

GORO Report Gold Resource Corp

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Businesses that compete in a field where the business is affected by both internal sales operations as well as external pricing points, such as commodity producers, understand that this duality can have a major impact on the company's stock price. Such is the case with the business, Gold Resource Corp. This company is a miner of precious metals, such as gold and silver, as well as minerals that will be utilized in business like lead and zinc. Since his company has been operating for some time, they know that there are some aspects of their business, which will be beyond their control, the price of gold for example. Thus, when analyzing a stock such as Gold Resource Corp., the analysis must extend to commodity price, as well as the company's fundamentals and stock price.

Gold is a unique commodity when compared to the rest of the commodities market. With the exception of certain technological devices, gold's practical value is only found in its ability to be utilized as a currency. For example, silver is one of the most utilized precious metals in building items, thus silver not only has an underlying demand as a precious metal it is needed by industry too. Gold, on the other hand, has limited use outside of currency trading, where it can be used as a hedge against inflation or external world events. Therefore, gold's practical value is found in its

ability to be traded against currencies and act as a substitute when people's faith in paper money is put to the test.

Under this analysis, the gold market is still far from its most recent highs, seen during the turmoil of the financial crisis of 2008 as well as inflation concerns of the recent decade. While gold has found an underlying support from investors, it still has been rather lackluster when compared to other investment vehicles, especially such items as the stock market which is reaching all-time highs. From a pure demand standpoint, the gold market seems to be in a trading rut and if history is any judge of the duration of this rut, it can last for an extended period of time.

However, gold can be counted on acting with strength when the world's general environment is racked with concern, even more so than with inflationary risks. Today, the markets are showing little concern that outside influences could potentially derail the economy. However, should an event, such as some sort of military action in North Korea occur, there is a strong likelihood that stocks will fall precipitously and gold could climb as a hedge against uncertainties in the marketplace. In fact, examining some technical charts on gold's performance, several observers have noted that gold may be setting itself up for a breakout and resuming an upward drive, which might be related to increasing tensions in the world environment.

Regardless of what may be causing speculation for gold to begin to make a move upwards, it is clear that whenever any unforeseen circumstance occurs in the market, gold will be one of the primary beneficiaries of this movement. In fact, even though the US dollar is performing well, as a hard currency there have been those who have challenged its dominance in the world market. Should international investors look to other currencies besides the US dollar, expect that gold will be one of the primary beneficiaries of that move as well. Thus, while gold is performing with a

lackluster performance for the shiny metal, it is likely only a matter of time until an external event occurs which will draw gold prices higher.

Company analysis

Gold Resources Corp. has been managed well as the industry has dealt with the decline and lackluster moves of gold. Many miners have continued to utilize debt and similar instruments to maintain their operations. Thus, these other operating companies have made underlying presumptions that their company will witness increasing gold prices. If not, these companies will have to increase their production of gold, which could drive prices down further. Thus, these other operators have put themselves in a bind. Unless there is some sort of external event that will cause gold prices to climb, these companies could face a financial crunch because of their debt load.

However, Gold Resource Corp is different in that they have developed their operations to be debt-free. This allows the company to be able to drive more revenues to the bottom line and thus enrich the investors in the company. In fact, the company is so confident in its proper management of assets and production abilities, it has maintained a modest dividend to its investors, the amount being approximately two cents per share per year. This is one major selling point of the company, in that they have seen the benefit of properly managing their investments in assets that the company can continue to be profitable even when gold prices remain steady or low. Thus, from operating standpoint, Gold Resource Corp. has shown its ability to properly manage external and internal risks and how that can help the company to better navigate an operating environment that has seen many boom and bust cycles.

Should the price of gold rise precipitously, whether in a fast or short period of time, because the company can divert more of its revenues to the bottom line, Gold Resource Corp. will likely be a beneficiary of rising gold prices.

Additionally, from a technical standpoint, the company stock price is bouncing near its 52-week low, as well as a multi-year low. Currently trading at about \$3.57, the company has limited downside risk, while its recent 52-week high of \$8.22 indicates that should some positive news erupt for the business or gold in general, Gold Resource Corp. could quickly move substantially higher.

The only major downside at this point in time for Gold Resource Corp. from a stock performance point of view is that the company was as recently as Friday slapped with the potential lawsuit, which states that the company's board of directors is being sued for breach of fiduciary responsibility. In examining the notification of the lawsuit, as well as the underlying reasoning for the suit, this is only a potential issue as the suit does not indicate how the board might have broken this trust, if they did.

With everything being equal, it is highly likely that at some point, barring a major problem with the company, the stock technicals will likely see a rebound within the near future.

Fundamentally, the company appears to be operating under a generally positive tone. As noted before the company has no debt, while it has some significant resources to utilize for its operations. It is true, that the stock price is still trading higher than its cash balance or book value, but the company has access to large mining operations both in the US and Mexico and will likely see positive results because of its current financial position. In fact, it recently reported positive earnings for the most recent quarter. The following are just some of the fundamentals of the company and why it might be an appropriate investment.

Current price	Go to: https://www.google.com/finance?q=goro
52-week range	\$3.08 to \$8.22
Trailing Earning per Share	\$0.14
Market Cap	\$202 million
50 day Moving Average	\$4.08
Cash on the book	\$16 million
Cash per Share	\$0.29
Debt	N/a
Book per Share	\$1.97

After reviewing both external and internal influences that are affecting Gold Resource Corp., it is clear that the company is working on managing its internal risks. At the same time, the company has properly positioned itself should gold prices recover or break out, the company will likely be able to register better revenues and with it more money that can be diverted to overall profits for the investors of the company.

I hope you enjoyed this report.

-Matt Morris