharing synergies whereby we may move equipment from one project to the next due to their close proximity (approximately 20 miles or less) to each other. The map below shows the general location of our properties (yellow stars) and significant nearby gold deposits held by other parties (red stars) within Nevada:

Operating Properties

Isabella Pearl

Background: In August 2016, we purchased Walker Lane, which owns a 100% interest in the Isabella Pearl project which covers an area of 8,891 acres consisting of 496 unpatented claims. In April 2018, we released our maiden Proven and Probable mineral reserve estimate for the Isabella Pearl project totaling 192,600 gold ounces at an average grade of 2.22 g/t. In 2019, we commenced production of gold doré from an open pit heap leach operation. Based on metallurgical testing, we expect gold recoveries of approximately 81% for crushed ore and 60% for the run-of-mine ("ROM") ore.

Location and Access: The Isabella Pearl project is located in the Gabbs Valley Range in Mineral County, Nevada, approximately 240 kilometers (150 miles) southeast of Reno. Access to the project is by a paved road approximately 10 kilometers (six miles) north of the town of Luning, Nevada. The project has good connections to the infrastructure of west-central Nevada, with access roads to the project site linking to Nevada State Route 361 and U.S. Route 95, the main highway between Reno and Las Vegas.

Geology and Mineralization: The Isabella Pearl project is located in the central portion of the Walker Lane Mineral Belt, a major northwest-trending zone near the western border of Nevada characterized by a series of closely spaced dextral strike-slip faults that were active throughout much of the middle to late Cenozoic. Volcanic rocks of middle Tertiary age cover much of the property and include intermediate lava flows and ignimbrite ash flow sheets. The volcanic rocks unconformably overlie Mesozoic strata including Triassic and Jurassic sedimentary units and Cretaceous and Jurassic igneous units. Within the regional Walker Lane tectonic setting, several major fault zones trend through the property and are dominated by various splays and offset branches that host the gold mineralization in the area.

The gold-silver mineralized zones mainly include the Isabella, Pearl, and Civit Cat North deposits, collectively referred to as the Isabella Pearl deposit. Alteration and mineral assemblages at Isabella Pearl, including widespread argillic alteration and generally abundant alunite, indicate the deposits belong to the high-sulfidation class of epithermal mineral deposits. The age of the mineralization is approximately 19 million years and this early Miocene age conforms to the age of other high-sulfidation epithermal precious-metal deposits in the Walker Lane Belt in which we have no interest (e.g., Goldfield and Paradise Peak).

Facilities: We were granted a positive Record of Decision ("ROD") from the BLM on the Environmental Assessment ("EA") for the Isabella Pearl project in May 2018. This final permit, along with approval from the Company's Board of Directors, allowed us to move the project forward into development and construction. Construction commenced in June 2018 and by the end of 2019 we had completed construction of the Isabella Pearl mine including haul roads, office and laboratory buildings, crushing facility, the heap leach pad, pregnant and barren solution ponds, the ADR processing facility and two water wells. We began shipping gold-loaded carbon to a third-party to be processed into doré April 2019, made initial gold sales of doré in May 2019, and reached commercial production levels in October 2019. In December 2019, we completed construction of the ADR plant and commenced producing doré at the Isabella Pearl Mine site.

Exploration Activities: In 2019, we completed a 110-hole, 8,096-meter reverse circulation drilling program targeted to explore and expand mineral reserves at the Isabella Pearl Mine. This program included in-fill and step-out drill holes on the Pearl, Civit Cat North and Scarlet targets. Numerous high-grade surface samples are situated over historic drill intercepts at Civit Cat North and Scarlet, the latter a potential new deposit located 400 meters northwest of the Isabella Peal Mine. Surface geological and alteration mapping and rock chip sampling continued along the Scarlet trend to the northwest and further to the historic mining area at the Civit Cat North West target. These areas are targeted for surface drilling in the future.

Exploration Properties

Mina Gold

In August of 2016, we purchased 100% interest in the Mina Gold property located in Nevada's Walker Lane Mineral Belt. The property has the potential to be a future open pit heap leach gold operation. Mina Gold reported a historic third-party estimate of mineralized material totaling 1,606,000 tonnes grading 1.88 g/t gold. The property covers an area of 1,328 acres consisting of 66 unpatented claims and 5 patented claims. In 2019, we reviewed results from previous surface drilling to guide follow-up drilling and other exploration activities for Mina Gold. During 2019, we also expanded our land position at Mina Gold by leasing an additional 23 unpatented lode mining claims. These claims will be evaluated along with our other claims at the Mina Gold property in preparation for future surface drilling programs.

East Camp Douglas

In January 2017, we purchased 100% interest in the East Camp Douglas gold property located in Nevada's Walker Lane Mineral Belt. The property covers an area of approximately 5,571 acres consisting of 289 unpatented claims, 12 patented claims and additional fee lands in Mineral County, Nevada. Precious metal epithermal mineralization at East Camp Douglas occurs as both widespread high sulfidation alteration areas and low sulfidation veins. Modern exploration by several mining and exploration companies has established modest gold resource potential in five separate areas on the property, with over 3,000 meters of drill core and a large exploration database. We believe this large property has numerous untested gold targets with open pit heap leach potential warranting an extensive exploration program. During 2019, we continued to review historic geological, exploration and mining data on the East Camp Douglas property. Additional exploration activities included surface geological and alteration mapping and rock chip geochemical sampling of the historic mine workings, mainly at the Kernick, Sunset, and Triumph mines, of the historic Cerro Duro mining area. We also commenced initial 3D-modeling for the historic mine areas. In 2020, we intend to continue to evaluate the resource potential of the historic Cerro Duro mining area using extensive historic drilling and sample data available as well as identifying targets for our first drilling program on the gold-bearing silicified volcanic rocks further to the south in the area we call the "lithocap".

County Line

In March 2018, we purchased 100% interest in the County Line property. The property is located close to our other Nevada properties in central Nevada's Walker Lane Mineral Belt in Mineral and Nye counties. In addition, we staked additional unpatented claims around the property to strengthen the land position and exploration potential. The total land package is 2,401 acres consisting of 116 unpatented lode mining claims and 6 unpatented placer mining claims. During 2019, we continued to review historic geological, exploration and mining data along with conducting surface mapping and rock chip sampling in preparation for a future initial surface drilling program.

2020 Exploration

In 2020, we anticipate spending a total of approximately $7 million for exploration activities in our Oaxaca and Nevada Mining Units. Exploration expenditures may be modified depending on exploration results, metal market conditions and available capital.

Office Facilities

We constructed an administrative office building adjacent to the Aguila processing facility, a mine office adjacent to the Arista Mine portal as part of the Aguila project, and an administrative office building adjacent to the Isabella Pearl open pit mine. We also lease approximately 3,000 square feet of office space in Oaxaca City, Oaxaca. The lease commenced in 2012 and continues for ten years. In 2014, we sold the building that serves as our executive and administrative headquarters in Colorado Springs, Colorado and have leased back a portion under a renewable one-year lease. We also lease approximately 2,500 square feet of office space in Denver, Colorado, which we renewed through February 2022.

Glossary

The following terms used in this report shall have the following meanings:

ADR	An adsorption, desorption and refining (“ADR”) facility which recovers gold from the leached pregnant solution.
Andesite:	An extrusive igneous, volcanic rock, of intermediate composition, with aphanitic to porphyritic texture characteristic of subduction zones, such as the western margin of South America.
Concentrate:	A product from a mineral processing facility such as gravity separation or flotation in which the valuable constituents have been upgraded and unwanted gangue materials rejected as waste.
Doré:	Composite gold and silver bullion usually consisting of approximately 90% precious metals that will be further refined to separate pure metals.
Drift:	A horizontal tunnel generally driven within or alongside an orebody and aligned parallel to the long dimension of the ore.
Epithermal:	Used to describe gold deposits found on or just below the surface close to vents or volcanoes, formed at low temperature and pressure.
Exploration:	Prospecting, sampling, mapping, diamond-drilling and other work involved in locating the presence of economic deposits and establishing their nature, shape and grade.
Grade:	The concentration of an element of interest expressed as relative mass units (percentage, ounces per ton, grams per tonne (“g/t”), etc.).
Hectare:	Another metric unit of measurement, for surface area. One hectare equals 1/200th of a square kilometer, 10,000 square meters, or 2.47 acres. A hectare is approximately the size of a soccer field.
Long-hole Stoping:	Mining method which uses holes drilled by a production drill to a predetermined pattern by a mining engineer. Long-hole stoping is a highly selective and productive method of mining and can cater for varying ore thicknesses and dips (0 - 90 degree). Blasted rock is designed to fall into a supported drawpoint or removed with remote control LHD (load, haul, dump machine).
Heap Leaching:	Consists of stacking crushed or run-of-mine ore on impermeable pads, where a weak cyanide solution is applied to the surface of the heap to dissolve the gold. The gold-bearing solution is then collected and pumped to process facilities to remove the gold by collection on carbon.
Mineralized Material:	Minerals or any mass of host rock in which minerals of potential commercial value occur.
Net Smelter Return (“NSR”):	The net revenue that the owner of a mining property receives from the sale of the mine's metal products less transportation and refining costs. As a royalty it refers to the fraction of net smelter return that a mine operator is obligated to pay the owner of the royalty agreement.
Mineral Deposit:	Rocks that contain economic amounts of minerals in them and that are expected to be profitably mined.

Patented Claim:	A mining claim for which the U.S. Federal Government has passed its title to the claimant, making it private land. A person may mine and remove minerals from a mining claim without a mineral patent. However, a mineral patent gives the owner exclusive title to the locatable minerals and in most cases, grants title to the surface.
Tonne:	A metric ton. One tonne equals 1000 kg. It is equal to approximately 2,204.62 pounds.
Unpatented Claim:	A particular parcel of U.S. Federal land, valuable or believed to be valuable for a specific mineral deposit or deposits. It is a parcel for which an individual has asserted a right of possession. The right is restricted to the extraction and development of a mineral deposit.
Volcanogenic:	Of volcanic origin.
Volcanic domes:	These are mounds that form when viscous lava is erupted slowly and piles up over the vent, rather than moving away as lava flow. The sides of most domes are very steep and typically are mantled with unstable rock debris formed during or shortly after dome emplacement. Most domes are composed of silica-rich lava which may contain enough pressurized gas to cause explosions during dome extrusion.

ITEM 3. LEGAL PROCEEDINGS

In February 2020, a local ejido community filed a lawsuit against the Mexican federal government challenging the validity of mining concessions that affect the ejido land. We are one of several mining companies identified as interested third parties and are prepared to defend the validity of the issuance of the mining concessions to us to the extent possible as a non-named party in the proceeding. While none of the mining concessions at issue impact our current operations, future access to these concessions for exploration or mining may be impacted should the matter be decided in favor of the local community.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Annual Report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES

Market Information

Our common stock trades on the New York Stock Exchange American ("NYSE American") under the symbol "GORO".

On February 28, 2020, the high and low market prices of our common stock on the NYSE American were $4.42 and $3.99, respectively, and we had approximately 200 holders of record.

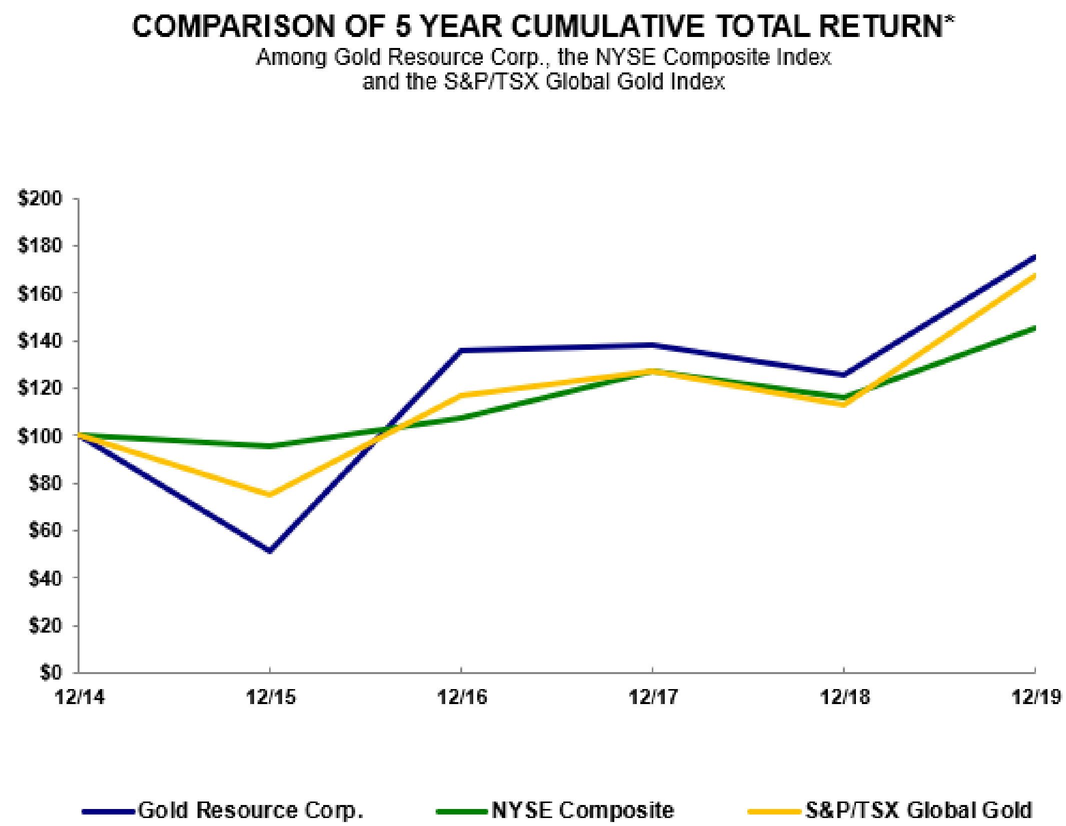
Purchases of Equity Securities by the Company

In September 2011, our Board of Directors authorized a share repurchase of up to $20.0 million with no pre-established end date. During 2019 and 2018, we did not repurchase any shares of Gold Resource Corporation common stock on the open market, and approximately $14.0 million remains available in the share repurchase program as of December 31, 2019.

Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference in such filing.

The following graph compares the performance of our common stock with the performance of the NYSE American Composite Index and the S&P TSX Global Gold Fund, assuming reinvestment of dividends on December 31 of each year indicated. The graph assumes $100 invested at the per share closing price in Gold Resource Corporation and each of the indices on from December 31, 2014 to December 31, 2019.



*$100 invested on 12/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Transfer Agent

Computershare Trust Company, N.A. is the transfer agent for our common stock. The principal office of Computershare is located at 8742 Lucent Boulevard, Suite 225, Highlands Ranch, Colorado 80129 and its telephone number is (303) 262-0600.

Dividend Policy

Since our inception, one of management’s primary goals has been to make cash dividend distributions to shareholders. Since commercial production began at the Aguila project in July 2010, we have returned over $113 million to our shareholders in consecutive monthly dividends. Regular dividends should not be considered a prediction or guarantee of future dividends.

Physical Dividend Program

In 2012, we launched a physical dividend program pursuant to which our shareholders have the option to convert the cash dividends that we pay into physical gold and silver bullion. As part of our overall strategy to diversify our treasury and to facilitate this program, we may periodically purchase gold and silver bullion. In order for a shareholder to convert their cash dividend into physical gold and/or silver, the shareholder must opt-in to the physical dividend program and request the conversion of their cash dividend, or portion thereof, into physical gold and/or silver. For those shareholders who elect to convert their cash dividend into gold and/or silver bullion, the gold and silver will be delivered in the form of gold or silver Gold Resource Corporation one-ounce bullion rounds. No action is required by any shareholder who elects not to participate in the physical metals program. For those shareholders who wish to convert any portion of their cash dividend into gold and/or silver bullion, the process is summarized as follows:

- Shareholders must register and hold their Gold Resource Corporation common shares in their name directly with our transfer agent, Computershare Investor Services, and not through a brokerage house or other intermediary held in a “street name”. This is a requirement so that we can locate and validate the shareholder’s position in our common stock.
- Shareholders must set up an individual account with Gold Bullion International (“GBI”), 1325 Avenue of the Americas, 7th Floor, Suite 0703-2, New York, NY 10019. GBI facilitates the cash to gold and silver conversion.
- Shareholders then direct their cash dividend check issued by Computershare to be electronically deposited to the shareholder’s GBI account for the option to have it, or any portion thereof that denominates into a one-ounce gold or silver bullion round. The election to convert all or any portion of the shareholder’s cash dividend into bullion is governed by an agreement between the shareholder and GBI.
- Shareholders with accounts at GBI who wish to change their current gold, silver or cash allocations for their cash dividend must do so by midnight Eastern Time on the date preceding the monthly dividend record date. We issue a press release with details of each dividend declaration, and the dividend record and payment dates.
- On the dividend record date, the number of bullion ounces to be converted and distributed to the shareholder’s individual account on the dividend payment date is calculated as the dollar value of that portion of the cash dividend the shareholder elected to convert to bullion, divided by the London Bullion Market PM gold fix plus gold bullion minting cost factors on the record date or the London Bullion Market silver fix plus silver bullion minting cost factors on the record date.

Only whole ounces of gold and silver bullion are credited to a shareholder’s individual account on the dividend payment date. The cash value attributable to fractional ounces will remain in the shareholder’s individual account as cash until such time as future dividends provide the shareholder with sufficient cash to convert to whole ounces of gold or silver based on the London PM gold fix and silver fix on a future dividend record date, and based on the shareholder’s self-directed gold, silver or cash allocations in effect at that time. The shareholder may also choose to move their cash out of their GBI account. Shareholders cannot move cash into their GBI account for conversion into gold and silver. Only the shareholder’s cash dividend sent from Computershare is eligible for conversion.

We encourage shareholders who have questions concerning the physical dividend program to contact our investor relations department at (303) 320-7708.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data sets forth our summary historical financial data as of and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015. This information was derived from our audited consolidated financial statements for each year. Our selected historical financial data is qualified in its entirety by, and should be read in conjunction with, **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations** and the audited consolidated financial statements and the notes thereto included elsewhere in this report.

	Years Ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
	(In thousands, except per share amounts)				
Sales, net	$ 135,366	$ 115,308	$ 110,156	$ 83,227	$ 92,701
Mine gross profit	29,115	33,690	42,115	22,433	30,323
Net income	5,832	9,288	4,150	4,387	3,062
Net income per common share:					
Basic and diluted	0.09	0.16	0.07	0.08	0.06
Cash dividends declared	0.03	0.02	0.02	0.03	0.11

	As of December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
	(In thousands)				
Total Assets	$ 193,012	$ 150,331	$ 132,923	$ 118,443	$ 106,499
Long-term obligations	6,982	5,507	5,809	2,425	2,815

Please see the consolidated financial statements included in this Form 10-K under **Item 8** for additional information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for the historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this report. Our actual future results or actions may differ materially from these forward-looking statements for many reasons, including but not limited to the risks described in "Risk Factors" and elsewhere in this annual report and other reports filed by us with the SEC. This discussion and analysis of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and related notes included in this report and with the understanding that our actual future results may be materially different from what we currently expect.

Introduction

The following discussion summarizes our results of operations for two fiscal years ended December 31, 2019 and 2018 and our financial condition at December 31, 2019 and 2018, with a particular emphasis on the year ended December 31, 2019. A discussion regarding our financial condition and results of operations for 2018 compared with 2017 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the SEC on February 26, 2019.

The discussion also presents certain non-GAAP financial measures that are important to management in its evaluation of our operating results and which are used by management to compare our performance with what we perceive to be peer group mining companies and are relied on as part of management's decision-making process. Management believes these measures may also be important to investors in evaluating our performance. For a detailed description of each of the non-GAAP financial measures, please see the discussion under **Non-GAAP Measures.**

In our financial statements, we report the sale of precious and base metals as revenue and we periodically review our revenue streams to ensure that this treatment remains appropriate. We consider precious metals to be the long-term primary driver of our economic decisions and believe that base metals are secondary products.

Precious metal gold equivalent is determined by taking gold ounces produced or sold, plus silver ounces produced or sold converted to precious metal gold equivalent ounces using the gold to silver average realized price ratio for the period.

Highlights for the year ended December 31, 2019 are summarized below and discussed further in our Management's Discussion and Analysis:

2019 Highlights

- Achieved our ninth consecutive year of profitability;
- Record consolidated annual gold production;
- Achieved 2019 Oaxaca Mining Unit gold production guidance range with 29,435 ounces;
- Achieved 2019 Oaxaca Mining Unit silver production guidance range with 1.72 million ounces
- $135.4 million consolidated net sales, an increase of 17%;
- $5.8 million net income or $0.09 per share;
- Oaxaca Mining Unit $264 total cash costs (after by-product credits) per precious metal gold equivalent ounce sold;
- Oaxaca Mining Unit $646 total all-in sustaining cost per precious metal gold equivalent ounce sold;
- Completed construction and commenced production at the Isabella Pearl Mine, producing 10,883 ounces of gold and 9,752 ounces of silver; and
- $1.5 million distributed in shareholder dividends, totaling over $113 million since 2010.

Overview

We are a mining company which pursues gold and silver projects that are expected to achieve both low operating costs and high returns on capital. We have two mining units, the Oaxaca Mining Unit located in Oaxaca, Mexico and the Nevada Mining Unit located in Nevada, USA. Our Oaxaca Mining Unit consists of six properties and includes mineral production primarily from the Arista underground mine and to a lesser extent the Aguila Open Pit mine, both of which are located at the Aguila project. We also produce from the Mirador underground mine at the Alta Gracia project. All three mines supply ore to our processing facilities located at the Aguila project. We produce doré and metal concentrates which contain precious metals of gold and silver and base metals of copper, lead and zinc. Our Nevada Mining Unit consists of four properties and includes the Isabella Pearl Mine which commenced production in mid-2019. The Isabella Pearl Mine mineralization is predominantly gold with some silver from which we produce doré.

Results of Operations—Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Sales, net. During the year ended December 31, 2019, consolidated sales, net were $135.4 million as compared to $115.3 million for the same period in 2018. The increase is attributable to an increase in gold and base metal sales volumes in 2019, of which 10,272 gold ounces or $15.1 million was from the Isabella Pearl Mine which began selling doré in May 2019. For the year ended December 31, 2019, consolidated sales volumes totaled 34,439 ounces and 1,477,192 ounces of gold and silver, respectively, as compared to 22,886 ounces and 1,529,951 ounces of gold and silver, respectively, for the same period in 2018. Please see the Oaxaca and Nevada Mining Unit's sales discussion below for more information.

Mine gross profit. For the year ended December 31, 2019, mine gross profit and mine gross profit percent totaled $29.1 million and 22% compared to $33.7 million and 29% for the same period in 2018. The decrease in mine gross profit and mine gross profit percent during 2019 primarily resulted from higher treatment and refining costs which were slightly offset by higher sales volumes from higher throughput in 2019 as compared to 2018, and higher precious metal prices.

General and administrative expenses. For the year ended December 31, 2019, general and administrative expenses totaled $9.9 million, compared to $9.3 million for the same period of 2018. The $0.6 million increase in 2019, compared to 2018 is primarily due to increased stock-based compensation.

Exploration expenses. For the year ended December 31, 2019, property exploration expenses totaled $3.7 million as compared to $4.7 million for the same period of 2018. The decrease of $1.0 million was the result of the Isabella Pearl Mine commencing production in 2019.

Other expense, net. For the year ended December 31, 2019, we recorded other expense of $0.6 million compared to other expense of $3.1 million during the same period of 2018. The $2.5 million decrease in 2019 compared to the same period in 2018 was due to our mark-to-market gains on our gold and silver bullion/rounds due to the increasing prices in 2019 as compared to 2018 where prices were declining and less exchange rate fluctuation between the U.S. Dollar and Mexican Peso. Additionally, in 2018 we recorded the allowance for doubtful accounts receivable resulting from the bankruptcy filing of one of our customers. Please see **Note 17 to the Consolidated Financial Statements** for additional information.

Provision for income taxes. For the year ended December 31, 2019, income tax expense increased to $9.1 million from $7.3 million from the same period in 2018. The increase in tax expense is mostly due to the inclusion of the Global Intangible Low Taxed Income ("GILTI"). Please see **Note 5** in **Item 8. Financial Statements and Supplementary Data** for additional information.

Net income. For the ended December 31, 2019, we recorded net income of $5.8 million as compared to net income of $9.3 million during the same period in 2018.

Oaxaca Mining Unit Sales, net

Oaxaca Mining Unit net sales of $120.3 million for the year ended December 31, 2019 increased by $5.0 million, or 4%, when compared to 2018. The increase in our 2019 sales is primarily attributable to an increase in gold and base metal production and sales volumes. Metal sales volume in 2019 increased over 2018 volumes as follows: gold by 6%, copper by 9%, lead by 19%, and zinc by 20%. In addition to higher sales volumes, average realized prices for gold and silver increased 13% and 4%, respectively, from 2018. The increases in gold and base metal sales volumes and gold and silver average price was partially offset by the declining base metal prices from 2018 as well as increased treatment and refining charges. For the year ended December 31, 2019, average realized prices for copper, lead, and zinc decreased from the same period in 2018 as follows: copper by 5%, lead by 6%, and zinc by 7%.

During 2019, we sold 24,167 gold ounces and 1,468,860 silver ounces from our Oaxaca Mining Unit at a total cash cost per precious metal gold equivalent ounce after by-product credits, of $264. During the three months ended December 31, 2019, we sold 6,966 gold ounces and 372,729 silver ounces at a total cash cost per gold equivalent ounce after by-product credits, of $220. Please see **Non-GAAP Measures** below for additional information concerning the cash cost per ounce measures.

The following **Sales Statistics** table summarizes certain information about our Oaxaca Mining Unit operations for the periods indicated:

	Three months ended December 31,		Year ended December 31,	
	2019	**2018**	**2019**	**2018**
Metal sold				
Gold (ozs.)	6,966	6,142	24,167	22,886
Silver (ozs.)	372,729	285,859	1,468,860	1,529,951
Copper (tonnes)	436	420	1,656	1,521
Lead (tonnes)	2,073	1,892	8,034	6,754
Zinc (tonnes)	4,933	4,596	19,322	16,123
Average metal prices realized (1)				
Gold ($ per oz.)	1,484	1,214	1,418	1,259
Silver ($ per oz.)	17.39	13.70	16.31	15.65
Copper ($ per tonne)	5,938	5,871	6,003	6,345
Lead ($ per tonne)	2,072	1,741	2,001	2,119
Zinc ($ per tonne)	2,382	1,825	2,576	2,770
Precious metal gold equivalent ounces sold				
Gold Ounces	6,966	6,142	24,167	22,886
Gold Equivalent Ounces from Silver	4,368	3,226	16,895	19,018
Total Precious Metal Gold Equivalent Ounces	11,334	9,368	41,062	41,904
Total cash cost before by-product credits per precious metal gold equivalent ounce sold (2)	$ 1,864	$ 1,858	$ 2,109	$ 1,722
Total cash cost after by-product credits per precious metal gold equivalent ounce sold (2) (3)	$ 220	$ 42	$ 264	$ 84
Total all-in sustaining cost per precious metal gold equivalent ounce sold(2)	$ 565	$ 426	$ 646	$ 655

(1) Average metal prices realized vary from the market metal prices due to final settlement adjustments from our provisional invoices when they are settled. Our average metal prices realized will therefore differ from the market average metal prices in most cases.
(2) Non-GAAP measure.
(3) Total cash cost after by-product credits are significantly affected by base metals sales during the periods presented.

Oaxaca Mining Unit Production

Our 2019 full year production of 29,435 gold ounces and 1,722,852 silver ounces from the Oaxaca Mining Unit achieved our targeted ranges for the year. Our 2019 production outlook was 27,000 gold ounces and 1,700,000 silver ounces plus or minus 10%.

For the year ended December 31, 2019, gold and silver production of 29,435 ounces and 1,722,852 ounces increased 10% and 3%, respectively, from the same period in 2018. The increase in precious metal production is a direct result of a 13% increase in mill throughput. Daily average milled tonnage for 2019 was 1,980 tonnes.

During 2019, the Arista Mine accounted for 91% of the production tonnage followed by the Mirador Mine and Aguila open pit with 5% and 4%, respectively.

For the three months ended December 31, 2019, production totaled 7,554 ounces of gold and 417,877 ounces of silver, representing a decrease of 5% in gold production and an increase of 26% in silver production, from the same period in 2018. The variance in production for gold and silver in the fourth quarter is a result of variation of grades as compared to 2018. The lower gold grade was partially offset by the record average milled tonnage of 2,017 tonnes per day or 7% increase when compared to the same period in 2018. The higher mill throughput resulted from mining efficiencies gained by producing from multiple work faces of the Arista and Switchback vein systems.

Gold and silver ore grades vary depending on the areas of the Arista Mine being worked at any given time. We have seen an expected decrease of precious metal grades and an increase in base metal grades as we have mined deeper in the deposit over the last nine years. The fluctuation in grades with depth is a function of the metal gradation in the epithermal vein system. Higher precious metal and lower base metal grades are present in the upper part of an epithermal system and the reverse, higher base metal and lower precious metal grades, in the lower part of an epithermal system. As we increase mining operations in this particular area of the Switchback vein system, we are currently in an area and at a depth with high base metal grades and lower precious metal grades. As mining progresses in future years at Switchback, precious metal grades are expected to increase and base metal grades decrease. This is not only evidenced by our drill results in the upper levels of the Switchback vein system but our experience with the gradation at the Arista vein system having generally mined it from the top down over the last nine years.

During the three and twelve months ended December 31, 2019, we processed ore at a rate of 2,017 and 1,980 ore tonnes per day, respectively, compared to 1,885 and 1,764 ore tonnes per day for the same periods in 2018. The agitated leach plant maintained a high utilization in 2019 processing 63,306 tonnes and averaging 180 tonnes per day. Feed for this plant was provided by the Aguila Open pit and the Mirador Mine.

The following **Production Statistics** table summarizes certain information about our Oaxaca Mining Unit operations for the periods indicated:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Arista Mine				
Milled				
Tonnes Milled	160,701	149,494	629,868	560,191
Grade				
Average Gold Grade (g/t)	1.77	1.82	1.73	1.69
Average Silver Grade (g/t)	78	65	82	95
Average Copper Grade (%)	0.37	0.35	0.38	0.37
Average Lead Grade (%)	1.79	1.72	1.88	1.66
Average Zinc Grade (%)	4.41	4.45	4.64	4.29
Aguila Open Pit Mine				
Milled				
Tonnes Milled	7,367	10,705	31,343	36,435
Grade				
Average Gold Grade (g/t)	1.31	2.02	1.65	2.08
Average Silver Grade (g/t)	77	38	53	41
Mirador Mine				
Milled				
Tonnes Milled	9,422	3,800	31,962	15,044
Grade				
Average Gold Grade (g/t)	0.82	1.52	0.91	1.43
Average Silver Grade (g/t)	179	222	195	174
Combined				
Tonnes milled	177,490	163,999	693,173	611,670
Tonnes Milled per Day [(1)]	2,017	1,885	1,980	1,764
Metal production (before payable metal deductions) [(2)]				
Gold (ozs.)	7,554	7,974	29,435	26,838
Silver (ozs.)	417,877	330,605	1,722,852	1,672,034
Copper (tonnes)	452	446	1,859	1,652
Lead (tonnes)	2,286	2,006	9,202	7,280
Zinc (tonnes)	5,734	5,572	23,683	19,808

(1) Based on actual days the mill operated during the period.
(2) The difference between what we report as "ounces/tonnes produced" and "payable ounces/tonnes sold" is attributable to the difference between the quantities of metals contained in the concentrates we produce versus the portion of those metals actually paid for according to the terms of our sales contracts. Differences can also arise from inventory changes incidental to shipping schedules, or variances in ore grades and recoveries which impact the amount of metals contained in concentrates produced and sold.

Nevada Mining Unit Sales, net

In May of 2019, we began selling gold and silver doré from our Isabella Pearl Mine. During the three months ended December 31, 2019, we sold 5,097 and 4,186 ounces of gold and silver, respectively, from the Isabella Pearl Mine for net sales of $7.6 million. During the year ended December 31, 2019, we sold 10,272 and 8,332 ounces of gold and silver, respectively, for net sales of $15.1 million.

The following **Sales Statistics** table summarizes certain information about our Nevada Mining Unit operations for the periods indicated:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Metal sold				
Gold (ozs.)	5,097	-	10,272	-
Silver (ozs.)	4,186	-	8,332	-
Average metal prices realized [(1)]				
Gold ($ per oz.)	1,482	-	1,468	-
Silver ($ per oz.)	16.89	-	17.04	-
Total cash cost before by-product credits per gold ounce sold [(2)]	$ 1,110	$ -	$ 1,054	$ -
Total cash cost after by-product credits per gold ounce sold [(2)]	$ 1,096	$ -	$ 1,040	$ -
Total all-in sustaining cost per gold ounce sold [(2)]	$ 1,096	$ -	$ 1,049	$ -

(1) Average metal prices realized vary from the market metal prices due to final settlement adjustments from our provisional invoices when they are settled. Our average metal prices realized will therefore differ from the market average metal prices in most cases.

(2) Non-GAAP measure.

Nevada Mining Unit Production

During the three months ended December 31, 2019, our Isabella Pearl Mine produced 5,502 ounces and 5,293 ounces of gold and silver, respectively. During the year ended December 31, 2019, our Isabella Pearl Mine produced 10,883 ounces and 9,752 ounces of gold and silver, respectively. Production in 2020 is expected to increase from 2019 as the mine began production is April 2019 and was in ramp up until it reached commercial production levels in October 2019. We will begin to access the higher-grade ore of the Pearl deposit in 2020.

The following **Production Statistics** table summarizes certain information about our Isabella Pearl operations for the periods indicated:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
Ore mined				
Ore (tonnes)	164,277	-	934,723	-
Gold grade (g/t)	1.09	-	0.76	-
Low-grade stockpile (tonnes)				
Ore (tonnes)	57,839	-	529,959	-
Gold grade (g/t)	0.46	-	0.51	-
Waste (tonnes)	1,557,021	-	4,504,360	-
Metal production (before payable metal deductions) [(1)]				
Gold (ozs.)	5,502	-	10,883	-
Silver (ozs.)	5,293	-	9,752	-

(1) The difference between what we report as "ounces produced" and "payable ounces sold" is attributable to the difference between the quantities of metals contained in the doré we produce versus the portion of those metals actually paid for according to the terms of our sales contracts. Differences can also arise from inventory changes incidental to shipping schedules, or variances in ore grades and recoveries which impact the amount of metals contained in doré produced and sold.

2020 Production Targets

Precious metal production targets for 2020 are 54,000 gold ounces, and 1,700,000 silver ounces, with a plus or minus range of 10% of each metal. In addition, significant base metal production of copper, lead, and zinc is expected.

Non-GAAP Measures

Throughout this report, we have provided information prepared or calculated according to U.S. GAAP and have referenced some non-GAAP performance measures which we believe will assist with understanding the performance of our business. These measures are based on precious metal gold equivalent ounces sold and include cash cost before by-product credits per ounce, total cash cost after by-product credits per ounce, and total all-in sustaining cost per ounce ("AISC"). Because the non-GAAP performance measures do not have any standardized meaning prescribed by U.S. GAAP, they may not be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with U.S. GAAP. These non-GAAP measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP.

For financial reporting purposes, we report the sale of base metals as part of our revenue. Revenue generated from the sale of base metals in our concentrates is considered a by-product of our gold and silver production for the purpose of our total cash cost after by-product credits for our Oaxaca Mining Unit. We periodically review our revenues to ensure that our reporting of primary products and by-products is appropriate. Because we consider copper, lead and zinc to be by-products of our precious metal production, the value of these metals continues to be applied as a reduction to total cash costs in our calculation of total cash cost after by-product credits per precious metal gold equivalent ounce sold. Likewise, we believe the identification of copper, lead and zinc as by-product credits is appropriate because of their lower individual economic value compared to gold and silver and due to the fact that gold and silver are the primary products we intend to produce. For our Nevada Mining Unit, silver sales are treated as a by-product.

Total cash cost, after by-product credits, is a measure developed by the Gold Institute in an effort to provide a uniform standard for comparison purposes. AISC is calculated based on the current guidance from the World Gold Council.

Total cash cost before by-product credits includes all direct and indirect production costs related to our production of metals (including mining, milling and other plant facility costs, smelter treatment and refining charges, royalties, and site general and administrative costs) less stock-based compensation allocated to production costs plus treatment and refining costs.

Total cash cost after by-product credits includes total cash cost before by-product credits less by-product credits, or revenues earned from base metals.

AISC includes total cash cost after by-product credits plus other costs related to sustaining production, including sustaining allocated general and administrative expenses and sustaining capital expenditures. We determined sustaining capital expenditures as those capital expenditures that are necessary to maintain current production and execute the current mine plan.

Cash cost before by-product credits per ounce, total cash cost after by-product credits per ounce and AISC are calculated by dividing the relevant costs, as determined using the cost elements noted above, by precious metal gold equivalent ounces sold for the periods presented.

Reconciliations to U.S. GAAP

The following table provides a reconciliation of Oaxaca and Nevada Mining Units' total cash cost after by-product credits to total mine cost of sales (a U.S. GAAP measure) as presented in the **Consolidated Statements of Operations**:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
	(in thousands)			
Oaxaca Mining Unit				
Total cash cost after by-product credits	$ 2,487	$ 400	$ 10,830	$ 3,540
Treatment and refining charges	(3,158)	(1,243)	(13,996)	(5,565)
By-product credits	18,634	17,009	75,788	68,625
Depreciation and amortization	5,973	4,029	18,928	14,616
Reclamation and remediation	16	(49)	65	330
Share-based compensation allocated to production costs	23	29	55	72
Total Oaxaca Mining Unit mine cost of sales	23,975	20,175	91,670	81,618
Nevada Mining Unit				
Total cash cost after by-product credits	5,587	-	10,682	-
Treatment and refining charges	(10)	-	(19)	-
Depreciation and amortization	1,923	-	3,884	-
Reclamation and remediation	6	-	34	-
Total Nevada Mining Unit mine cost of sales	7,506	-	14,581	-
Total consolidated mine cost of sales	$ 31,481	$ 20,175	$ 106,251	$ 81,618

The following table presents a reconciliation of the non-GAAP measures of total cash cost before by-product credits, total cash cost after by-product credits and AISC for our Oaxaca Mining Unit:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
	(in thousands, except ounces sold and cost per precious metal gold equivalent ounce sold)			
Total cash cost before by-product credits [1]	$ 21,121	$ 17,409	$ 86,618	$ 72,165
By-product credits [2]	(18,634)	(17,009)	(75,788)	(68,625)
Total cash cost after by-product credits	2,487	400	10,830	3,540
Sustaining capital expenditures	3,196	2,530	12,495	20,640
Sustaining general and administrative expenses	715	1,070	3,190	3,302
Total all-in sustaining cost	$ 6,398	$ 4,000	$ 26,515	$ 27,482
Precious metal gold equivalent ounces sold [3]	11,334	9,368	41,062	41,904
Total cash cost before by-product credits per precious metal gold equivalent ounce sold	$ 1,864	$ 1,858	$ 2,109	$ 1,722
By-product credits per precious metal gold equivalent ounce sold	(1,644)	(1,816)	(1,845)	(1,638)
Total cash cost after by-product credits per precious metal gold equivalent ounce sold	220	42	264	84
Other sustaining expenditures per precious metal gold equivalent ounce sold	345	384	382	571
Total all-in sustaining cost per precious metal gold equivalent ounce sold	$ 565	$ 426	$ 646	$ 655

(1) Production cost less stock-based compensation allocated to production cost plus treatment and refining charges.
(2) Please see the tables below for a summary of our by-product revenue and by-product credit per precious metal equivalent ounces sold.
(3) Gold ounces sold, plus gold equivalent ounces of silver ounces sold converted to gold ounces using our realized gold price per ounce to silver price per ounce ratio.

The following tables summarize our Oaxaca Mining Unit's by-product revenue and by-product credit per precious metal gold equivalent ounce sold:

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
	(in thousands)			
By-product credits by dollar value:				
Copper sales	$ 2,590	$ 2,465	$ 9,947	$ 9,651
Lead sales	4,295	3,294	16,072	14,312
Zinc sales	11,749	11,250	49,769	44,662
Total sales from by-products (1)	$ 18,634	$ 17,009	$ 75,788	$ 68,625

(1) Amounts include realized gain (loss) on embedded derivative. Please see **Note 19 to the Condensed Consolidated Financial Statements** for additional information.

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
By-product credits per precious metal gold equivalent ounce sold:				
Copper sales	$ 228	$ 263	$ 242	$ 230
Lead sales	379	352	391	342
Zinc sales	1,037	1,201	1,212	1,066
Total by-product credits per precious metal gold ounces sold	$ 1,644	$ 1,816	$ 1,845	$ 1,638

The following table presents a reconciliation of the non-GAAP measures of total cash cost and AISC for our Nevada Mining Unit:

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
	(in thousands, except ounces sold and cost per gold ounce sold)			
Total cash cost before by-product credits (1)	$ 5,657	$ -	$ 10,825	$ -
By-product credits (2)	(70)	-	(143)	-
Total cash cost after by-product credits	$ 5,587	$ -	$ 10,682	$ -
Sustaining exploration expenses	-	-	88	-
Total all-in sustaining cost	$ 5,587	$ -	$ 10,770	$ -
Gold ounces sold	5,097	-	10,272	-
Total cash cost before by-product credits per gold ounce sold	$ 1,110	$ -	$ 1,054	$ -
By-product credits per gold ounce sold (2)	(14)	-	(14)	-
Total cash cost after by-product credits per gold ounce sold	1,096	-	1,040	-
Other sustaining expenditures per gold ounce sold	-	-	9	-
Total all-in sustaining cost per gold ounce sold	$ 1,096	$ -	$ 1,049	$ -

(1) Production cost plus treatment and refining charges.
(2) Please see the tables below for a summary of our by-product revenue and by-product credit.

The following tables summarize our Nevada Mining Unit's by-product revenue and by-product credit per gold ounce sold:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
	(in thousands)			
By-product credits by dollar value:				
Silver sales	$ 70	$ -	$ 143	$ -
Total sales from by-products	$ 70	$ -	$ 143	$ -

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
By-product credits:				
Silver sales	$ 14	$ -	$ 14	$ -
Total	$ 14	$ -	$ 14	$ -

Liquidity and Capital Resources

As of December 31, 2019, we had working capital of $22.7 million, consisting of current assets of $50.7 million and current liabilities of $28.0 million. This represents an increase of $8.9 million from the working capital balance of $13.8 million at December 31, 2018. Our working capital balance fluctuates as we use cash to fund our operations, financing and investing activities, including exploration, mine development, income taxes and shareholder dividends. We believe that our liquidity and capital resources are adequate to fund our operations and corporate activities for the foreseeable future.

Our December 31, 2019 working capital was negatively affected by the current operating lease liability of $7.3 million as a result of the adoption of the new leasing standard in 2019. Please see **Note 12 to the Consolidated Financial Statements** for more information.

Cash and cash equivalents as of December 31, 2019 increased to $11.1 million from $7.8 million as of December 31, 2018, a net increase in cash of $3.3 million. The increase is primarily due to cash from operations and cash received from our ATM program which was offset by cash spent for the construction and development of our Isabella Pearl Mine.

Net cash provided by operating activities for the years ended December 31, 2019 and 2018 was $21.4 million and $22.3 million, respectively. An increase in depreciation and amortization (a non-cash expense) in 2019 was offset by increases in accounts receivable and inventories and other changes in operating assets and liabilities.

Net cash used in investing activities for the year ended December 31, 2019 was $39.5 million compared to $40.1 million during the same period in 2018. The slight decrease in investing activities is primarily attributable to decreased mine development and completion of critical capital projects at our Oaxaca Mining Unit which was mostly offset with increased development and construction of our Isabella Pearl project.

Net cash provided by financing activities for the year ended December 31, 2019 was $21.8 million compared to $3.5 million in 2018 due to proceeds from the sale of our common stock under the ATM agreement in 2019. During the year ended December 31, 2019, we sold 6,625,588 shares of common stock under the ATM Agreement for net proceeds of $24.4 million. We renewed the ATM Agreement in November 2019, effective if and when the related registration statement is effective. At such time the previous agreement would be terminated.

Off-Balance Sheet Arrangements

As of December 31, 2019, we have the following off-balance sheet arrangements: equipment purchase obligations of $0.9 million and $6.7 million of outstanding reclamation bonds.

Contractual Obligations

The following table represents a summary of our contractual obligations at December 31, 2019, except short-term cancellable purchase order commitments arising in the ordinary course of business:

	Payments due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands)		
Loan payable	$ 1,661	$ 879	782	$ -	$ -
Finance lease obligation	881	447	431	3	-
Interest on loan payable	65	49	16	-	-
Interest on finance lease obligation	50	37	13	-	-
Operating lease obligations	7,594	7,430	164	-	-
Contract Mining Agreement[1]	8,073	8,073	-	-	-
Equipment purchase obligations	907	777	130	-	-
	$ 19,231	$ 17,692	$ 1,536	$ 3	$ -

(1) We signed a 24-month Contract Mining Agreement with a contract miner on November 14, 2018 relating to mining activities at our Isabella Pearl project. We will be paying the contract miner operational costs in the normal course of business. These costs represent the remaining future minimum payments for the Contract Mining Agreement over the initial 24 months of the agreement. The future minimum payments are determined by rates within the Contract Mining Agreement, estimated tonnes moved and bank cubic yards for drilling and blasting.

Accounting Developments

For a discussion of Recently Adopted Accounting Pronouncements and Recently Issued Accounting Pronouncements, please see **Note 1** in **Item 8. Financial Statements and Supplementary Data**.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. As a result, management is required to routinely make judgments and estimates about the effects of matters that are inherently uncertain. Actual results may differ from these estimates under different conditions or assumptions. The following discussion pertains to accounting estimates management believes are most critical to the presentation of our financial position and results of operations that require management's most difficult, subjective or complex judgments.

Future Metals Prices

Metals prices are key components in estimates that determine the valuation of some of our significant assets and liabilities, including properties, plant and equipment, deferred tax assets, and certain accounts receivable. Metals prices are also an important component in the estimation of reserves. As shown above in **Item 1. – Business**, metals prices have historically been volatile. Silver demand arises from investment demand, particularly in exchange-traded funds, industrial demand, and consumer demand. Gold demand arises primarily from investment and consumer demand. Investment demand for silver and gold can be influenced by several factors, including: the value of the U.S. dollar and other currencies, changing U.S. budget deficits, widening availability of exchange-traded funds, interest rate levels, the health of credit markets, and inflationary expectations.

Proven and Probable Reserves

Critical estimates are inherent in the process of determining our reserves. Our reserves are affected largely by our assessment of future metals prices, as well as by engineering and geological estimates of ore grade, accessibility and production cost. Metals prices are estimated at three-year trailing averages. Our assessment of reserves occurs at least annually. Reserves are a key component in the valuation of our property, equipment and mine development and related depreciation rates.

Reserve estimates are used in determining appropriate rates of units-of-production depreciation, with net book value of many assets depreciated over remaining estimated reserves. Reserves are also a key component in forecasts of estimated future cash flows, which we compare to current asset values in an effort to ensure that carrying values are reported appropriately, as well as assessment of the recoverability of deferred tax assets related to expectations of future taxable income. Reserves are a culmination of many estimates and are not guarantees that we will recover the indicated quantities of metals or that we will do so at a profitable level.

Revenue

Concentrate sales are initially recorded based on 100% of the provisional sales prices, net of treatment and refining charges, at the time of delivery to the customer at which point the performance obligations are satisfied and control of the product is transferred to the customer. Adjustments to the provisional sales prices are made to take into account the mark-to-market changes based on the forward prices of metals until final settlement occurs. The changes in price between the provisional sales price and final sales price are considered an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the concentrates at the quoted metal prices at the time of delivery. The embedded derivative, which does not qualify for hedge accounting, is adjusted to market through revenue each period prior to final settlement. Market changes in the prices of metals between the delivery and final settlement dates will result in adjustments to revenues related to previously recorded sales of concentrate. Sales are recorded net of charges for treatment, refining, smelting losses and other charges negotiated with the buyer. These charges are estimated upon delivery of concentrates based on contractual terms and adjusted to reflect actual charges at final settlement. Historically, actual charges have not varied materially from the Company's initial estimates.

Doré sales are recognized upon the satisfaction of performance obligations, which occurs when price and quantity are agreed upon with the customer. Doré sales are recorded using quoted metal prices, net of refining charges.

Depreciation and Amortization

Capitalized costs are depreciated or amortized using the straight-line method or unit-of-production ("UOP") method at rates sufficient to depreciate such costs over the shorter of estimated productive lives of such assets or the useful life of the individual assets. Significant judgment is involved in the determination of the estimated life of the assets. Our estimates for reserves and leach pad capacity key are components in determining our UOP rates. Our estimates of proven and probable ore reserves may change, possibly in the near term, resulting in changes to depreciation, depletion and amortization rates in future reporting periods. Productive lives of the assets range from 1 to 10 years, but do not exceed the useful life of the individual asset.

Please see **Note 1** in **Item 8. Financial Statements and Supplementary Data** for depreciation rates of major asset categories.

Carrying Value of Stockpiles

Stockpiles represent ore that has been extracted from the mine and is available for further processing. Mine sequencing may result in mining material at a faster rate than can be processed. We generally process the highest ore grade material first to maximize metal production; however, a blend of gold ore stockpiles may be processed to balance hardness and/or metallurgy in order to maximize throughput and recovery. Processing of lower grade stockpiled ore may continue after mining operations are completed. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces (based on assay data), and the estimated metallurgical recovery rates. Stockpile ore tonnages are verified by periodic surveys. Costs are added to stockpiles based on current mining costs, including applicable overhead and depreciation and amortization relating to mining operations and removed at each stockpile's average cost per recoverable unit as material is processed.

We record stockpiles at the lower of average cost or net realizable value, and carrying values are evaluated at least quarterly. Net realizable value represents the estimated future sales price based on short-term and long-term metals price assumptions that are applied to expected short-term (12 months or less) and long-term sales from stockpiles, less estimated costs to complete production and bring the product to sale. The primary factors that influence the need to record write-downs of stockpiles include declines in short-term or long-term metals prices, increases in costs for production inputs such as labor, fuel and energy, materials and supplies, as well as realized ore grades and recovery rates. We recorded write-downs to reduce the carrying value of our current open-pit stockpiles at our Isabella Pearl Mine to net realizable value of $0.7 million in 2019 as a component of *Production Costs,* primarily due to the realized ore grade during the ramp-up stage of the mining activities. No net realizable value write-downs occurred in 2018 and 2017. The significant assumption in determining the stockpile net realizable value at December 31, 2019 is a current gold market price of $1,515 per ounce.

Other assumptions include future operating and capital costs, metal recoveries, production levels, commodity prices, proven and probable reserve quantities, engineering data and other factors unique to each operation based on the life of mine plans. If short-term and long-term commodity prices decrease, estimated future processing costs increase, or other negative factors occur, it may be necessary to record a write-down of ore on stockpiles. A high degree of judgment is involved in determining such assumptions and estimates and no assurance can be given that actual results will not differ significantly from those estimates and assumptions.

Carrying Value of Ore on Leach Pad

Ore on the leach pad represents ore that has been mined and placed on the leach pad where a solution is applied to the surface of the heap to dissolve the gold. Costs are added to ore on the leach pad based on current mining costs, including applicable depreciation and amortization relating to mining operations. Costs are removed from ore on the leach pad as ounces are recovered based on the average cost per estimated recoverable ounce of gold on the leach pad.

Estimates of recoverable ore on the leach pad is calculated from the quantities of ore placed on the leach pad (measured tonnes added to the leach pad), the grade of ore placed on the leach pad (based on assay data) and a recovery percentage (based on ore type). In general, the leach pad is estimated to recover between 60% and 81% of the contained ounces placed on the leach pad, depending upon whether run-of-mine or crushed ore is placed on the leach pad.

Although the quantities of recoverable metal placed on the leach pad are reconciled by comparing the grades of ore placed on pads to the quantities of metal actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and estimates are refined based on actual results over time. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. We recorded write-downs to reduce the carrying value of leach pad inventory at our Isabella Pearl Mine to net realizable value of $2.2 million in 2019 as a component of *Production Costs,* primarily due to the lower realized ore grade during the ramp-up stage of the mining and processing activities. The significant assumption in determining the net realizable value for the leach pad inventory at December 31, 2019 is a current gold market price of $1,515 per ounce.

Other assumptions include future operating and capital costs, metal recoveries, production levels, commodity prices, proven and probable reserve quantities, engineering data and other factors unique to the operation based on the life of mine plans. If short-term and long-term commodity prices decrease, estimated future processing costs increase, or other negative factors occur, it may be necessary to record a write-down of ore on the leach pad. A high degree of judgment is involved in determining such assumptions and estimates and no assurance can be given that actual results will not differ significantly from those estimates and assumptions

Impairment of Long-Lived Assets

We evaluate the carrying value of long-lived assets to be held and used, using a fair-value based approach when events and circumstances indicate that the related carrying amount of our assets may not be recoverable. The economic environment and commodity prices may be considered as impairment indicators for the purposes of these impairment assessments. In accordance with U.S. GAAP, the carrying value of a long-lived asset or asset group is considered impaired when the anticipated undiscounted cash flows from such asset or asset group is less than its carrying value. In that event, a loss will be recorded in our consolidated statements of operations based on the difference between book value and the estimated fair value of the asset or asset group computed using discounted estimated future cash flows, or the application of an expected fair value technique in the absence of an observable market price. Future cash flows include estimates of recoverable quantities to be produced from estimated proven and probable mineral reserves, commodity prices (considering current and historical prices, price trends and related factors), production quantities, production costs, and capital expenditures, all based on life-of-mine plans and projections. In estimating future cash flows, assets are grouped at the lowest level for which identifiable cash flows exist that are largely independent of cash flows from other asset groups. It is possible that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, gold and other commodity prices, production levels and costs and capital are each subject to significant risks and uncertainties.

Asset Retirement Obligation/Reclamation and Remediation Costs

Our mining and exploration activities are subject to various laws and regulations, including legal and contractual obligations to reclaim, remediate, or otherwise restore properties at the time the property is removed from service. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs that we will incur to complete the work required to comply with existing laws and regulations. Actual costs may differ from the amounts estimated. Reclamation costs are allocated to expense over the life of the related assets and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and remediation costs. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required.

Stock-based Compensation

We account for stock-based employee compensation plans under the fair value recognition and measurement provisions in accordance with applicable accounting standards, which require all stock-based payments to employees, including grants of stock options and restricted stock units (“RSUs”), to be measured based on the grant date fair value of the awards, with the resulting expense generally recognized on a straight-line basis over the period during which the employee is required to perform service in exchange for the award.

Stock-based compensation expense is recorded net of estimated forfeitures in our consolidated statements of operations and as such is recorded for only those stock-based awards that we expect to vest. We estimate the forfeiture rate based on historical forfeitures of equity awards and adjust the rate to reflect changes in facts and circumstances, if any. We will revise our estimated forfeiture rate if actual forfeitures differ from our initial estimates.

Income Taxes

In preparing our consolidated financial statements, we estimate the actual amount of taxes currently payable or receivable as well as deferred tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of the changes. Mining taxes represent federal and state taxes levied on mining operations. As the mining taxes are calculated as a percentage of mining profits, we classify them as income taxes. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements.

Each period, we evaluate the likelihood of whether or not some portion or all of each deferred tax asset will be realized and provide a valuation allowance for those deferred tax assets for which it is more likely than not that the related benefits will not be realized. When evaluating our valuation allowance, we consider historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, market gold and silver prices, production costs, quantities of proven and probable reserves, interest rates, federal and local legislation, and foreign currency exchange rates. If we determine that all or a portion of the deferred tax assets will not be realized, a valuation allowance will be recorded with a charge to income tax expense. Conversely, if we determine that we will ultimately be able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced with a credit to income tax expense.

In addition, the calculation of income tax expense involves significant management estimation and judgment involving a number of assumptions. In determining these amounts, management interprets tax legislation in each of the jurisdictions in which we operate and makes estimates of the expected timing of the reversal of future tax assets and liabilities. We also make assumptions about future earnings, tax planning strategies and the extent to which potential future tax benefits will be used. We are also subject to assessments by various taxation authorities which may interpret tax legislation differently, which could affect the final amount or the timing of tax payments.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risks includes, but is not limited to, the following risks: changes in commodity prices, foreign currency exchange rates, provisional sales contract risks, changes in interest rates, and equity price risks. We do not use derivative financial instruments as part of an overall strategy to manage market risk; however, we may consider such arrangements in the future as we evaluate our business and financial strategy.

Commodity Price Risk

The results of our operations depend in large part upon the market prices of gold, silver, and base metal prices of copper, lead and zinc. Gold and silver prices fluctuate widely and are affected by numerous factors beyond our control. The level of interest rates, the rate of inflation, the state of the global or national economies, the stability of exchange rates, the world supply of and demand for gold, silver and other metals, among other factors, can all cause significant fluctuations in commodity prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of gold and silver has fluctuated widely in recent years, and future price declines could cause a mineral project to become uneconomic, thereby having a material adverse effect on our business and financial condition. We have not entered into derivative contracts to protect the selling price for gold or silver. We may in the future more actively manage our exposure through derivative contracts or other commodity price risk management programs, although we have no intention of doing so in the near-term.

In addition to adversely affecting our reserve estimates, results of operations and/or our financial condition, declining gold and silver prices could require a reassessment of the feasibility of a project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause delays in the implementation of a project.

Foreign Currency Risk

Foreign currency exchange rate fluctuations can increase or decrease our costs to the extent we pay costs in currencies other than the U.S. dollar. We are primarily impacted by Mexican peso rate changes relative to the U.S. Dollar, as we incur some costs in the Mexican peso. When the value of the peso rises in relation to the U.S. Dollar, some of our costs in Mexico may increase, thus affecting our operating results. Alternatively, when the value of the peso drops in relation to the U.S. Dollar, peso-denominated costs in Mexico will decrease in U.S. Dollar terms. These fluctuations do not impact our revenues since we sell our metals in U.S. dollars. Future fluctuations may give rise to foreign currency exposure, which may affect our financial results.

We have not utilized market-risk sensitive instruments to manage our exposure to foreign currency exchange rates but may in the future actively manage our exposure to foreign currency exchange rate risk.

Provisional Sales Contract Risk

We enter into concentrate sales contracts which, in general, provide for a provisional payment to us based upon provisional assays and prices. The provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates determined at the quoted metal prices at the time of shipment. The embedded derivative, which does not qualify for hedge accounting, is adjusted to market through revenue each period prior to settlement. Changes in the prices of metals between the shipment and final settlement date will result in adjustments to revenues related to the sales of concentrate previously recorded upon shipment. Please see **Note 14** in **Item 8. Financial Statements and Supplementary Data** for additional information.

Interest Rate Risk

Our outstanding debt consists of equipment loans and leased equipment classified as finance leases. As the debt is at fixed rates, we consider our interest rate risk exposure to be insignificant at this time.

Equity Price Risk

We have in the past, and may in the future, seek to acquire additional funding by sale of common stock and other equity. The price of our common stock has been volatile in the past and may also be volatile in the future. As a result, there is a risk that we may not be able to sell our common stock at an acceptable price should the need for new equity funding arise.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements:

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Gold Resource Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets as of December 31, 2019 and 2018 and the related consolidated statement of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2019 and the related notes (collectively referred to as the "financial statements") of Gold Resource Corporation (the "Company"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO framework").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations, and its cash flows of the Company for each of the years in the two-year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in the COSO framework.

Adoption of New Accounting Standards

As discussed in Note 12 to the consolidated financial statements, the Company has changed its method for accounting for leases in 2019 due to the adoption of the new lease standard. The Company adopted the new lease standard using a modified retrospective approach.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

We have served as the Company’s auditor since 2016.

/s/ Plante & Moran, PLLC

Denver, Colorado
March 2, 2020

Report of Independent Public Accounting Firm

To the Shareholders and Board of Directors
Gold Resource Corporation
Colorado Springs, Colorado

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated statements of operations, shareholders' equity, and cash flows of Gold Resource Corporation (the "Company") for the year ended December 31, 2017; and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ EKS&H LLLP

March 8, 2018
Denver, Colorado

We began serving as the Company's auditor in 2016. In 2018 we became the predecessor auditor.

GOLD RESOURCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share and per share amounts)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,076	$ 7,762
Gold and silver rounds/bullion	4,265	3,637
Accounts receivable, net	8,362	1,744
Inventories, net	24,131	14,342
Prepaid taxes	786	1,126
Prepaid expenses and other current assets	2,032	2,745
Total current assets	50,652	31,356
Property, plant and mine development, net	125,259	111,242
Operating lease assets, net	7,436	-
Deferred tax assets, net	4,635	7,372
Other non-current assets	5,030	361
Total assets	$ 193,012	$ 150,331
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14,456	$ 12,429
Loans payable, current	879	765
Finance lease liabilities, current	446	412
Operating lease liabilities, current	7,287	-
Mining royalty taxes payable, net	1,538	1,926
Accrued expenses and other current liabilities	3,366	2,030
Total current liabilities	27,972	17,562
Reclamation and remediation liabilities	5,605	3,298
Loans payable, long-term	782	1,378
Finance lease liabilities, long-term	435	831
Operating lease liabilities, long-term	160	-
Total liabilities	34,954	23,069
Shareholders' equity:		
Common stock - $0.001 par value, 100,000,000 shares authorized: 65,691,527 and 58,850,431 shares outstanding at December 31, 2019 and 2018, respectively	66	59
Additional paid-in capital	148,171	121,602
Retained earnings	16,876	12,656
Treasury stock at cost, 336,398 shares	(5,884)	(5,884)
Accumulated other comprehensive loss	(1,171)	(1,171)
Total shareholders' equity	158,058	127,262
Total liabilities and shareholders' equity	$ 193,012	$ 150,331

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

GOLD RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended December 31, 2019, 2018 and 2017
(U.S. dollars in thousands, except share and per share amounts)

	2019	2018	2017
Sales, net	$ 135,366	$ 115,308	$ 110,156
Mine cost of sales:			
Production costs	83,340	66,672	53,436
Depreciation and amortization	22,812	14,616	14,554
Reclamation and remediation	99	330	51
Total mine cost of sales	106,251	81,618	68,041
Mine gross profit	29,115	33,690	42,115
Costs and expenses:			
General and administrative expenses	9,949	9,325	8,122
Exploration expenses	3,652	4,703	4,349
Other expense, net	632	3,111	1,166
Total costs and expenses	14,233	17,139	13,637
Income before income taxes	14,882	16,551	28,478
Provision for income taxes	9,050	7,263	24,328
Net income	$ 5,832	$ 9,288	$ 4,150
Net income per common share:			
Basic and diluted	$ 0.09	0.16	0.07
Weighted average shares outstanding:			
Basic	63,681,156	57,534,830	56,854,670
Diluted	64,032,990	58,369,666	57,594,993

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

GOLD RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the years ended December 31, 2019, 2018 and 2017
(U.S. dollars in thousands, except share amounts)

	Number of Common Shares	Par Value of Common Shares	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2016	56,903,272	$ 57	$ 112,034	$ 2,040	$ (5,884)	$ (1,171)	$ 107,076
Adjustment to beginning retained earnings as a result of adoption of ASU 2016-16	-	-	-	(533)	-	-	(533)
Stock-based compensation	-	-	1,192	-	-	-	1,192
Stock options exercised	25,000	-	58	-	-	-	58
Common stock issued for vested restricted stock units	78,400	-	-	-	-	-	-
Common stock issued for the acquisition of mineral rights	246,210	-	1,300	-	-	-	1,300
Dividends declared	-	-	-	(1,137)	-	-	(1,137)
Net income	-	-	-	4,150	-	-	4,150
Balance, December 31, 2017	57,252,882	$ 57	$ 114,584	$ 4,520	$ (5,884)	$ (1,171)	$ 112,106
Stock-based compensation	-	-	1,497	-	-	-	1,497
Net stock options exercised	712,271	1	1,203	-	-	-	1,204
Common stock issued for vested restricted stock units	89,921	-	-	-	-	-	-
Dividends declared	-	-	-	(1,152)	-	-	(1,152)
Issuance of stock, net of issuance costs	1,131,755	1	4,318	-	-	-	4,319
Net income	-	-	-	9,288	-	-	9,288
Balance, December 31, 2018	59,186,829	$ 59	$ 121,602	$ 12,656	$ (5,884)	$ (1,171)	$ 127,262
Stock-based compensation	-	-	1,932	-	-	-	1,932
Net stock options exercised	69,448	1	97	-	-	-	98
Common stock issued for vested restricted stock units	121,060	-	-	-	-	-	-
Dividends declared	-	-	-	(1,612)	-	-	(1,612)
Issuance of stock, net of issuance costs	6,650,588	6	24,540	-	-	-	24,546
Net income	-	-	-	5,832	-	-	5,832
Balance, December 31, 2019	66,027,925	$ 66	$ 148,171	$ 16,876	$ (5,884)	$ (1,171)	$ 158,058

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

GOLD RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2019, 2018 and 2017
(U.S. dollars in thousands)

	2019	2018	2017
Cash flows from operating activities:			
Net income	$ 5,832	$ 9,288	$ 4,150
Adjustments to reconcile net income to net cash from operating activities:			
Deferred income taxes	2,940	(501)	14,991
Depreciation and amortization	23,318	15,169	14,998
Stock-based compensation	1,932	1,497	1,192
Other operating adjustments	322	2,535	1,285
Changes in operating assets and liabilities:			
Accounts receivable	(6,618)	(220)	(2,254)
Inventories	(7,846)	(2,820)	(2,797)
Prepaid expenses and other current assets	1,443	(417)	(448)
Other non-current assets	(3,603)	130	(7)
Accounts payable and other accrued liabilities	3,802	1,489	1,636
Mining royalty and income taxes payable, net	(106)	(3,894)	2,887
Net cash provided by operating activities	21,416	22,256	35,633
Cash flows from investing activities:			
Capital expenditures	(39,474)	(40,076)	(25,432)
Other investing activities	2	6	(257)
Net cash used in investing activities	(39,472)	(40,070)	(25,689)
Cash flows from financing activities:			
Proceeds from the exercise of stock options	98	1,261	-
Proceeds from issuance of stock	24,449	4,319	-
Dividends paid	(1,491)	(1,149)	(1,137)
Repayment of loans payable	(812)	(596)	(184)
Repayment of capital leases	(419)	(383)	(73)
Net cash provided by (used in) financing activities	21,825	3,452	(1,394)
Effect of exchange rate changes on cash and cash equivalents	(455)	(266)	(326)
Net increase (decrease) in cash and cash equivalents	3,314	(14,628)	8,224
Cash and cash equivalents at beginning of period	7,762	22,390	14,166
Cash and cash equivalents at end of period	$ 11,076	$ 7,762	$ 22,390
Supplemental Cash Flow Information			
Interest expense paid	$ 157	$ 177	$ 65
Income and mining taxes paid	$ 3,743	$ 7,068	$ 3,102
Non-cash investing activities:			
Change in capital expenditures in accounts payable	$ (550)	$ 3,302	$ 1,041
Change in estimate for asset retirement costs	$ 2,172	$ 271	$ 366
Equipment purchased through loan payable	$ 330	$ 526	$ 2,397
Equipment purchased under finance leases	$ 56	$ 26	$ 1,686
Common stock issued for the acquisition of mineral rights	$ -	$ -	$ 1,300

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

GOLD RESOURCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019, 2018 and 2017

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Gold Resource Corporation (the "Company") was organized under the laws of the State of Colorado on August 24, 1998. The Company is a producer of metal concentrates that contain gold, silver, copper, lead and zinc, and doré containing gold and silver at the Aguila and Alta Gracia projects in the southern state of Oaxaca, Mexico ("Oaxaca Mining Unit"). The Aguila project includes the Arista underground mine and processing facility, which are currently in operation. The Alta Gracia project includes the Mirador underground mine which began operations in 2017. The Company also produces gold doré from its Isabella Pearl open-pit mine and performs exploration work on its portfolio of precious metal properties in Nevada, United States of America ("Nevada Mining Unit") and continues to evaluate other properties for possible acquisition. The Isabella Pearl open-pit mine commenced production in 2019.

Significant Accounting Policies

Basis of Presentation

The consolidated financial statements included herein are expressed in United States dollars, and conform to United States generally accepted accounting principles ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company, its Mexican subsidiary, Don David Gold Mexico S.A. de C.V. ("Don David Gold Mexico") and its wholly-owned United States subsidiaries GRC Nevada Inc. and Walker Lane Minerals Corp. ("Walker Lane"). Intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates utilized in impairment calculations and units-of-production depreciation calculations; future metal prices; environmental remediation, reclamation and closure obligations; estimates of recoverable gold and other minerals in stockpile and leach pad inventories; estimates of fair value asset impairments; write-downs of inventory, stockpiles and ore on leach pads to net realizable value; valuation allowances for deferred tax assets; provisional amounts related to income tax effects of newly enacted tax laws; and stock-based compensation. Management routinely makes judgments and estimates about the effects of matters that are inherently uncertain and bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Reclassifications

Certain amounts presented in prior periods have been reclassified to conform to the current period presentation. The reclassifications had no material effect on the Company's results of operations or financial condition.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments with a remaining maturity of three months or less when purchased and are carried at cost.

Gold and Silver Rounds/Bullion

From time to time, the Company may purchase gold and silver bullion on the open market in order to diversify its treasury and provide an option for shareholders to convert their dividends into bullion. The purchased gold and silver bullion is carried at quoted market value prices based on the daily London P.M. fix as of the balance sheet date. The Company considers bullion a highly-liquid investment.

Accounts Receivable, net

Accounts receivable consists of trade receivables, which are recorded net of allowance for doubtful accounts, from the sale of doré and metals concentrates, as well an embedded derivative based on mark-to-market adjustments for outstanding provisional invoices based on forward metal prices. Please see **Note 14** and **Note 19** for additional information related to the embedded derivative. As of December 31, 2019 and 2018, the allowance for doubtful accounts was $1.4 million.

Inventories

The major inventory categories are set forth below:

Stockpile Inventories*:* Stockpile inventories represent ore that has been mined and is available for further processing. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, an estimate of the contained metals (based on assay data) and the estimated metallurgical recovery rates. Costs are allocated to stockpiles based on relative values of material stockpiled and processed using current mining costs incurred, including applicable overhead, depreciation and amortization relating to mining operations. Material is removed at each stockpile's average cost per tonne. Stockpiles are carried at the lower of average cost or net realizable value. Net realizable value represents the estimated future sales price of the product based on current and long-term metals prices, less the estimated costs to complete production and bring the product to sale. The current portion of stockpiles is determined based on the expected amounts to be processed within the next 12 months. Stockpiles not expected to be processed within the next 12 months are classified as long-term. As of December 31, 2019, $4.8 million of stockpiles were classified as current and $4.7 million were classified as long-term. As of December 31, 2018, all stockpiles were classified as current.

Concentrate Inventories: Concentrate inventories include metal concentrates located either at the Company's facilities or in transit to its customer's port. Inventories consist of copper, lead and zinc metal concentrates, which also contain gold and silver mineralization. Concentrate inventories are carried at the lower of cost of production or net realizable value based on current metals prices.

Doré Inventory: Doré includes gold and silver doré bars held at the Company's facility. Doré inventories are carried at the lower of cost of production or net realizable value based on current metals prices.

Leach Pad: Ore on leach pad represents ore that has been mined and placed on the leach pad where a solution is applied to the surface of the heap to extract the gold or silver. Costs are added to ore on leach pads based on current mining costs, including applicable depreciation and amortization relating to mining operations. Costs are removed from ore on leach pads as ounces are recovered based on the average cost per estimated recoverable ounce of gold or silver on the leach pad.

Estimates of recoverable ore on the leach pad are calculated from the quantities of ore placed on the leach pad (measured tonnes added to the leach pad), the grade of ore placed on the leach pad (based on assay data) and a recovery percentage (based on ore type).

Although the quantities of recoverable ore placed on the leach pad are reconciled by comparing the grades of ore placed on pads to the quantities of metal actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and estimates are refined based on actual results over time. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis.

Materials and Supplies Inventories: Materials and supplies inventories consist of chemical reagents, parts, fuels and other materials and supplies. Cost includes applicable taxes and freight. Materials and supplies inventory is carried at lower of average cost or net realizable value.

Write-downs of inventory are charged to expense.

IVA Taxes Receivable and Payable

In Mexico, value added ("IVA") taxes are assessed on purchases of materials and services and sales of products. Businesses are generally entitled to recover the taxes they have paid related to purchases of materials and services, either as a refund. Likewise, businesses owe IVA taxes as the business sells a product and collects IVA taxes from its customers.

Amounts recorded as IVA taxes in the consolidated financial statements represent the net estimated IVA tax receivable or payable, since there is a legal right of offset of IVA taxes.

Property, Plant and Mine Development

Land and Mineral Rights**:** The costs of acquiring land and mineral rights are considered tangible assets. Administrative and holding costs to maintain an exploration property are expensed as incurred. If a mineable mineral deposit is discovered, such capitalized costs are amortized when production begins using the units of production ("UOP") method. If no mineable mineral deposit is discovered or such rights are otherwise determined to have diminished value, such costs are expensed in the period in which the determination is made.

Mine Development**:** The costs include engineering and metallurgical studies, drilling and other related costs to delineate an ore body, the building of access ways, shafts, lateral access, drifts, ramps and other infrastructure. Costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as exploration expenses. Capitalization of mine development project costs, that meet the definition of an asset, begins once mineralization is classified as proven and probable reserves.

Drilling costs incurred during the production phase for operational ore control are allocated to inventory costs and then included as a component of production costs. All other drilling and related costs are expensed as incurred.

Mine development costs are amortized using the UOP method based on estimated recoverable ounces in proven and probable reserves.

The cost of removing overburden and waste materials to access the ore body at an open pit mine prior to the production phase are referred to as "pre-stripping costs." Pre-stripping costs are capitalized during the development of an open pit mine. Where multiple open pits exist at a mining complex utilizing common processing facilities, pre-stripping costs are capitalized at each pit. The removal, production, and sale of deminimis saleable materials may occur during the development phase of an open pit mine and are assigned incremental mining costs related to the removal of that material.

The production phase of an open pit mine commences when saleable minerals, beyond a de minimis amount, are produced. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized in Costs applicable to sales in the same period as the revenue from the sale of inventory.

Property and Equipment: All items of property and equipment are carried at cost. Normal maintenance and repairs are expensed as incurred while expenditures for major maintenance and improvements are capitalized. Gains or losses on disposition are recognized in other (income) expense

Construction in Progress: Expenditures for new facilities or equipment are capitalized and recorded at cost. Once completed and ready for its intended use, the asset is transferred to property and equipment to be depreciated or amortized.

Depreciation and Amortization: Capitalized costs are depreciated or amortized using the straight-line or UOP method at rates sufficient to depreciate such costs over the shorter of estimated productive lives of such assets or the useful life of the individual assets. The estimates for mineral reserves are a key component in determining the UOP depreciation rates. The estimates of reserves may change, possibly in the near term, resulting in changes to depreciation and amortization rates in future reporting periods. The following are the estimated economic lives of depreciable assets:

	Range of Lives
Asset retirement costs	UOP
Furniture, computer and office equipment	3 to 10 years
Light vehicles and other mobile equipment	4 years
Machinery and equipment	UOP to 4 years
Mill facilities, leach pad, and related infrastructure	UOP
Mine development and mineral interests	UOP

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. If an impairment is indicated, a determination is made whether an impairment has occurred and any impairment losses are measured as the excess of carrying value over the total discounted estimated future cash flows, or the application of an expected fair value technique in the absence of an observable market price and are charged to expense on the Company’s consolidated statements of operations. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups.

Existing reserves and other mineralized material are included when estimating the fair value in determining whether the assets are impaired. The Company’s estimates of future cash flows are based on numerous assumptions including expected gold and other commodity prices, production levels, capital requirements and estimated salvage values. It is possible that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, gold and other commodity prices, production levels and costs and capital requirements are each subject to significant risks and uncertainties.

Fair Value of Financial Instruments

The recorded amounts of cash and cash equivalents, gold and silver rounds/bullion, receivables from provisional concentrate sales, accounts payable, and loans payable approximate fair value because of the short maturity of those instruments.

Treasury Stock

Treasury stock represents shares of the Company’s common stock which have been repurchased on the open market at the prevailing market price at the time of purchase and have not been cancelled. Treasury stock is shown at cost as a separate component of equity.

Revenue Recognition

The Company recognizes revenue from doré and concentrate sales.

Concentrate sales: Concentrate sales are initially recorded based on 100% of the provisional sales prices, net of treatment and refining charges, at the time of delivery to the customer at which point the performance obligations are satisfied and control of the product is transferred to the customer. Adjustments to the provisional sales prices are made to take into account the mark-to-market changes based on the forward prices of metals until final settlement occurs. The changes in price between the provisional sales price and final sales price are considered an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the concentrates at the quoted metal prices at the time of delivery. The embedded derivative, which does not qualify for hedge accounting, is adjusted to market through revenue each period prior to final settlement. Market changes in the prices of metals between the delivery and final settlement dates will result in adjustments to revenues related to previously recorded sales of concentrate. Sales are recorded net of charges for treatment, refining, smelting losses and other charges negotiated with the buyer. These charges are estimated upon delivery of concentrates based on contractual terms and adjusted to reflect actual charges at final settlement. Historically, actual charges have not varied materially from the Company's initial estimates.

Doré sales: Doré sales are recognized upon the satisfaction of performance obligations, which occurs when price and quantity are agreed upon with the customer. Doré sales are recorded using quoted metal prices, net of refining charges.

Production Costs

Production costs include labor and benefits, royalties, concentrate and doré shipping costs, mining subcontractors, fuel and lubricants, legal and professional fees related to mine operations, stock-based compensation attributable to mine workers, materials and supplies, repairs and maintenance, explosives, housing and food, insurance, reagents, travel, medical services, security equipment, office rent, tools and other costs that support mining operations.

Exploration Costs

Exploration costs are charged to expense as incurred. Costs to identify new mineral resources and to evaluate potential resources are considered exploration costs.

Stock-Based Compensation

The Company accounts for stock-based compensation under the fair value recognition and measurement provisions of U.S. GAAP. Those provisions require all stock-based payments, including grants of stock options and RSUs to be measured based on the grant date fair value of the awards, with the resulting expense generally recognized on a straight-line basis in the consolidated statements of operations over the period during which services are performed in exchange for the award. The majority of the awards are earned over a service period of three years. The Company's estimates may be impacted by certain variables including, but not limited to, stock price volatility, employee stock option exercise behaviors, additional stock option grants, and estimates of forfeitures.

Reclamation and Remediation Costs

Reclamation costs are allocated to expense over the life of the related assets and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and remediation costs. Reclamation obligations are based in part on when the spending for an existing environmental disturbance will occur. The Company reviews, at least on an annual basis, the reclamation obligation at each mine.

Prior to 2014, the Company had been recognizing only reclamation and remediation obligations and all associated asset retirement costs were written off due to the development stage status as the Company had not been reporting its proven and probable reserves for its Oaxaca Mining Unit. In 2014, the Company became a production stage company and therefore capitalized asset retirement costs and recorded an asset retirement obligation. Please see **Note 9** for additional information.

Accounting for reclamation and remediation obligations requires management to make estimates unique to each mining operation of the future costs expected to be incurred to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required. Any such increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is presented in the consolidated statements of changes in shareholders' equity. Accumulated other comprehensive loss is composed of foreign currency translation adjustment effects related to the historical adjustment when the functional currency was the Mexican peso for our Mexico subsidiary. This loss will remain on our consolidated balance sheet until the sale or dissolution of our Mexico subsidiary.

Income and Mining Royalty Taxes

Income taxes are computed using the asset and liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes and the effect of net operating loss and foreign tax credit carry-forwards using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are evaluated to determine if it is more likely than not that they will be realized. Please see Note 5 for additional information.

Net Income Per Share

Basic earnings per share is calculated based on the weighted average number of common shares outstanding for the period. Diluted income per share reflects the dilution that could occur if potentially dilutive securities, as determined using the treasury stock method, are converted into common stock. Potentially dilutive securities are excluded from the calculation when their inclusion would be anti-dilutive, such as periods when a net loss is reported or when the exercise price of the instrument exceeds the average fair market value of the underlying common stock.

Foreign Currency

The functional currency for all of the Company's subsidiaries is the United States dollar ("U.S. dollar").

Concentration of Credit Risk

The Company has considered and assessed the credit risk resulting from its concentrate sales and doré sales arrangements with its customers. In the event that the Company's relationships with its customers are interrupted for any reason, the Company believes that it would be able to locate another entity to purchase its metals concentrates and doré bars; however, any interruption could temporarily disrupt the Company's sale of its products and adversely affect operating results.

The Company's Aguila and Alta Gracia projects, which are located in the State of Oaxaca, Mexico, accounted for 89%, 100%, and 100% of the Company's total net sales for the years ended December 31, 2019, 2018 and 2017, respectively. The Isabella Pearl Mine in Nevada, U.S.A. accounted for 11% of the Company's 2019 net sales.

Some of the Company's operating cash balances are maintained in accounts that currently exceed federally insured limits. The Company believes that the financial strength of the depositing institutions mitigates the underlying risk of loss. To date, these concentrations of credit risk have not had a significant impact on the Company's financial position or results of operations.

Recently Adopted Accounting Pronouncements

Accounting Standards Update No. 2016-02—Leases (Topic 842). In February 2016, the Financial Accounting Standards Board ("FASB") issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Reporting entities are also required to recognize and measure leases existing at, or entered into after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available.

The Company adopted the standard effective January 1, 2019 and elected certain available practical expedients and implemented internal controls and key system functionality to enable the preparation of financial information on adoption.

The standard had a material impact on the Company's Consolidated Balance Sheets but did not have a material impact on its Consolidated Statements of Operations. The most significant impact was the recognition of ROU assets and the current and long-term components of lease liabilities for operating leases, while the Company's accounting for finance leases remained substantially unchanged. See **Note 12** for more information.

2. Revenue

The following table presents the Company's net sales disaggregated by source:

	Year ended December 31,		
	2019	2018	2017
	(in thousands)		
Doré sales, net			
Gold	$ 21,847	$ 6,250	$ 6,270
Silver	2,439	1,348	159
Less: Refining charges	(190)	(118)	(63)
Total doré sales, net	24,096	7,480	6,366
Concentrate sales			
Gold	27,184	22,750	25,526
Silver	21,347	22,972	27,567
Copper	9,930	9,919	6,646
Lead	16,116	15,100	11,568
Zinc	48,804	46,743	38,281
Less: Treatment and refining charges	(13,825)	(5,447)	(7,697)
Total concentrate sales, net	109,556	112,037	101,891
Realized/unrealized embedded derivative, net	1,714	(4,209)	1,899
Total sales, net	$ 135,366	$ 115,308	110,156

3. Gold and Silver Rounds/Bullion

The Company periodically purchases gold and silver bullion on the open market for investment purposes and to use in its dividend exchange program under which shareholders may exchange their cash dividends for minted gold and silver rounds. The Company did not make any purchases of gold or silver bullion during the years ended December 31, 2019 and 2018.

At December 31, 2019 and 2018, the Company's holdings of rounds/bullion, using quoted market prices, consisted of the following:

	2019			2018		
	Ounces	Per Ounce	Amount	Ounces	Per Ounce	Amount
			(in thousands)			*(in thousands)*
Gold	1,866	$ 1,515	$ 2,827	1,888	$ 1,279	$ 2,415
Silver	79,662	$ 18.05	1,438	79,864	$ 15.30	1,222
Total holdings			$ 4,265			$ 3,637

4. Inventories

At December 31, 2019 and 2018, current inventories consisted of the following:

	2019	2018
	(in thousands)	
Stockpiles - underground mine	$ 3,968	$ 2,365
Stockpiles - open pit mine	833	414
Leach pad	9,103	376
Concentrates	1,340	1,231
Doré (1)	1,581	1,289
Subtotal - product inventories	16,825	5,675
Materials and supplies (2)	7,306	8,667
Total	$ 24,131	$ 14,342

(1) Net of reserve of $478 and nil as of December 31, 2019 and 2018, respectively.
(2) Net of reserve for obsolescence of $1,264 and $857 as of December 31, 2019 and 2018, respectively.

In addition to the inventory above, as of December 31, 2019, the Company has $4.7 million of low-grade ore stockpile inventory included in other non-current assets on the accompanying Consolidated Balance Sheet.

During the year ended December 31, 2019, the Company recorded a net realizable value inventory adjustment of $2.9 million for inventories at its Isabella Pearl Mine.

5. Income Taxes

Gold Resource Corporation and its U.S. subsidiaries file a consolidated U.S. tax return and the Company's foreign subsidiary files in Mexico. For financial reporting purposes, net income before income taxes includes the following components:

	Years Ended December 31,		
	2019	2018	2017
		(in thousands)	
U.S. Operations	$ (6,956)	$ (9,378)	$ (8,142)
Foreign Operations, Mexico	21,838	25,929	36,620
Total income before income taxes	$ 14,882	$ 16,551	$ 28,478

The Company's income tax expense from continuing operations consists of the following:

	Years ended December 31, 2019	2018	2017
		(in thousands)	
Current taxes:			
Federal	$ 100	$ -	$ 9
Foreign	6,110	7,763	9,327
Total current taxes	$ 6,210	$ 7,763	$ 9,336
Deferred taxes:			
Federal	$ 964	$ (1,692)	$ 4,923
Foreign	1,876	1,192	10,069
Total deferred taxes	$ 2,840	$ (500)	$ 14,992
Total income tax provision	$ 9,050	$ 7,263	$ 24,328

The provision for income taxes for the years ended December 31, 2019, 2018 and 2017, differs from the amount of income tax determined by applying the applicable United States statutory federal income tax rate to pre-tax income from operations as a result of the following differences:

	Years Ended December 31, 2019	2018	2017
		(in thousands)	
Tax at statutory rates	$ 3,125	$ 3,476	$ 9,967
Foreign rate differential	1,969	2,161	(1,780)
GILTI Inclusion	2,173	-	-
One-time tax on foreign unremitted earnings [1]	-	-	4,627
Changes in deferred tax assets	(336)	(189)	6,239
Mexico mining tax	1,608	1,777	2,816
U.S. Tax rate reduction from 35% to 21% [1]	-	-	2,671
Other	511	38	(212)
Tax provision	$ 9,050	$ 7,263	$ 24,328

(1) On December 22, 2017, the U.S. government enacted comprehensive tax legislation (the “Tax Act”), which significantly revised the U.S. corporate income tax law by lowering the U.S. federal corporate income tax rate from 35% to 21%, implementing a territorial tax system, imposing a one-time tax on foreign unremitted earnings and setting limitations on deductibility of certain costs, among other things.

The following table sets forth deferred tax assets and liabilities:

	At December 31, 2019	At December 31, 2018
	(in thousands)	
Non-current deferred tax assets:		
Tax loss carryforward - U.S.	$ 2,268	$ 3,862
Property and equipment	13,629	11,025
Share-based compensation	4,058	4,339
Foreign tax credits	4,364	4,448
Inventory	1,121	-
Other	1,261	3,572
Total deferred tax assets	26,701	27,246
Valuation allowance	(7,333)	(7,318)
Deferred tax assets after valuation allowance	$ 19,368	$ 19,928
Deferred tax liability – Property, plant and mine development	(14,733)	(12,556)
Net deferred tax asset	$ 4,635	$ 7,372

Mexico Mining Taxation

Mining entities in Mexico are subject to two mining duties, in addition to the 30% Mexico corporate income tax: (i) a "special" mining duty of 7.5% of taxable income as defined under Mexican tax law (also referred to as "mining royalty tax") on extracting activities performed by concession holders and (ii) the "extraordinary" mining duty of 0.5% on the gross revenue from the sale of gold, silver and platinum. The mining royalty tax is generally applicable to earnings before income tax, depreciation, depletion, amortization, and interest. In calculating the mining royalty tax, there are no deductions related to depreciable costs from operational fixed assets, but exploration and prospecting depreciable costs are deductible when incurred. Both duties are tax deductible for income tax purposes. As a result, our effective tax rate applicable to the Company's Mexican operations is substantially higher than Mexico statutory rate.

The Company periodically transfers funds from its Mexican wholly-owned subsidiary to the U.S. in the form of dividends. Mexico requires a 10% withholding tax on dividends on all post-2013 earnings. The Company began distributing post-2013 earnings from Mexico in 2018. According to the existing U.S. – Mexico tax treaty, the dividend withholding tax between these countries is limited to 5% if certain requirements are met. The Company determined that it had met such requirements and paid a 5% withholding tax on dividends received from Mexico and as a result paid $0.4 million for both years ending December 31, 2019 and 2018.

Other Tax Disclosures

The Company evaluates the evidence available to determine whether a valuation allowance is required on the deferred tax assets. The Company determined that the deferred tax assets related to state net operating loss carry forwards, and other state related deferred tax assets were not "more likely than not" to be realized and a full valuation allowance was recorded as of December 31, 2019 and 2018.

In January 2018, the Financial Accounting Standards Board released guidance on the accounting for tax on the Global Intangible Low Taxed Income ("GILTI") provisions of the Tax Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that either accounting for deferred taxes related to GILTI inclusions or treating any taxes on GILTI inclusions as period cost are both acceptable methods subject to an accounting policy election. The Company has elected to treat GILTI inclusions as period costs.

At December 31, 2019, the Company has federal loss carryforwards of $3.2 million, with no expiration date, U.S. Foreign Tax Credits of $4.4 million that expire at various dates between 2023 and 2029, federal capital loss carryforwards of $1.5 million that expire at various dates between 2020 and 2024, and state of Colorado tax loss carryforwards of $34.6 million, of which $30.1 million expire at various dates between 2021 and 2037 and $4.5 million that have no expiration. The Company has placed a valuation allowance against all U.S. Foreign Tax Credits, state of Colorado tax loss carryforwards, and federal capital loss carryforwards as of December 31, 2019 and 2018.

As of both December 31, 2019 and 2018, the Company believes that it has no uncertain tax positions. If the Company were to determine there was an uncertain tax position, the Company would recognize the liability and related interest and penalties within income tax expense.

6. Prepaid Expenses and Other Current Assets

At December 31, 2019 and 2018, prepaid expenses and other current assets consisted of the following:

	2019	2018
	(in thousands)	
Advances to suppliers	$ 109	$ 289
Prepaid insurance	1,333	1,179
Vendor deposits	-	236
IVA taxes receivable, net	245	538
Prepaid royalties	127	295
Other current assets	218	208
Total	$ 2,032	$ 2,745

7. Property, Plant and Mine Development, net

At December 31, 2019 and 2018, property, plant and mine development consisted of the following:

	2019	2018
	(in thousands)	
Asset retirement costs	$ 3,412	$ 1,240
Construction-in-progress (1)	11,965	34,335
Furniture and office equipment	2,087	1,861
Leach pad and ponds	5,649	-
Land	242	242
Light vehicles and other mobile equipment	2,553	2,508
Machinery and equipment	43,364	27,485
Mill facilities and infrastructure	31,408	11,712
Mineral interests and mineral rights	18,228	17,958
Mine development	90,089	69,487
Software and licenses	1,659	1,659
Subtotal (2) (3)	210,656	168,487
Accumulated depreciation and amortization	(85,397)	(57,245)
Total	$ 125,259	$ 111,242

(1) Nevada construction-in-progress costs of $9.6 million and $21.6 million at December 31, 2019 and 2018, respectively. Mexico construction-in-progress of $2.4 million and $12.7 million at December 31, 2019 and 2018, respectively.

(2) Includes $1.8 and $1.7 million of assets recorded under finance leases at December 31, 2019 and 2018, respectively. Please see **Note 12** for additional information.

(3) Includes capital expenditures in accounts payable of $3.8 million and $4.3 at December 31, 2019 and 2018, respectively.

The Company recorded depreciation and amortization expense for the years ended December 31, 2019, 2018 and 2017 of $23.3 million, $15.2 million and $15.0 million, respectively.

8. Accrued Expenses and Other Current Liabilities

At December 31, 2019 and 2018, accrued expenses and other current liabilities consisted of the following:

	2019	2018
	(in thousands)	
Accrued insurance	$ 452	$ 364
Accrued royalty payments	2,212	1,432
Dividends payable	219	98
Other payables	483	136
Total	$ 3,366	$ 2,030

9. Reclamation and Remediation

The following table presents the changes in the Company's reclamation and remediation obligations for the years ended December 31, 2019 and 2018:

	2019	2018
	(in thousands)	
Reclamation liabilities – balance at beginning of period	$ 2,009	$ 2,005
Changes in estimate	(82)	-
Foreign currency exchange loss	87	4
Reclamation liabilities – balance at end of period	2,014	2,009
Asset retirement obligation – balance at beginning of period	1,289	941
Changes in estimate	2,172	271
Accretion	102	78
Foreign currency exchange loss	28	(1)
Asset retirement obligation – balance at end of period	3,591	1,289
Total period end balance	$ 5,605	$ 3,298

The Company's undiscounted reclamation liabilities are related to the Aguila project in Mexico.

The Company's asset retirement obligations were discounted using a credit adjusted risk-free rate of 8%. As of December 31, 2019 and 2018, the Company recorded an asset retirement obligation of $2.5 million and $0.8 million, respectively, related to the Isabella Pearl project. As of December 31, 2019 and 2018, the Company's asset retirement obligation related to the Aguila project in Mexico was $1.1 million and $0.5 million, respectively.

10. Loans Payable

The Company has financed certain equipment purchases. The loans bear annual interest at rates ranging from 3% to 4.48%, are collateralized by the equipment, and require monthly principal and interest payments of $0.07 million. As of December 31, 2019, there is an outstanding balance of $1.7 million which approximates fair value of the loans. Scheduled minimum repayments are $0.9 million in 2020, $0.7 million in 2021, and $0.1 million in 2022. One of the loan agreements is subject to a prepayment penalty of 1% of the outstanding loan balance at time of full repayment.

11. Commitments and Contingencies

The Company has a Contract Mining Agreement with a mining contractor relating to mining activities at its Isabella Pearl project. Included in this Agreement is an embedded lease for the mining equipment for which the Company has recognized a right-of-use asset and corresponding operating lease liability. Please see **Note 12** for more information. In addition to the embedded lease payments, the Company pays the contract miner operational costs in the normal course of business. These costs represent the remaining future contractual payments for the Contract Mining Agreement over its term. The contractual payments are determined by rates within the Contract Mining Agreement, estimated tonnes moved and bank cubic yards for drilling and blasting. As of December 31, 2019, total estimated contractual payments remaining, excluding embedded lease payments, are $8.1 million for the year ended December 31, 2020.

As of December 31, 2019, the Company has equipment purchase commitments aggregating approximately $0.9 million.

12. Leases

Operating Leases

As discussed in **Note 1** to the consolidated financial statements (see "Recently Adopted Accounting Pronouncements"), the Company adopted the new lease accounting standard on January 1, 2019. Upon adoption, the Company recognized operating lease assets and corresponding operating lease liabilities totaling $14.2 million. The Company's finance leases did not change from December 31, 2018.

The Company leases office equipment and administrative offices from third parties as well as an administrative office from a related party. In addition, the Company has an embedded lease in its Contract Mining Agreement. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases as incurred over the lease term. For leases beginning in 2019 and later, the Company accounts for lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) separately from the non-lease components (e.g., common-area maintenance costs).

Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to two years. The exercise of lease renewal options is at the Company's sole discretion. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The weighted average remaining lease term for the Company's operating leases as of December 31, 2019 is 0.88 years.

The discount rate implicit within the Company's leases is generally not determinable and therefore the Company determines the discount rate based on its incremental borrowing rate. The incremental borrowing rate for the Company's leases is determined based on the lease term adjusted for impacts of collateral. The weighted average discount rate used to measure the Company's operating lease liabilities as of December 31, 2019 was 4.48%.

There are no material residual value guarantees and no restrictions or covenants imposed by the Company's leases.

Most of the Company's leases have a standard payment schedule; however, the payments for its mining equipment embedded lease are determined by tonnage hauled. This embedded lease is within a Contract Mining Agreement entered into for the mining activities at the Company's Isabella Pearl Mine. The payments, amortization of the right-of-use asset, and interest vary immaterially from forecasted amounts due to variable conditions at the mine. During the year ended December 31, 2019, the Company capitalized variable lease costs of $2.4 million to Inventory and $4.7 million to Property, plant, and mine development, respectively.

The components of all other lease costs recognized within the Company's Consolidated Statements of Operations are as follows:

Lease Cost Type	Consolidated Statements of Operations Location	Year ended December 31, 2019
		(in thousands)
Operating lease cost	General and administrative expenses	$ 75
Operating lease cost	Production costs	81
Related party lease cost	General and administrative expenses	47
Short term lease cost	Production costs	489

Maturities of operating lease liabilities as of December 31, 2019 are as follows *(in thousands)*

Year Ending December 31:	
2020	$ 7,430
2021	151
2022	13
2023	-
Thereafter	-
Total lease payments	7,594
Less imputed interest	(147)
Present value of minimum payments	7,447
Less: current portion	(7,287)
Long-term portion of minimum payments	$ 160

As previously reported in our Annual Report on Form 10-K for the year ended December 31, 2018 and under legacy lease accounting (ASC 840), future minimum lease payments, including both the future minimum lease payments and the other non-lease element payments for the Contract Mining Agreement, as of December 31, 2018 are as follows *(in thousands)*:

Year Ending December 31:	
2019	$ 16,259
2020	14,839
2021	72
2022	-
Thereafter	-
Total lease payments	$ 31,170

Finance Leases

The Company has finance lease agreements for certain equipment. The leases bear annual imputed interest of 1.58% to 5.95% and require monthly principal, interest, and sales tax payments of $0.04 million. The weighted average discount rate for the Company's finance leases is 5.79%. Scheduled minimum annual payments as of December 31, 2019 are as follows *(in thousands)*:

Year Ending December 31:		
2020	$	483
2021		419
2022		13
2023		13
Thereafter		3
Total minimum obligations		931
Less: interest portion		(50)
Present value of minimum payments		881
Less: current portion		(446)
Long-term portion of minimum payments	$	435

Scheduled minimum annual payments as of December 31, 2018 were as follows *(in thousands):*

Year Ending December 31:		
2019	$	470
2020		470
2021		406
2022		-
Thereafter		-
Total minimum obligations		1,346
Less: interest portion		(103)
Present value of minimum payments		1,243
Less: current portion		(412)
Long-term portion of minimum payments	$	831

The weighted average remaining lease term for the Company's finance leases as of December 31, 2019 is 2.01 years.

Supplemental cash flow information related to the Company's operating and finance leases is as follows for the year ended December 31, 2019:

		Year ended December 31, 2019
		(in thousands)
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	2,569
Operating cash flows from finance leases		60
Investing cash flows from operating lease		4,719
Financing cash flows from finance leases		419

13. Shareholders' Equity

The Company declared and paid dividends of $1.6 million or approximately $0.03 per share and $1.5 million or approximately $0.02 per share, respectively, for the year ended December 31, 2019. The Company declared and paid dividends of $1.1 million, or $0.02 per share during each of the years ended December 31, 2018 and 2017.

On April 3, 2018, the Company entered into an At-The-Market Offering Agreement (the "ATM Agreement") with an investment banking firm ("Agent") pursuant to which the Agent agreed to act as the Company's sales agent with respect to the offer and sale from time to time of the Company's common stock having an aggregate gross sales price of up to $75.0 million (the "Shares"). The ATM agreement was renewed and amended on November 29, 2019, effective on the date that the related registration statement is declared effective by the SEC. The ATM Agreement will remain in full force and effect until the earlier of three years after the effective date, or the date that the ATM Agreement is terminated in accordance with the terms therein. An aggregate of 6,625,588 shares and 1,131,755 shares of the Company's common stock were sold through the ATM Agreement during the years ended December 31, 2019 and 2018, for net proceeds to the Company, after deducting the Agent's commissions and other expenses, of $24.4 million and $4.3 million, respectively.

During the year ended December 31, 2019, the Company issued 25,000 shares of its common stock at a value of $3.88 per share as payment for a one-year investor relations agreement with a third-party.

On January 6, 2017, the Company issued 59,642 shares of common stock as partial consideration for additional mineral rights for its Isabella Pearl project. At the time of issuance, the shares were valued at $5.03 per share, for an aggregate value of $0.3 million.

On January 17, 2017, the Company issued 186,568 shares of common stock as partial consideration for mineral rights at the East Camp Douglas property. At the time of issuance, the shares were valued at $5.36 per share, for an aggregate value of $1.0 million.

In 2011, the Board of Directors approved a share repurchase program pursuant to which the Company may repurchase up to $20.0 million of its common stock from time to time in market transactions. There is no pre-determined end date associated with the share repurchase program. During 2019, 2018 and 2017, the Company did not repurchase any additional shares of common stock.

14. Embedded Derivatives

Concentrate sales contracts contain embedded derivatives due to the provisional pricing terms for shipments pending final settlement. At the end of each reporting period, the Company records an adjustment to accounts receivable and revenue to reflect the mark-to-market adjustments for outstanding provisional invoices based on forward metal prices. Please see **Note 19** for additional information.

The following table summarizes the Company's unsettled sales contracts at December 31, 2019, with the quantities of metals under contract subject to final pricing occurring through February 2020:

	Gold (ounces)	Silver (ounces)	Copper (tonnes)	Lead (tonnes)	Zinc (tonnes)
Under contract	10,971	711,190	893	4,467	11,146
Average forward price *(per ounce or tonne)*	$ 1,472	$ 17.04	$ 5,860	$ 2,039	$ 2,367

15. Employee Benefits

Effective October 2012, the Company adopted a profit sharing plan (the "Plan") which covers all U.S. employees. The Plan meets the requirements of a qualified retirement plan pursuant to the provisions of Section 401(k) of the Internal Revenue Code. The Plan provides eligible employees the opportunity to make tax deferred contributions to a retirement trust account up to 45% of their qualified wages, subject to the IRS annual maximums. Any matching contribution by the Company on behalf of the employee is immediately vested; the matching contribution expense amounted to $0.1 million for each of the years ended December 31, 2019, 2018, and 2017.

16. Stock-Based Compensation

During 2016, the Company replaced its Amended and Restated Stock Option and Stock Grant Plan (the "Prior Plan") with the Gold Resource Corporation 2016 Equity Incentive Plan (the "Incentive Plan"). The Incentive Plan provides for the issuance of five million shares of common stock in the form of incentive and non-qualified stock options, stock appreciation rights, restricted stock units ("RSUs"), stock grants, stock units, performance shares, performance share units and performance cash. Additionally, pursuant to the terms of the Incentive Plan, shares underlying any award outstanding under the Prior Plan that is terminated, expired, forfeited, or canceled for any reason, will be available for grant under the Incentive Plan.

A total of 470,000 options with a term of 10 years were granted during the year ended December 31, 2019, of which 250,000 vested immediately and the remainder vest over a three-year period. A total of 310,870 RSUs were granted during the year ended December 31, 2019, of which 35,072 vest within six months and the remainder vest over a three- year period.

Stock Options

A summary of stock option activity under the Incentive Plan for the years ended December 31, 2019 and 2018 is presented below:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (thousands)
Outstanding as of December 31, 2017	6,245,001	$ 7.23	4.68	$ 4,040
Granted	505,500	5.41	-	
Exercised	(1,412,926)	3.13	-	
Expired	(73)	4.60	-	
Forfeited	(77,667)	3.44	-	
Outstanding as of December 31, 2018	5,259,835	$ 8.21	4.82	$ 1,396
Granted	470,000	3.78	-	
Exercised	(274,750)	3.95	-	
Expired	(780,250)	5.62	-	
Forfeited	(110,100)	4.55	-	
Outstanding as of December 31, 2019	4,564,735	$ 8.54	5.09	$ 4,513
Vested and exercisable as of December 31, 2019	4,013,994	$ 9.09	4.58	$ 3,783

The weighted-average fair value of options per share granted during the years ended December 31, 2019, 2018, and 2017 was $1.94, $3.04 and $2.25, respectively. The total intrinsic value of options exercised during the years ended December 31, 2019, 2018, and 2017, was $0.2 million, $2.6 million and $0.1 million, respectively. The total fair value of options vested during the years ended December 31, 2019, 2018 and 2017 was $1.6 million, $0.9 million and $0.8 million, respectively.

During the year ended December 31, 2019, stock options to purchase an aggregate of 274,750 shares of the Company's common stock were exercised at a weighted average exercise price of $3.95 per share. Of that amount, 250,000 of the options were exercised on a net exercise basis, resulting in 44,698 shares being delivered. The remaining 24,750 options were exercised for cash. During the year ended December 31, 2018, stock options to purchase an aggregate of 1,412,926 shares of the Company's common stock were exercised at a weighted average exercise price of

$3.13 per share. Of that amount, 945,000 of the options were exercised on a net exercise basis, resulting in 244,345 shares being delivered. The remaining 467,926 options were exercised for cash proceeds of $1.3 million.

The following table summarizes information about stock options outstanding at December 31, 2019:

	Outstanding				Exercisable		
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price (per share)		Number of Options	Weighted Average Exercise Price (per share)	
$0.00 - $6.25	2,169,335	7.28	$	3.46	1,757,998	$	3.39
$6.25 -$12.50	1,025,400	3.84	$	8.35	885,996	$	8.58
$12.50 - $18.75	1,250,000	2.78	$	16.37	1,250,000	$	16.37
$18.75 - $25.00	120,000	0.16	$	20.51	120,000	$	20.51
	4,564,735	5.09	$	8.54	4,013,994	$	9.09

The assumptions used to determine the value of stock-based awards under the Black-Scholes method are summarized below:

	Year ended December 31,		
	2019	2018	2017
Risk-free interest rate	2.20 %	2.72 %	1.94 %
Dividend yield	0.53 %	0.40 %	0.53 %
Expected volatility	62.76 %	67.11 %	67.70 %
Expected life in years	5	5	5

Restricted Stock Units

A summary of RSU activity under the Incentive Plan for the years ended December 31, 2019 and 2018 is presented below:

	Shares	Aggregate Intrinsic Value (thousands)		Weighted Average Remaining Contractual Term (in years)
Nonvested as of December 31, 2017	209,283	$	920	1.91
Granted	120,002			-
Vested	(89,921)			-
Expired	-			-
Forfeited	(16,610)			-
Nonvested as of December 31, 2018	222,754	$	891	1.77
Granted	310,870			-
Vested	(121,060)			-
Expired	-			-
Forfeited	(11,329)			-
Nonvested as of December 31, 2019	401,235	$	2,223	8.00

The weighted-average fair value per share of RSUs granted during the years ended December 31, 2019 and 2018, and 2017 was $4.83, $6.89 and $4.11, respectively. The total intrinsic value of RSUs vested during the years ended December 31, 2019, 2018, and 2017 was $0.4 million, $0.5 million and $0.3 million, respectively.

Stock-Based Compensation Expense

Stock-based compensation expense for stock options and RSUs is as follows:

	Year ended December 31,		
	2019	2018	2017
		(in thousands)	
Stock options	$ 1,458	$ 993	$ 829
Restricted stock units	474	504	363
Total	$ 1,932	$ 1,497	$ 1,192

The estimated unrecognized stock-based compensation expense from unvested options and RSUs as of December 31, 2019 was approximately $1.1 million and $1.9 million, respectively, and is expected to be recognized over the remaining vesting periods of up to three years.

17. Other Expense, Net

During the years ended December 31, 2019, 2018 and 2017, other expense, net consisted of the following:

	Year ended December 31,		
	2019	2018	2017
		(in thousands)	
Unrealized currency exchange (gain) loss	$ (19)	$ 230	$ 983
Realized currency exchange loss (gain)	252	707	(457)
Unrealized (gain) loss from gold and silver rounds/bullion, net [1]	(671)	134	(493)
Loss from sale of investments, net [2]	-	195	-
Loss on disposal of fixed assets	12	389	474
Increase in reserve for inventory obsolescence	885	114	106
Increase in allowance for doubtful accounts receivable	-	1,360	-
Other expense (income)	173	(18)	553
Total	$ 632	$ 3,111	$ 1,166

(1) Gains and losses due to changes in fair value are non-cash in nature until such time that they are realized through cash transactions.

(2) During 2018, the Company wrote off its equity investment and recognized a loss of $195. For additional information regarding our fair value measurements and investments, please see **Note 19**.

18. Net Income per Common Share

Basic income per common share is calculated based on the weighted average number of shares of common stock outstanding for the period. Diluted income per common share is calculated based on the assumption that stock options outstanding, which have an exercise price less than the average market price of the Company’s common stock during the period, would have been exercised on the later of the beginning of the period or the date granted and that the funds obtained from the exercise were used to purchase common shares at the average market price during the period. All the Company’s restricted stock units are considered to be dilutive.

The effect of the Company’s dilutive securities is calculated using the treasury stock method and only those instruments that result in a reduction in net income per common share are included in the calculation. Options to purchase 4.2 million, 3.6 million, and 3.1 million shares of common stock at weighted average exercise prices of $8.95, $10.44, and $11.26 were outstanding as of December 31, 2019, 2018, and 2017, respectively, but were not included in the computation of diluted weighted average common shares outstanding, as the exercise price of the options exceeded the average price of the Company’s common stock during those periods, and therefore were anti-dilutive.

Basic and diluted net income per common share is calculated as follows:

	Year ended December 31,		
	2019	2018	2017
Net income *(in thousands)*	$ 5,832	$ 9,288	$ 4,150
Basic weighted average shares of common stock outstanding	63,681,156	57,534,830	56,854,670
Dilutive effect of share-based awards	351,834	834,836	740,323
Diluted weighted average common shares outstanding	64,032,990	58,369,666	57,594,993
Net income per share:			
Basic and diluted	$ 0.09	$ 0.16	$ 0.07

19. Fair Value Measurement

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy 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 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity.)

As required by accounting guidance, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth certain of the Company's assets measured at fair value by level within the fair value hierarchy as of December 31, 2019 and 2018:

	2019	2018	Input Hierarchy Level
	(in thousands)		
Cash and cash equivalents	$ 11,076	$ 7,762	Level 1
Gold and silver rounds/bullion	$ 4,265	$ 3,637	Level 1
Receivables from provisional concentrate sales	$ 8,362	$ 1,744	Level 2
Loans payable	$ 1,661	$ 2,143	Level 2

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents consist primarily of cash deposits and are valued at cost, which approximates fair value. Gold and silver rounds/bullion consist of precious metals used for investment purposes and in the dividend program which are valued using quoted market prices. Please see **Note 3** for additional information. During the year ended December 31, 2018, the Company became aware of adverse events that affected the fair value of its non-current investment in equity securities of $0.2 million and as such, adjusted the investment to nil as of December 31, 2018.

Trade accounts receivable include amounts due to the Company for deliveries of concentrates and doré sold to customers, net of allowance for doubtful accounts of $1.4 million. Concentrate sales contracts provide for provisional pricing as specified in such contracts. These sales contain an embedded derivative related to the provisional pricing mechanism which is bifurcated and accounted for as a derivative. At the end of each reporting period, the Company records an adjustment to sales to reflect the mark-to-market of outstanding provisional invoices based on the forward price curve. Because these provisionally priced sales have not yet settled as of the reporting date, the mark-to-market adjustment related to these invoices is included in accounts receivable as of each reporting date. At December 31, 2019 and 2018, the Company had an unrealized gain of $0.2 million and an unrealized loss of $0.1 million, respectively, included in its accounts receivable on the accompanying Consolidated Balance Sheets related to mark-to-market adjustments. Please see **Note 14** for additional information.

Loans payable consist of obligations for equipment purchases financed on a long-term basis. Loans payable are recorded at amortized cost, which approximates fair value. See **Note 10** for additional information.

Gains and losses related to changes in the fair value of these financial instruments were included in the Company's Consolidated Statements of Operations as shown in the following:

	Year ended December 31,			
	2019	**2018**	**2017**	**Statement of Operations Classification**
		(in thousands)		
Realized/unrealized derivative gain (loss), net	$ 1,714	$ (4,209)	$ 1,899	Sales, net
Realized/unrealized gold and silver rounds/bullion gain (loss), net	$ 663	$ (148)	$ 282	Other expense, net
Investment loss	$ -	$ (195)	$ -	Other expense, net

Realized/Unrealized Derivatives, net

The following tables summarize the Company's realized/unrealized derivatives, net *(in thousands)*:

	Gold	**Silver**	**Copper**	**Lead**	**Zinc**	**Total**
Year ended December 31, 2019						
Realized gain (loss)	$ 318	$ 167	$ 17	$ (44)	$ 965	$ 1,423
Unrealized gain (loss)	117	208	114	(64)	(84)	291
Total realized/unrealized derivatives, net	$ 435	$ 375	$ 131	$ (108)	$ 881	$ 1,714

	Gold	**Silver**	**Copper**	**Lead**	**Zinc**	**Total**
Year ended December 31, 2018						
Realized loss	$ (191)	$ (374)	$ (268)	$ (788)	$ (2,081)	$ (3,702)
Unrealized gain (loss)	222	272	(162)	(39)	(800)	(507)
Total realized/unrealized derivatives, net	$ 31	$ (102)	$ (430)	$ (827)	$ (2,881)	$ (4,209)

	Gold	**Silver**	**Copper**	**Lead**	**Zinc**	**Total**
Year ended December 31, 2017						
Realized gain	$ 154	$ 151	$ 128	$ 131	$ 798	$ 1,362
Unrealized (loss) gain	(93)	(183)	64	72	677	537
Total realized/unrealized derivatives, net	$ 61	$ (32)	$ 192	$ 203	$ 1,475	$ 1,899

20. Supplementary Cash Flow Information

During the years ended December 31, 2019, 2018, and 2017, other operating adjustments and write-downs within the net cash provided by operations on the Consolidated Statements of Cash Flows consisted of the following:

	2019	**2018**	**2017**
	(in thousands)		
Unrealized (gain) loss on gold and silver rounds/bullion	$ (671)	$ 134	$ (493)
Unrealized foreign currency exchange (gain) loss	(19)	230	983
Loss on sale of investments	-	195	-
Loss on disposition of fixed assets	12	389	474
Increase in reserve for inventory	885	114	106
Change in allowance for doubtful accounts receivable	-	1,360	
Other	115	113	215
Total other operating adjustments	$ 322	$ 2,535	$ 1,285

21. Segment Reporting

The Company has organized its operations into two geographic regions. The geographic regions include Oaxaca, Mexico and Nevada, U.S.A. and represent the Company's operating segments. Intercompany revenue and expense amounts have been eliminated within each segment in order to report on the basis that management uses internally for evaluating segment performance. The Company's business activities that are not considered operating segments are included in Corporate and Other.

The financial information relating to the Company's segments is as follows (*in thousands*):

	Mexico	Nevada	Corporate and Other	Consolidated
Year ended December 31, 2019				
Revenue	$ 120,301	$ 15,065	$ -	$ 135,366
Exploration expense	2,614	932	106	3,652
Net income (loss)	17,416	300	(11,884)	5,832
Capital expenditures (1)	17,986	23,477	19	41,482

	Mexico	Nevada	Corporate and Other	Consolidated
Year ended December 31, 2018				
Revenue	$ 115,308	$ -	$ -	$ 115,308
Exploration expense	2,217	2,314	172	4,703
Net income (loss)	20,631	(2,585)	(8,758)	9,288
Capital expenditures (2)	24,039	20,133	29	44,201

	Mexico	Nevada	Corporate and Other	Consolidated
Year ended December 31, 2017				
Revenue	$ 110,156	$ -	$ -	$ 110,156
Exploration expense	1,288	2,916	145	4,349
Net income (loss)	20,379	(2,423)	(13,806)	4,150
Capital expenditures (3)	21,760	10,087	9	31,856

(1) Includes a decrease in capital expenditures in accounts payable of $550 and non-cash additions of $2,558; consolidated capital expenditures on a cash basis were $39,474.

(2) Includes an increase in capital expenditures in accounts payable of $3,302 and non-cash additions of $823; consolidated capital expenditures on a cash basis were $40,076.

(3) Includes an increase in capital expenditures in accounts payable of $1,041 and non-cash additions of $5,383; consolidated capital expenditures on a cash basis were $25,432.

Total asset balances, excluding intercompany balances at December 31, 2019 and December 31, 2018 are as follows:

	2019	2018
	(in thousands)	
Mexico	$ 98,718	$ 91,590
Nevada	84,669	46,677
Corporate and Other	9,625	12,064
Consolidated	$ 193,012	$ 150,331

22. Quarterly Financial Data (Unaudited)

The following represents selected information from the unaudited quarterly Consolidated Statements of Operations for the years ended December 31, 2019 and 2018:

	2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per common share data)			
Sales, net	$ 26,578	$ 29,374	$ 40,066	$ 39,348
Mine gross profit	$ 5,439	$ 6,491	$ 9,318	$ 7,867
Net income	$ 882	$ 1,798	$ 2,978	$ 174
Net income per common share:				
Basic and diluted	$ 0.01	$ 0.03	$ 0.05	$ -
Weighted average shares outstanding:				
Basic	60,672,133	62,778,445	65,495,958	65,691,527
Diluted	61,142,088	63,066,616	65,796,899	66,092,425

	2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per common share data)			
Sales, net	$ 32,151	$ 30,768	$ 24,258	$ 28,131
Mine gross profit	$ 12,920	$ 9,521	$ 3,293	$ 7,956
Net income (loss)	$ 5,457	$ 3,754	$ (781)	$ 858
Net income (loss) per common share:				
Basic	$ 0.10	$ 0.07	$ (0.01)	$ 0.01
Diluted	$ 0.09	$ 0.06	$ (0.01)	$ 0.01
Weighted average shares outstanding:				
Basic	57,120,077	57,315,472	57,642,966	58,049,972
Diluted	57,911,299	58,314,123	57,642,966	58,571,874

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Effective October 1, 2018, EKS&H LLLP (“EKS&H”), our independent registered public accounting firm combined with Plante & Moran PLLC (“Plante Moran”). As a result of this transaction, on October 1, 2018, EKS&H resigned as the independent registered public accounting firm for the Company. Concurrent with such resignation, the Company’s audit committee approved the engagement of Plante Moran as the new independent registered public accounting firm for the Company. The audit report of EKS&H on our consolidated financial statements for the year ended December 31, 2017, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. During the interim periods up to October 1, 2018, there were no (1) disagreements between us and EKS&H on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference thereto in their reports on the consolidated financial statements for such years, or (2) “reportable events” as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

During the fiscal year ended December 31, 2017, and in the interim period up to October 1, 2018, we have not consulted with Plante Moran regarding either (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and no written report or oral advice was provided by Plante Moran to us that was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue; or (2) any matter that was the subject of a disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) or a “reportable event” (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer, with assistance from management, have evaluated the effectiveness of disclosure controls and procedures as of December 31, 2019. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2019.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework (2013). Based on this assessment, management concluded that our internal control over financial reporting as of December 31, 2019, was effective.

Plante Moran PLLC, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of its audit, has issued an opinion on the effectiveness of our internal control over financial reporting which is included as part of **Item 8. Financial Statements and Supplementary Data**.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the fourth quarter ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

Item 10. **Directors, Executive Officers, and Corporate Governance**

The information required by this item is incorporated by reference from the information to be contained in our Proxy Statement for the 2020 Annual Meeting of Shareholders (“2020 Proxy Statement”) expected to be filed within 120 days after the end of our fiscal year ended December 31, 2019.

Item 11. **Executive Compensation**

The information required by this item is incorporated by reference from the information to be contained in our 2020 Proxy Statement.

Item 12. **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated by reference from the information to be contained in our 2020 Proxy Statement.

Item 13. **Certain Relationships and Related Transactions and Director Independence**

The information required by this item is incorporated by reference from the information to be contained in our 2020 Proxy Statement.

Item 14. **Principal Accountant Fees and Services**

The information required by this item is incorporated by reference from the information to be contained in our 2020 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed with or incorporated by referenced in this report:

Item No.	Description
3.1	Articles of Incorporation of the Company as filed with the Colorado Secretary of State on August 24, 1998 (incorporated by reference from our registration statement on Form SB-2 filed on October 28, 2005, Exhibit 3.1, File No. 333-129321).
3.1.1	Articles of Amendment to the Articles of Incorporation as filed with the Colorado Secretary of State on September 16, 2005 (incorporated by reference from our registration statement on Form SB-2 filed on October 28, 2005, Exhibit 3.1.1, File No. 333-129321).
3.1.2	Articles of Amendment to the Articles of Incorporation as filed with the Colorado Secretary of State on November 8, 2010 (incorporated by reference from our quarterly report on Form 10-Q filed on November 10, 2010, Exhibit 3.1, File No. 001-34857).
3.2	Amended and Restated Bylaws of the Company dated August 9, 2010 (incorporated by reference from our current report on Form 8-K filed on August 12, 2010, Exhibit 3.2, File No. 333-129321).
3.2.1	Amendment dated March 25, 2013 to Amended and Restated Bylaws of the Company dated August 9, 2010 (incorporated by reference from our current report on Form 8-K filed on March 27, 2013, Exhibit 3.2, File No. 001-34857).
4.1	Description of Capital Stock
10.1	Exploitation and Exploration Agreement between the Company and Jose Perez Reynoso dated October 14, 2002 (incorporated by reference from our registration statement on Form SB-2 filed on October 28, 2005, Exhibit 10.1, File No. 333-129321).
10.2	Mining Exploration and Exploitation Agreement between Don David Gold, S.A. de C.V. and Jose Perez Reynoso effective November 21, 2002 (incorporated by reference from our quarterly report on Form 10-Q filed on August 9, 2012, Exhibit 10.15, File No. 001-34857).
10.3	Amendment to Mining Exploration and Exploitation Agreement between Don David Gold Mexico, S.A. de C.V. and Jose Perez Reynoso effective August 3, 2012 (incorporated by reference from our quarterly report on Form 10-Q filed on August 9, 2012, Exhibit 10.17, File No. 001-34857).
10.4	Gold Resource Corporation 2016 Equity Incentive Plan (incorporated by reference from our registration statement on Form S-8 filed on December 7, 2016, Exhibit 4.1, File No. 333-214958).
10.5*	Form of Stock Option Agreement.
10.6*	Form of RSU Agreement.
10.7*	Form of RSU Agreement.
10.8	Office Lease between Don David Gold Mexico, S.A. de C.V. and Immobilaria & Construcciones Stipa S.A. de C.V. effective January 1, 2012 (incorporated by reference from our annual report on Form 10-K filed March 18, 2013, Exhibit 10.28, File No. 001-34857).

10.9	Office Lease between the Company and Lincoln ASB Colorado Center LLC effective November 1, 2012 (incorporated by reference from our annual report on Form 10-K filed March 18, 2013, Exhibit 10.29, File No. 001-34857).
10.10	Form of Executive Employment Agreement between the Company and its executive officers including its Principal Executive Officer and Principal Financial Officer (incorporated by reference from our current report on Form 8-K filed on December 29, 2017, Exhibit 10.1, File No. 001-34857).
10.11	Form of Indemnification Agreement between the Company and its directors and officers (incorporated by reference from our current report on Form 8-K filed on December 18, 2013, Exhibit 10.1, File No. 001-34857).
10.12	Policy for Recoupment of Executive Compensation (incorporated by reference from our annual report on Form 10-K filed on March 8, 2018, Exhibit 10.14, File No. 001-34857).
10.13	Amendment No. 2 to Office Lease between the Company and Lincoln ASB Colorado Center LLC dated January 24, 2019 (incorporated by reference from our annual report on Form 10-K filed on February 26, 2019, Exhibit 10.12, File No. 001-34857).
21*	Subsidiaries of the Company.
23.1*	Consent of Plante & Moran PLLC, Independent Registered Public Accounting Firm.
23.2*	Consent of EKS&H, LLLP, Independent Registered Public Accounting Firm.
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Jason D. Reid.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for John A. Labate.
32*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Jason D. Reid and John A. Labate.
95*	Mine Safety Disclosures.
101*	The following financial statements from the Annual Report on Form 10-K for the year ended December 31, 2019 are furnished herewith, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Changes in Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.

* filed herewith

ITEM 16. 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

GOLD RESOURCE CORPORATION

Date: March 2, 2020

/s/ Jason D. Reid
By: Jason D. Reid, Chief Executive Officer,
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Jason D. Reid Jason D. Reid	Chief Executive Officer, President and Director (Principal Executive Officer)	March 2, 2020
/s/ John A. Labate John A. Labate	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2020
/s/ Bill M. Conrad Bill M. Conrad	Chairman of the Board of Directors	March 2, 2020
/s/ Alex G. Morrison Alex Morrison	Director	March 2, 2020
/s/ Kimberly C. Perry Kimberly C. Perry	Director	March 2, 2020