



**FOR IMMEDIATE RELEASE**  
August 9, 2011

**NEWS**  
NYSE Amex: GORO

**GOLD RESOURCE CORPORATION REPORTS RECORD SECOND QUARTER RESULTS; SETS 2011 PRECIOUS METAL GOLD EQUIVALENT PRODUCTION TARGET OF 60,000 - 70,000 OUNCE RANGE**

**COLORADO SPRINGS – August 9, 2011** – Gold Resource Corporation (GORO) (NYSE Amex: GORO) today announced a profitable and record second quarter ending June 30, 2011, despite the anomalous storm event that negatively impacted April and May production. Gold Resource Corporation is a low-cost gold producer with operations in the southern state of Oaxaca, Mexico. The Company has returned over \$22 million to shareholders in special monthly dividends since declaring commercial production July 1, 2010.

**2011 Q2 HIGHLIGHTS**

- Record revenue of \$20.7 million
- Company's net income of \$4.9 million, or \$0.09 per share, before extraordinary item
- Produced 13,457 ounces precious metal gold equivalent (AuEq)
- Cash cost of \$156 per gold equivalent ounce
- Generated \$17.2 million mine gross profit
- Record dividend distributions of \$6.4 million, or \$0.12 per share for quarter
- Increased cash in bank by \$4.2 million

**Overview of Q2 2011 Results from El Aguila Project**

The Company's second quarter results included record production, record earnings, record dividends and an increase in the Company's treasury by \$4.2 million of newly generated cash. The record second quarter was achieved during adversarial conditions. The Arista mine was impacted Q2 from an anomalous storm on April 20<sup>th</sup> that flooded the lower levels of the Arista mine which caused damage to the mine and some equipment. The mine underwent cleanup and repairs that were completed in June. This negatively impacted the quarter's results as mining was delayed, mill throughput was reduced and costs increased for the months of April and May.

Gold Resource Corporation's President, Mr. Jason Reid, stated, "It is very fortunate no serious injuries were sustained from the anomalous event and a credit to our people that they not only overcame adversity but performed in the face of it. We are very pleased with our results since they were achieved against the background of a freak storm, our own natural disaster."

Gold Resource Corporation's El Aguila Project produced 13,457 ounces of precious metal gold equivalent (AuEq) at a cash cost of \$156 per gold equivalent ounce and sold its gold at an average price of \$1,576 per ounce and silver at \$37 per ounce. The mine generated a gross profit of \$17.2 million.

“The Project paid for all our activities this quarter including operations, exploration, anomalous storm cleanup and repair which was an additional \$2.5 million, General and Administrative, special dividends and added new cash to our treasury. Gold Resource Corporation is positioned on a path of aggressive growth having demonstrated the ability to pay dividends, grow the Company and grow its bank account at the same time. This is in line with our objective to be both a growth stock and an income stock and not compromise one for the other” stated Mr. Reid. “Furthermore, we believe GORO is fully funded for the foreseeable future.”

Following completion of the mine cleanup in June, production levels reached an annualized run rate of 80,000 ounce precious metal gold equivalent. Having reached this level, we are targeting a similar run rate for the balance of 2011 which will revise our production target to 60,000 to 70,000 ounce precious metal gold equivalent range. The Company continues on a trajectory towards its long term target of 200,000 precious metal gold equivalent ounces in 2013.

The Company’s objective is to seek out high-grade gold and silver projects that feature low operating costs and produce high returns on invested capital. At the outset, the Company’s operating philosophy and founding principles established a return of capital metric prior to a production decision. This metric evaluates the minimum initial capital necessary to generate the first revenue from a project against the time frame necessary to generate mine gross profit equal to the initial capital expenditure to generate revenue. Though additional ongoing capital expenditures are necessary as a project continues to grow, the Company targets a return of that initial capital expenditure to be paid back within 12 months from commercial production.

The Aguila Project’s minimum initial capital necessary to generate the first revenue was \$34.2 million (see management metric table in June 30, 2011 10-Q for additional information) and based on the mine gross profit for the first 12 months of commercial production the Project generated \$35.8 million. The Company’s El Aguila Project has met the targeted return of capital metric within its first year of commercial production.

Mr. Reid continued, “We are very proud of the fact that this management team and our people have demonstrated Gold Resource Corporation’s ability to achieve a high return on capital invested. This is an important metric when investors compare companies and a metric that the Company will apply to additional projects going forward.”

“We remain consistent in our long-term objective to return cash back to the owners of the Company, its shareholders. Using funds generated from mine gross profit, the Company declared and paid its shareholders \$0.04 per share special dividend each month during the quarter, which is the highest to date since commencing commercial production. We believe our properties’ exploration potential is as exciting as any exploration investment available and the dividend rewards shareholders while the Company executes its aggressive production growth profile.” stated Mr. Reid.

### **Production statistics from the El Aguila Project**

Our production for the three months ended June 30, 2011 was comprised mostly of the *La Arista* underground mine stockpiles. We transitioned to processing the *La Arista* underground ore in March 2011. The precious metals gold and silver are our main products and the base metals copper, lead and zinc are considered by-products. However, during the cleanup from the storm we supplemented our throughput with stockpiled ore from the open pit. In June 2011, we began the underground mine stoping of the *La Arista* vein system. We anticipate that our production going forward will be a combination of ore from both stoping the various veins

encountered as well as from development work that takes place on those various veins. As discussed above, our production was adversely impacted by the storm.

Below is a table of the key production statistics for our *El Aguila* Project during the three months ended June 30, 2011 (there were no statistics for the comparable period of 2010):

***El Aguila* Production Statistics**

	<b>Three months ended June 30, 2011</b>
<b>Mine Production:</b>	
Tonnes Milled .....	40,194
Average Tonnes Milled Per Day.....	442
Average Gold Grade (g/t) .....	2.36
Average Silver Grade (g/t).....	386
Average Copper Grade (%).....	0.42
Average Lead Grade (%) .....	1.10
Average Zinc Grade (%).....	2.39
<b>Recoveries:</b>	
Average Gold Recovery (%).....	87
Average Silver Recovery (%) .....	91
Average Copper Recovery (%) .....	77
Average Lead Recovery (%) .....	75
Average Zinc Recovery (%) .....	72
<b>Payable metal produced:</b>	
Gold (oz.) .....	2,720
Silver (oz.) .....	461,546
Copper (tonnes) .....	104
Lead (tonnes) .....	332
Zinc (tonnes) .....	688
<b>Payable metal sold:</b>	
Gold (oz.) .....	2,384
Silver (oz.) .....	460,479
Copper (tonnes) .....	81
Lead (tonnes) .....	340
Zinc (tonnes) .....	458
<b>Average metal prices realized:</b>	
Gold (per oz.) .....	\$ 1,576.03
Silver (per oz.) .....	\$ 36.66
Copper (per tonne) .....	\$ 8,947.05
Lead (per tonne) .....	\$ 2,440.20
Zinc (per tonne) .....	\$ 2,183.42
<b>Gold equivalent ounces produced:</b>	
Gold (oz.) .....	2,720
Equivalent Gold (oz.) from Silver (43:1 ratio) .....	10,737
Total Gold and Gold Equivalent (oz.) .....	13,457
<b>Unit costs:</b>	
Costs per tonne – ore mined .....	\$ 24.00
Costs per tonne – ore milled .....	\$ 52.00
Total cost per tonne.....	<u>\$ 76.00</u>
Cash cost per ounce Gold Equivalent <sup>(1)</sup> .....	<u>\$ 156.00</u>

- (1) A reconciliation of this non-GAAP measure to cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, can be found below in *Non-GAAP Measures*.

**About GRC:**

Gold Resource Corporation is a mining company focused on production and pursuing development of gold and silver projects that feature low operating costs and produce high returns on capital. The Company has 100% interest in six potential high-grade gold and silver properties in Mexico's southern state of Oaxaca. The Company has 52,998,303 shares outstanding, no warrants and no debt.

For more information, please visit GRC's website, located at [www.Goldresourcecorp.com](http://www.Goldresourcecorp.com) and read the Company's 10-K for an understanding of the risk factors involved.

**Cautionary Statements:**

This press release contains forward-looking statements that involve risks and uncertainties. The statements contained in this press release that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. When used in this press release, the words "plan", "target", "anticipate," "believe," "estimate," "intend" and "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 production, future expenses and costs, future liquidity and capital resources, and estimates of mineralized material. All forward-looking statements in this press release are based upon information available to Gold Resource Corporation on the date of this press release, 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. The Company's actual results could differ materially from those discussed in this press release. In particular, there can be no assurance that production will continue at any specific rate. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the company's 10-K filed with the Securities and Exchange Commission

**Contacts:**

Corporate Development  
Greg Patterson  
303-320-7708  
[www.Goldresourcecorp.com](http://www.Goldresourcecorp.com)

**See Accompanying Tables**

*The following information summarizes the results of operations for Gold Resource Corporation for the three and six months ended June 30, 2011 and 2010, its financial condition at June 30, 2011 and December 31, 2010 and its cash flows for the three and six months ended June 30, 2011 and 2010. The summary data for the three and six months ended June 30, 2011 and 2010 is unaudited; the summary data for the year ended December 31, 2010 is derived from our audited financial statements contained in our annual report on Form 10-K for the year ended December 31, 2010, but do not include the footnotes and other information that is included in the complete financial statements. Readers are urged to review the Company's Form 10-K in its entirety, which can be found on the SEC's website at [www.sec.gov](http://www.sec.gov).*

*The calculation of our cash cost per ounce contained in this press release is a non-GAAP financial measure. Please see "Management's Discussion and Analysis and Results of Operation" contained in the Company's most recent Form 10-Q and Form 10-K.*

**Gold Resource Corporation**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Operations**  
**For the three months ended June 30, 2011 and 2010**  
**(U.S. dollars in thousands, except shares and per share amounts)**

	2011	2010
Sales of metals concentrate, net.....	\$ 20,664	\$ —
Mine cost of sales:		
Production costs applicable to sales .....	3,387	—
Depreciation, depletion, amortization .....	79	—
Accretion.....	22	—
Total mine cost of sales .....	<u>3,488</u>	<u>—</u>
Mine gross profit.....	<u>17,176</u>	<u>—</u>
Costs and expenses:		
General and administrative (includes \$1,521 in 2011 and \$421 in 2010 of non-cash stock-based compensation) .....	3,403	1,441
Exploration expenses .....	1,024	1,071
Construction and development.....	6,025	3,829
Production start-up expense, net.....	—	(520)
Management contract - US Gold, related party.....	—	—
Total costs and expenses .....	<u>10,452</u>	<u>5,821</u>
Operating income (loss) .....	<u>6,724</u>	<u>(5,821)</u>
Other income (expense):		
Other income (expense) .....	(9)	—
Currency exchange gain (loss).....	(32)	—
Interest income .....	18	9
Total other income (expense) .....	<u>(23)</u>	<u>9</u>
Income (loss) before income taxes .....	6,701	(5,812)
Income tax expense .....	(1,806)	—
Net income (loss) before extraordinary item .....	4,895	(5,812)
Extraordinary item:		
Flood loss, net of income tax benefit of \$750 .....	(1,756)	—
Net income (loss)	3,139	(5,812)
Other comprehensive income:		
Currency translation adjustment.....	(80)	(248)
Net comprehensive income (loss).....	<u>\$ 3,059</u>	<u>\$ (6,060)</u>
Net income (loss) per common share:		
Basic:		
Net income (loss) before extraordinary item .....	\$ 0.09	\$ (0.12)
Extraordinary item .....	(0.03)	--
Net income (loss) .....	<u>\$ 0.06</u>	<u>\$ (0.12)</u>
Diluted:		
Net income (loss) before extraordinary item .....	\$ 0.09	\$ (0.12)
Extraordinary item .....	(0.03)	--
Net income (loss) .....	<u>\$ 0.06</u>	<u>\$ (0.12)</u>
Weighted average shares outstanding:		
Basic .....	<u>52,998,303</u>	<u>49,011,275</u>
Diluted.....	<u>56,545,865</u>	<u>49,011,275</u>

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**For the six months ended June 30, 2011 and 2010**  
**(U.S. dollars in thousands, except shares and per share amounts)**

	<i>2011</i>	<i>2010</i>
Sales of metals concentrate, net .....	\$ 31,944	\$ —
Mine cost of sales:		
Production costs applicable to sales .....	5,739	—
Depreciation, depletion, amortization .....	143	—
Accretion .....	43	—
Total mine cost of sales .....	5,925	—
Mine gross profit .....	26,019	—
Costs and expenses:		
General and administrative (includes \$2,898 in 2011 and \$503 in 2010 of non-cash stock-based compensation) .....	6,516	2,340
Exploration expenses .....	1,535	2,286
Construction and development .....	9,091	8,276
Production start-up expense, net .....	—	209
Management contract - US Gold, related party .....	—	—
Total costs and expenses .....	17,142	13,111
Operating income (loss) .....	8,877	(13,111)
Other income (expense):		
Other income (expense) .....	(4)	—
Currency exchange gain (loss) .....	(184)	—
Interest income .....	44	34
Total other income (expense) .....	(144)	34
Income (loss) before income taxes .....	8,733	(13,077)
Income tax expense .....	(1,806)	—
Net income (loss) before extraordinary item .....	6,927	(13,077)
Extraordinary item:		
Flood loss, net of income tax benefit of \$750 .....	(1,756)	—
Net income (loss) .....	5,171	(13,077)
Other comprehensive income:		
Currency translation adjustment .....	384	37
Net comprehensive income (loss) .....	\$ 5,555	\$ (13,040)
Net income (loss) per common share:		
Basic:		
Net income (loss) before extraordinary item .....	\$ 0.13	\$ (0.27)
Extraordinary item .....	(0.03)	--
Net income (loss) .....	\$ 0.10	\$ (0.27)
Diluted:		
Net income (loss) before extraordinary item .....	\$ 0.12	\$ (0.27)
Extraordinary item .....	(0.03)	--
Net income (loss) .....	\$ 0.09	\$ (0.27)
Weighted average shares outstanding:		
Basic .....	52,998,303	48,634,539
Diluted .....	56,530,421	48,634,539

**GOLD RESOURCE CORPORATION**  
**(An Exploration Stage Company)**  
**CONSOLIDATED BALANCE SHEETS**  
**(U.S. dollars in thousands, except shares)**

	<i>June 30,</i> <u>2011</u>	<i>As of</i> <i>December 31,</i> <u>2010</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents .....	\$ 42,098	\$ 47,582
Accounts receivable .....	2,596	1,185
Inventories.....	5,574	3,063
Refundable IVA taxes .....	8,204	5,678
Prepaid expenses.....	515	170
Other current assets .....	7	9
Total current assets .....	<u>58,994</u>	<u>57,687</u>
Land and mineral rights .....	227	227
Property and equipment, net.....	7,607	4,849
Other assets .....	76	34
Total assets .....	<u>\$ 66,904</u>	<u>\$ 62,797</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable .....	\$ 3,650	\$ 2,449
Accrued expenses.....	256	777
IVA and other taxes payable .....	5,996	1,640
Income tax payable .....	1,056	--
Dividends payable.....	2,120	1,590
Total current liabilities .....	<u>13,078</u>	<u>6,456</u>
Asset retirement obligation .....	<u>2,657</u>	<u>2,495</u>
Shareholders' equity:		
Preferred stock - \$0.001 par value, 5,000,000 shares authorized: no shares issued and outstanding .....	—	—
Common stock - \$0.001 par value, 100,000,000 shares authorized: 52,998,303 shares issued and outstanding, .....	53	53
Additional paid-in capital .....	144,212	152,444
(Deficit) accumulated during the exploration stage.....	(92,720)	(97,891)
Accumulated other comprehensive income (loss):		
Currency translation adjustment.....	(376)	(760)
Total shareholders' equity.....	<u>51,169</u>	<u>53,846</u>
Total liabilities and shareholders' equity .....	<u>\$ 66,904</u>	<u>\$ 62,797</u>



**GOLD RESOURCE CORPORATION**  
**(An Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**for the three months ended June 30, 2011 and 2010**  
**(U.S. dollars in thousands, except shares)**

	2011	2010
Cash flows from operating activities:		
Net income (loss) .....	\$ 3,139	\$ (5,812)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation .....	186	126
Accretion expense.....	22	17
Stock compensation.....	1,521	421
Foreign currency translation adjustment .....	(79)	(248)
Changes in operating assets and liabilities:		
Accounts receivable.....	1,798	(293)
Inventories.....	2,177	(794)
Refundable IVA taxes.....	(2,102)	(377)
Prepaid expenses.....	(341)	—
Other current assets.....	(2)	(43)
Accounts payable.....	752	343
Accrued expenses.....	(292)	364
IVA and other taxes payable.....	3,855	53
Income tax payable.....	1,056	—
Dividends payable.....	530	—
Other assets.....	(33)	(83)
Total adjustments.....	<u>9,048</u>	<u>(514)</u>
Net cash provided by (used in) operating activities.....	<u>12,187</u>	<u>(6,326)</u>
Cash flows from investing activities:		
Capital expenditures.....	(1,664)	(46)
Restricted cash.....	—	1,910
Net cash (used in) provided by investing activities.....	<u>(1,664)</u>	<u>1,864</u>
Cash flows from financing activities:		
Proceeds from sales of stock.....	—	6,232
Dividends .....	(6,360)	—
Net cash (used in) provided by financing activities.....	<u>(6,360)</u>	<u>6,232</u>
Effect of exchange rates on cash and equivalents.....	<u>32</u>	<u>(69)</u>
Net increase in cash and equivalents.....	4,195	1,701
Cash and equivalents at beginning of period.....	37,904	3,690
Cash and equivalents at end of period.....	<u>\$ 42,099</u>	<u>\$ 5,391</u>

**GOLD RESOURCE CORPORATION**  
**(An Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**for the six months ended June 30, 2011 and 2010**  
**(U.S. dollars in thousands, except shares)**

	2011	2010
Cash flows from operating activities:		
Net income (loss) .....	\$ 5,171	\$ (13,077)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation .....	330	187
Accretion expense .....	43	34
Asset retirement obligation .....	—	—
Stock compensation .....	2,898	503
Management fee paid in stock .....	—	—
Related party payable paid in stock .....	—	—
Foreign currency translation adjustment .....	384	38
Loss on disposal of asset .....	—	—
Issuance cost forgiven .....	—	—
Changes in operating assets and liabilities:		
Accounts receivable .....	(1,411)	(293)
Inventories .....	(2,511)	(2,449)
Refundable IVA taxes .....	(2,526)	(1,563)
Prepaid expenses .....	(345)	—
Other current assets .....	2	(309)
Accounts payable .....	1,201	529
Accrued expenses .....	(521)	412
IVA and other taxes payable .....	4,356	(47)
Income tax payable .....	1,056	--
Dividends payable .....	530	--
Other assets .....	(42)	(4)
Total adjustments .....	3,444	(2,962)
Net cash provided by (used in) operating activities .....	8,615	(16,039)
Cash flows from investing activities: .....		
Capital expenditures .....	(3,089)	(389)
Restricted cash .....	—	3,695
Net cash (used in) provided by investing activities .....	(3,089)	3,306
Cash flows from financing activities: .....		
Proceeds from sales of stock .....	—	11,404
Proceeds from exercise of stock options .....	—	—
Proceeds from debentures - founders .....	—	—
Dividends .....	(11,130)	—
Proceeds from exploration funding agreement - Canyon Resources .....	—	—
Net cash (used in) provided by financing activities .....	(11,130)	11,404
Effect of exchange rates on cash and equivalents .....	120	(32)
Net increase (decrease) in cash and equivalents .....	(5,484)	(1,361)
Cash and equivalents at beginning of period .....	47,582	6,752
Cash and equivalents at end of period .....	\$ 42,098	\$ 5,391

