Fundamental
Research Corp.

Investment Analysis for Intelligent Investors

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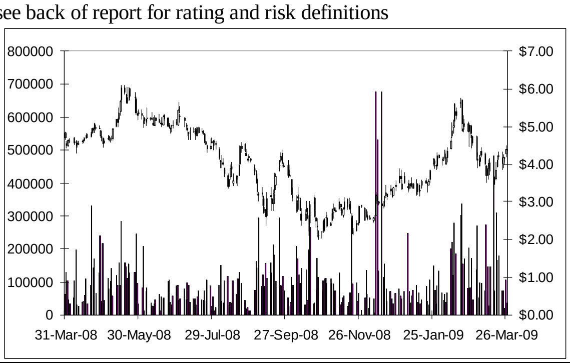
Gold Resource Corporation (OTCBB: GORO) – Initiating Coverage; Emerging Low Cost Gold Producer; Expansion Potential; Strong Management & History of Successful Gold Mine Development

Sector/Industry: Junior Mining **www.goldresourcecorp.com**

Market Data (as of April 2, 2009)

Current Price	$4.34
Fair Value	**$6.83**
Rating*	**BUY**
Risk*	**5 (Highly Spec)**
52 Week Range	$2.00 - $6.09
Shares O/S	40.41 mm
Market Cap	$175.40 mm
Current Yield	N/A
P/E	N/A
P/B	18.28
YoY Return	-5.7%
Dow Jones U.S. SmallCap	-39.6%

*see back of report for rating and risk definitions



Investment Highlights

- Gold Resource Corporation ("GRC", "GORO", "the company") is a Denver, USA-based gold exploration company on the verge of production at its 100% owned El Aguila project in Oaxaca, Mexico.
- The company anticipates production of 70,000 ounces of gold at a cost of $100/oz over the first 12 months of operations.
- Nearby high-grade, polymetallic veins will supply ore in year two and beyond.
- Current drilling has resulted in an in-house resource calculation of 1.62 million gold equivalent ounces (AuEq) with the potential to double in the near term.
- Additional 100% owned properties are within trucking distance of the El Aguila mill site.
- Hochschild Mining (LSE: HOC) recently invested $18 million in the company.

Risks

- The company is heading into production with estimated resources and no proven or probable reserves.
- Profitability depends on future gold prices.

(Note: All the figures used in this report are in US$)

Key Financial Data (FYE Dec 31) (US $)	**2006**	**2007**	**9 mo 2008**
Cash and Cash Equivalents	7,660,258	22,007,216	5,815,499
Working Capital	7,415,207	21,282,704	4,685,316
Mineral Assets & Property and Equipment	96,279	504,951	4,907,957
Total Assets	7,964,118	22,557,576	10,776,209
Net Income (Loss)	(2,686,762)	(8,076,342)	(5,162,942)
EPS	(0.13)	(0.28)	(0.15)

Note: An FRC analyst has visited GORO's property in the past 12 months; see the back of this report for additional disclosures

Gold Resource Corporation is anticipating 70,000 ounces in the first 12 months of production, beginning in mid-2009, at its 100% owned El Aguila property from the El Aguila open pit. Several high-grade veins have been identified nearby which will provide ore starting in year two. The company also holds three other properties within trucking distance of the El Aguila mill site.

Company Overview

Gold Resource Corporation (GRC) is an OTC BB-listed gold, silver and base metal exploration company preparing for near term production at its 100% owned El Aguila project in Oaxaca State, Mexico. The project includes the El Aguila open pit and proximal La Arista, and El Aire high-grade polymetallic veins. The company's primary focus at this time is generating cash flows through low cost production at the high grade El Aguila open pit. The company is aiming at 70,000 ounces of gold production in the first 12 months beginning in mid-2009, at an estimated $100/oz cash cost using the 500,000 to 600,000 ounces of silver produced as a credit. Following the first 12 months of open pit exploitation, production will move underground with ore coming from the La Arista and Baja veins. In addition to the El Aguila project, the company holds 100% interest in three other projects all within trucking distance of the El Aguila facilities: El Rey, a high-grade gold property, and Las Margaritas and Solaga, two high-grade silver properties.

As the company is U.S. based with no Canadian affiliates, the company is not required to produce a 43-101 report. Instead, the company has an in-house resource calculation regarding its La Arista and Baja veins. A polygonal estimate was used and the company has provided all applied data. Drill spacing is such that we feel much of the resources calculated could be categorized in the "resource" category for 43-101 compliant estimations giving us confidence in the numbers presented below under "Resource Estimate."

Figure 1: GORO Project Locations (Source: Gold Resource Corporation)

At this point, the company has been focusing primarily on the El Aguila property with some exploratory diamond drilling completed at El Rey. The Solaga and Las Margaritas properties have prospective geology, and the company anticipates further exploring them in the future. Both are within trucking distance of the El Aguila mill.

Corporate History

Gold Resource Corporation was organized under the laws of the State of Colorado in 1998 to engage in the exploration of mining properties. The company was essentially dormant until 2000, when it entered into a management agreement (that was subsequently cancelled in 2005) with U.S. Gold Corporation (AMEX: UXG), an entity engaged in the exploration and mining business. The company has been building its current land package in Oaxaca since 2002. The IPO of the company was completed in September 14, 2006.

Mining Outlook – Mexico

Mexico is one of the best countries in the world for silver and gold mining. Mexico has been producing silver for over 500 years, since the time of the Aztecs. However, we believe the potential for both gold and silver there is still great, as modern exploration techniques have only started in the past 20 years when Mexico welcomed foreign investors to their mining projects.

Mexico produces most of its gold as a co-product of copper and silver operations, and as a byproduct from polymetallic projects. Mexican gold production has been on an upward trend in recent years and we fully expect that to continue.

Mexico is mining friendly with a tax structure in place to support mining. There are some political risks, but Mexico is still a relatively stable country. The ongoing and very violent events related to the illicit drug trade are occurring predominantly in the northern states near the border with the United States, and we do not believe the situation poses an immediate threat to GORO's projects. In addition, the president, Filipe Calderon, is pro-business and mining friendly.

Excellent on site infrastructure and a warm climate allow GORO to keep exploration and development costs low, and work on the property year-round as observed on our site visit.

Regional Geology - Oaxaca

The Oaxaca region of Mexico is typified by successive volcanic domes and caldera collapses. Epithermal mineralization in the district is hosted by what is considered one of the youngest epithermal systems in Mexico. Young volcanic products including rhyolite and andesite domes, as well as associated flows, breccia units and pyroclastic interfaces, have intruded older (Cretaceous aged) sedimentary units of sandstone and shale, as well as some limestone.

Mineralization in the El Aguila and Las Margaritas project areas lie along a geological structure running North 70° West. The El Aguila open pit and high grade La Arista/El Aire veins are within the San Jose mineralized corridor which runs parallel to the North 70° West structure (see Figure 2) and is closely associated with the volcanic domes and caldera collapses. Locally, northwest-southeast trending dextral (right-lateral) shear zones dominate the structural setting and control mineralization.

Figure 2: San Jose Corridor (Source: Gold Resource Corporation)

Company geologists believe the mineralization at the El Aguila project occurred very near the water table and thus at the epithermal boiling zone. As a result, hydrothermal solutions were pumped into the project area in multiple events allowing for the increased concentration of ores. Supporting evidence of this theory is found in the high grade nature of the El Aguila open pit ore body and sphalerite (a zinc bearing mineral) banding visible in the high grade core samples taken from the La Arista vein (Figure 5).

El Aguila

Property Overview: The El Aguila project comprises 13,291 hectares of highly prospective geological terrain centred along the San Jose mineralized corridor which hosts the historic El Aguila and El Aire mines. The property encompasses the current El Aguila open pit and El Aire, La Arista and Baja polymetallic veins which lie approximately 2km east of the open pit. Mineralized material (equivalent to "resources" in Canada) calculated by the company in October 2008, for the La Arista and Baja veins total approximately 1.33 million AuEq ounces. The company believes an additional 0.27 million AuEq ounces lie within the El Aguila open pit and El Aire vein. The company expects to begin production from the open pit in mid-2009, with cash costs equaling approximately $100 per ounce of gold.

Ownership: The company holds 100% interest in the El Aguila property through its wholly owned Mexican subsidiary, Don David Gold S.A de C.V, who is leasing the property from a consultant of the company. Royalties include an NSR of 4% for production sold in the form of gold/silver doré and 5% for production sold in concentrate form.

Historic Exploration/Production: Two historic mines are present on the El Aguila property, and are aptly named the El Aguila and El Aire mines. Very little information is available regarding the historic mines, which the company suspects produced gold and silver in the early 1900's from underground workings.

Location/Accessibility: Located approximately 120 km southeast of Oaxaca, Mexico, the property is easily accessed via a direct road recently constructed by the company off the Pan-American highway at the village of San Jose de Gracia. Figure 6 in Appendix 1 displays the road which is capable of supporting the anticipated truck traffic.

Rail lines are available in the state of Oaxaca which will support the shipment of flotation concentrates to surrounding smelters. We expect a small cost will be associated with trucking the concentrates to the rail shipping yards.

The company has constructed a water pipeline from the nearby river that will support mill operations. A pumping station is supported by an electrical power line also constructed by the company (also seen in Figure 6).

The proximal location to the Pan American highway means the property lies along a fuel trucking route which will be beneficial as the mill will be run on diesel generated power.

Geology and Mineralization

El Aguila Open Pit

The low sulphidation mineralization is located on what is proposed to be the side of a rhyolitic dome in the form of a high grade (inferred at 7.63 g/t Au and 63 g/t Ag) sub horizontal “manto.” The deposit dips to the southwest and outcrops at the northeastern end.

The host rock is predominantly poorly silicified volcanic breccia with clay alteration. Mineralization itself is hosted by massive quartz cross cut by quartz veins and quartz cemented hydrothermal breccias focused within the volcanic breccia. The quartz is finely crystalline and the gold is microscopic.

The low angle fracturing associated with the mineralization indicates a structural root or feeder zone is very likely below the open pit deposit. The company believes they have intersected the feeder zone with drilling and that it is mineralized. A four meter section grading 55 g/t Au and 700 g/t Ag was intercepted near the bottom of the conceptual pit (off section and not shown in Figure 3). The cross section in Figure 3, below, corresponds to the line A – A’ found on Figure 2 and shows an interpreted El Aguila orebody and includes important drill hole intersections. Figure 7 shows the pre-stripping underway during our site visit and depicts a 3D conceptual pit model.

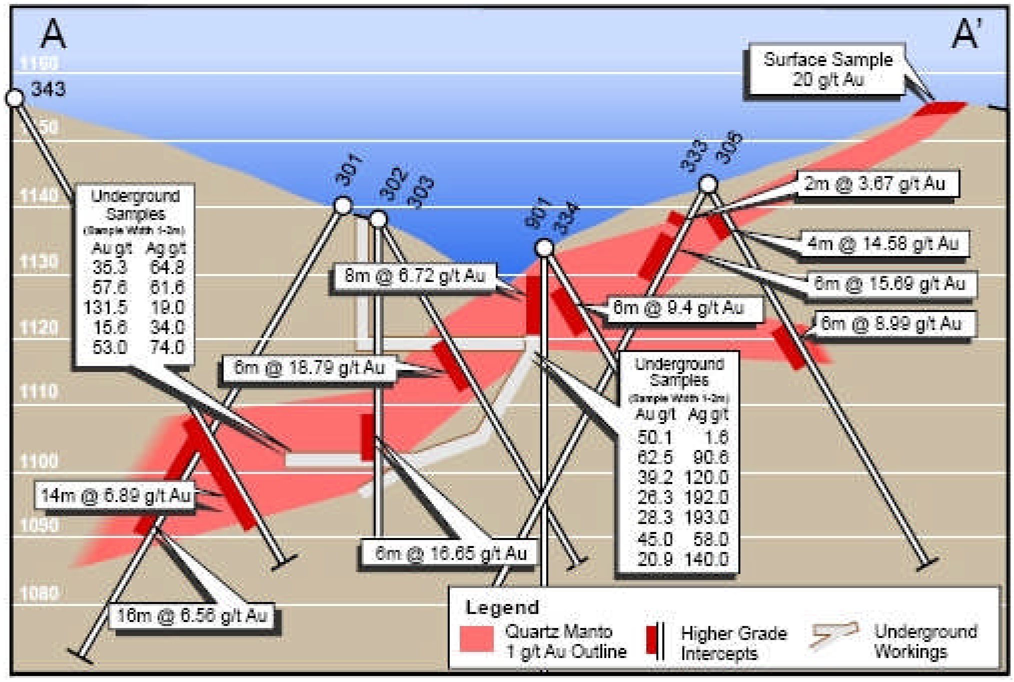


Figure 3: El Aguila Open Pit Cross Section (Source: Gold Resource Corporation)

During our site visit, we were able to stand on the orebody depicted on the far right of Figure 3. Pre-stripping of the open pit had exposed the orebody further down and the ease and efficiency with which the ore will be recovered was clearly demonstrated. We anticipate the geological characteristics of the orebody, particularly shallow dip and high grade, makes the 70,000 ounce production target for the first 12 months very achievable.

La Arista/Baja and El Aire Veins

These steeply dipping veins are hosted in an andesitic, dacitic, and rhyolitic volcanic sequence of both extrusive and intrusive units. Veins appear to strike in a north-northwest direction likely due to west-northwest-trending strike-slip faults associated with the caldera setting described above.

The La Arista and Baja veins lie parallel, and approximately 30 meters apart while the El Aire vein is located approximately 100 meters west.

The principal veins are open-space-fill quartz veins, and some include silica replaced wall rock, while others have extensive veinlet stockwork zones in the hanging wall. As noted above, the high grade nature of these veins is likely due to being situated in the epithermal boiling zone. The polymetallic mineralization is considered to be intermediate sulphidation epithermal.

The El Aire vein has been drill tested over a strike length of approximately 350 meters and to a depth of 250 meters. El Aire remains open in both strike and depth.

The La Arista vein, which outcrops atop the La Arista ridge has been drill tested over a strike length of 400 meters, to a depth of 400 meters, and runs parallel to the Baja vein. In addition, the company recently completed two step-out drill holes approximately 50 meters southeast of any previous intercepts, and one at twice the known depth in an attempt to constrain the mineralization. They ended up successfully hitting mineralization similar to the known La Arista suite in all three holes. The La Arista and Baja veins also remain open in both strike and depth.

There is clear potential for expansion of the El Aire, La Arista and Baja veins, confirmation of which came from the step out drilling. The overall geological setting indicates there is also significant geological potential for similar deposits within the untested areas on the El Aguila property, particularly along the San Jose corridor. It appears possible that the company may be able to approximately double the current resources of the La Arista and Baja veins.

Metallurgy: Management states that metallurgical test work regarding the El Aguila open pit has returned recoveries of 94% and 90% for gold and silver respectively, from 48 hour cyanide leach cycles. The company has also stated that flotation testing of the polymetallic veins has returned average recoveries of all constituents at approximately 94%.

Resource Estimate: As stated above, the resource estimate has been calculated in-house, and refers to the La Arista and Baja veins, and is dated October 22, 2008. The calculations were conducted for both a 3 meter and 5 meter nominal mining width with gold equivalent (AuEq) calculated at: $650 Gold, $13 Silver, $3.20/lb copper, $1.00/lb Lead, $1.00/lb zinc (see Table 1 below).

Production targets have been calculated using the 3 meter nominal mining width. The open pit is proposed to hold 70,000 ounces of recoverable gold. This number may be increased should the feeder zone be both mineralized and mineable.

Table 1: La Arista/Baja Resource Estimates

Arista Deposit High-Grade 3 Meter Nominal Mining Width									
Vein	AuEq Oz	True Thick	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Tonnes	Total AuEq Oz
Arista	0.75	3.45	4.82	215.9	0.45	2.23	9.82	827,000	624,000
Baja	1.11	2.22	8.23	971	0.63	1.31	3.26	492,000	546,000
Avg	0.92	2.86	6.45	578	0.54	1.79	6.67	1,319,000	1,170,000

Arista Deposit High-Grade 5 Meter Nominal Mining Width									
Vein	AuEq Oz	True Thick	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Tonnes	Total AuEq Oz
Arista	0.63	6.90	4.32	212	0.44	1.91	7.32	1,416,000	749,000
Baja	0.81	3.83	7.55	598	0.47	1.21	2.74	771,000	585,000
Avg	0.72	5.38	5.92	403	0.45	1.56	5.05	2,187,000	1,334,000

Source: Gold Resource Corporation

Flexible Mill Design: The flexible design of the mill (Figure 4) provides two processing lines, one for oxides (or low sulphidation) and one for sulphides. The open pit ore will run through the oxide plant while the polymetallic vein ore will run through the sulphide plant. A radial stacker will distribute the incoming ore accordingly. Concentrates from the polymetallic veins will be accumulated in bins prior to being shipped to smelters.

Gold doré bars may be poured on-site or off-site. We realize that operating in Mexico, there is the risk that attempts may be made to steal the gold doré poured on-site during shipment. The company will ship the bars via armoured vehicles. Management has stated that once the gold is in the possession of the armoured vehicle operators, it is insured and no longer the responsibility of the company.

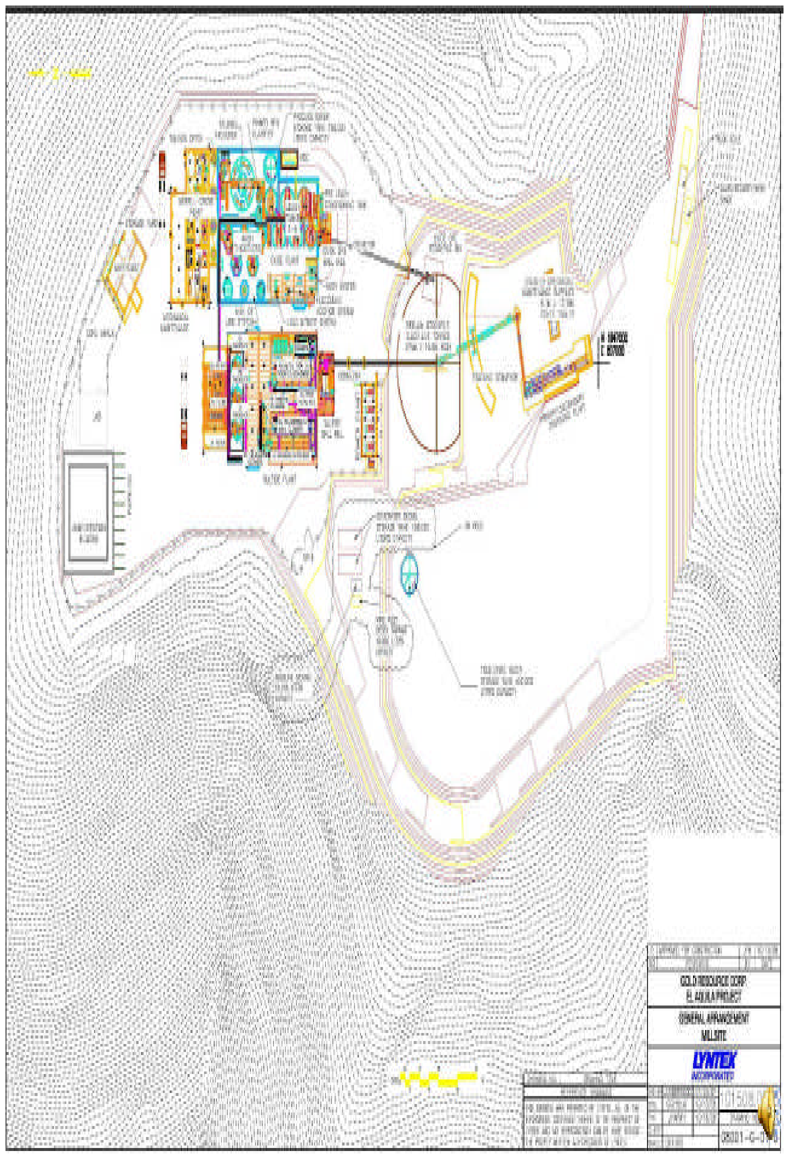


Figure 4: Flexible Mill Design (Source: Gold Resource Corporation)

Current Status: Construction at the mill site and pre-stripping at the open pit are both underway and nearing completion. The material stripped from the open pit is being used for construction of the dams of the tailings pond (Figure 8), **complementing the efficiency and low cost of the project**.

The company is working to acquire the surface permits required for developing a portal at the La Arista vein. Underground mine planning is also underway.

Development Timeline: The first order of business is to complete construction of the 1,100 tpd processing facilities and tailings pond. The company pre-ordered the processing equipment which is now complete, and will be delivered once the processing site construction has concluded, and the site is capable of housing the equipment. The company is also awaiting approval of the open pit mining permit. We feel there is no reason to believe approval of this permit will be delayed and it will not stall production.

In the first year of production, the company plans to produce 70,000 ounces of gold from 300,000 tonnes of ore milled from the El Aguila open pit. Production will follow in year two and beyond from the La Arista and Baja veins and are laid out as follows:

- Year 2: produce 110,000 oz AuEq from 250,000 tonnes;
- Year 3: produce 177,000 oz AuEq from 400,000 tonnes;
- Year 4: produce 177,000 oz AuEq from 400,000 tonnes;
- 7 months in year 5: 119,000 oz AuEq from 269,000 tonnes.

Year 5 only states 7 months of production as that concludes the currently estimated resources known at the two veins. We anticipate revision of the production schedule as the veins are further delineated.

The company is anticipating the approval of surface permits at La Arista/Baja within the next one to two months. At that time, construction of surface infrastructure will begin in combination with driving the decline that will access the two veins which run parallel approximately 30 meters apart.

El Rey

Property Overview: The El Rey property hosts a high grade gold vein and is located within trucking distance of the El Aguila processing facilities. Drilling highlights to date include:

Hole #7810
- 1.0 m of 132.50 g/t Au, 88 g/t Ag

Hole #7802
- 1.0 m of 66.40 g/t Au, 86 g/t Ag
- 9.0 m of 19.37 g/t Au, 75 g/t Ag

Hole #208018
- 1.4 m of 55.30 g/t gold, 71 g/t silver

Ownership: Subject to a 2% NSR to consultant properties leased from Golden Trump Resources S.A de C.V.

Location/Accessibility: El Rey is located approximately 50 miles by highway from the El Aguila processing site. The company has evaluated the possibility of trucking ore from El Rey to El Aguila, and anticipates costs of approximately $20 per tonne. This fits the company's plan to have multiple properties feeding the El Aguila mill.

Management Gold Resource Corporation co-founders Bill and David Reid also co-founded U.S. Gold Corporation ("USGL"), and ran the company since its inception in 1977, until August of 2005. The Reid's are applying the experience garnered putting several mines into production with USGL; during the 28 years USGL operated under the Reid's management, the company built or participated in 6 producing mines. In 2005, the Reids sold controlling interest allowing them to depart the company and focus their attention on Gold Resource Corporation.

Bill Reid – President, CEO, Director
Bill received a Bachelor of Science degree in physics in 1970 and a Master's in Economic Geology in 1972 both from Purdue University.

David Reid – Vice President of Exploration, Director
David received a Bachelor of Science degree in geology from Ball State University in 1972.

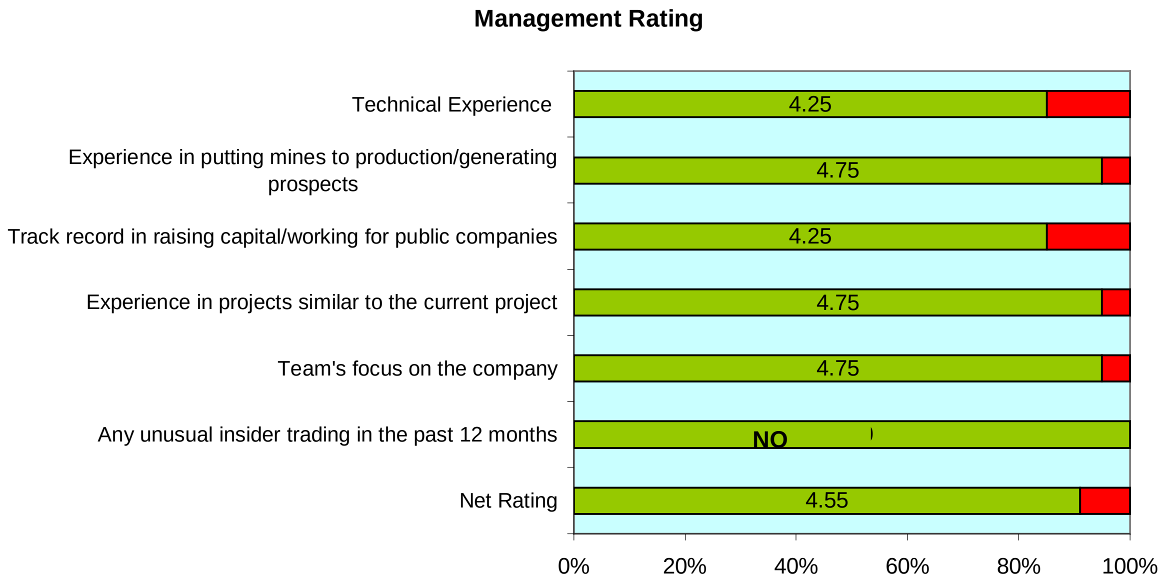
Jose Perez Reynoso – Manager of Mexican Operations
A Mexican National, Jose, has been a consulting geologist for the mining industry, and has operated his own mines in Mexico. He received an undergraduate degree in geology and engineering in 1074 and a Master's degree in economic geology in 1979 from the National University of Mexico.

Jason Reid – Vice President of Corporate Development
Jason has previously run his own successful businesses for over 13 years. Within Gold Resource Corporation, Jason is responsible for company growth strategies, retail and institutional marketing, capital raises and investor relations programs.

Monty Jennings – CFO
Monty is responsible for maintaining the company's system of controls over accounting and financial reporting. Mr. Jennings began his career with Coopers & Lybrand (now PriceWaterhouseCoopers) in Texas where he specialized in the extractive and energy sectors. He was instrumental in developing generally accepted accounting principles now used by royalty trusts. For the past 10 years, he has served as an executive director of several public companies, including American Educational Products, Global Casinos and OnSource. His area of expertise has expanded to include mergers, acquisitions and other strategic growth opportunities. His past experience in the non-profit sector includes service as the President of The Family Extension, a child welfare organization committed to "at-risk" youth and stints as an instructor in various accounting matters, including corporate income taxation and financial reporting. Monty Receive his Bachelor of Arts in economics from Austin College and his Masters in Finance from Indiana University.

Management Rating

We believe that one of the most important aspects of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. The management of Gold Resource Corporation has a great deal of experience in projects similar to the El Aguila project including generating prospects and putting mines into production. **Our net rating for GORO is 4.6 out of 5.0, which we have rated 'Excellent'. It is one of the best ratings for a junior mining company.**



Strength of Board

We believe that the Board of Directors of a company should include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder.

In this section, we present our strength of board rating for Gold Resource Corporation, which uses information available from the company's annual "10-K Annual Report" to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Committee.

Gold Resource Corporation's Board of Directors is made up of 4 individuals: William (Bill) Reid, David Reid, Bill Conrad and Isac Burstein. None of the directors have filed for personal bankruptcy. Isac Burstein does not hold shares in the company. The related/non-independent directors are William Reid and David Reid, as they are executive officers of the company and receive compensation. The Audit Committee is made up of Bill Conrad and William Reid. The compensation committee is composed of David Reid and Bill Conrad.

Outlook on Gold

In 2008, global demand for gold increased by 4%YOY, primarily due to a 64%YOY increase in identifiable investment demand, offset by an 11%YOY drop in demand for jewelry, and a 7%YOY drop in demand for industrial and dental applications (as shown below).

Global Demand (tonnes)	**2006**	**2007**	**2008**	**% ch 2008 vs 2007**
Jewellery	2,285	2,401	2,138	-11%
	67%	*68%*	*58%*	
Industrial and Dental	459	461	430	-7%
	13%	*13%*	*12%*	
Indentifiable Investment	665	664	1,091	64%
	19%	*19%*	*30%*	
Total Identifiable demand	**3,409**	**3,526**	**3,659**	4%
Supply (tonnes)				
Mine Supply	2,076	2,026	2,044	1%
Old Gold Scrap and Official Sector Sales	1,499	1,462	1,425	-3%
Total Supply	**3,574**	**3,488**	**3,468**	-1%
Surplus (Deficit)	165	(38)	(191)	

Source: GFMS and FRC

In 2008, investment demand accounted for 30% of total demand; up from 19% in the previous two years. Investment demand increased significantly in the second half of 2008, when it accounted for 36% of total demand versus only 20% in the first half. These figures clearly indicate investors' tendency to move towards capital preservation assets (such as gold) during periods of high uncertainty and expectations of a devaluation of the global reserve currency – the US$. The strong investment demand growth, supported by a 1%YOY drop in supply, led to an increase in the global supply deficit to 191 tonnes (up from 38 tonnes) in 2008.

We have maintained our positive near-term outlook on gold prices, and believe prices will stay strong primarily because we expect investment demand to continue to stay strong (amidst softening demand for other applications), with no major increase in supply. The reason why we believe investment demand will stay strong is because we expect the US$ to depreciate with respect to major global currencies due to the recession, and negative real interest rates in the U.S., and as we believe inflationary pressures in the U.S. will be instigated by large stimulus packages, and low interest rates. In our valuation models, we used gold prices of $900/oz and $850/oz in 2009 and 2010, respectively.

Long-term (2012+) price forecast - Our long-term price forecast, is based on the relationship between the price of gold (during 1980 –2008) and several other independent variables, including the US$, inflation, the global annual mine production growth, oil prices, etc. Based on the relevant factors, we arrived at a long-term gold price forecast of US$600/oz. We expect prices to converge to our long-term forecast, as the US economy recovers and investor confidence improves. Both these factors will result in a drop in the investment demand for gold as investors move their capital from 'capital preservation' assets to investments with higher expected returns.

Financials

At the end of September 2008, the company had $5.82 million in cash and $4.69 million in working capital, versus $22.01 million and $21.28 million respectively at the end of December 2007. The company posted a net loss of $5.16 in the first 9 months of 2008 (EPS: -$0.15). We estimate the company had a burn rate of $1.81 million per month in the first 9 months of 2008. The following table shows the company's liquidity position.

(US $)	2006	2007	9 mo 2008
Working Capital	7,415,207	21,282,704	4,685,316
Current Ratio	17.44	28.70	4.97
LT Debts/ Assets	-	-	-
Burn Rate/Month (incl exploration costs)	(154,652)	(613,754)	(1,810,191)
Cash from financing activities	9,339,900	21,712,000	100,000

Recent Financings: Subsequent to September 2008, the company has raised a total $17.99 million from two notable financings. In December, the company raised $5 million through a private placement with Hochschild Mining (LSE: HOC) by issuing 1.67 million shares at $3.00 per share. In February 2009, HOC exercised its option to purchase 4.33 million additional shares of the company at $3.00 per share. GORO has raised gross proceeds of $12.99 million from this financing.

Stock Options and Warrants: At the end of September 2008, the company had 3.78 million stock options outstanding, with exercise prices between $0.25 and $4.51, and remaining contractual lives between 0.4 and 9.9 years. The company does not have any outstanding warrants.

Conclusion: At the end of September 2008, the company had $5.82 million in cash, and subsequently raised about $18 million. Based on our discussion with management, total capital expenditure for the EL Aguila project to achieve production are estimated at $25 million (most of which has already been spent). Management expects the remaining capital required to achieve production is about $5 million. We think the company has sufficient cash to take the EL Aguila project into production by Mid 2009.

Valuation

We have valued the company based on the current resource estimate of 1.62 million oz of gold equivalent on the El Aguila project (1.33 million oz from the Arista and Baja veins, plus 0.29 million oz from the open pit deposits and the Aire vein system).

DCF Valuation: Our discounted cash flow model (shown below) gave a fair value of $6.83 per share. We have assumed production will commence in mid 2009, and the company will produce 70,000 oz equivalent of gold from the open pit deposit at cash costs of $100/oz au equivalent in the first year. We expect the company to start producing from the Arista and Baja veins in the second half of 2010, and achieve the designed throughput of 1,100 tpd or 385,000 tpy in 2012.

DCF Valuation Summary	
Ownership	100%
Mineral Resources (in tonnes)	2,187,000
Throughput (tpy)	385,000 from 2012+
Production Commencement	Mid 2009
Gold Grade (gpt)	5.92
Silver Grade (gpt)	403
Copper Grade (%)	0.45%
Lead Grade (%)	1.56%
Zinc Grade (%)	5.05%
Recovered Gold Equivalent (oz.)	1,278,935
Mine Life (years)	8
Long-term Gold Price ($/oz)	600
Long-term Silver Price ($/oz)	11
Long-term Copper Price ($/lb)	2.03
Long-term Lead Price ($/lb)	0.60
Long-term Zinc Price ($/lb)	0.75
Remaining Capital Costs	$8,000,000
Operating costs ($/tonne)	$68
Discount rate	12.84%
Net Present Value	**$259,537,157**
Working Capital net Debt	$16,561,381
Net Asset Value	**$276,098,538**
No. of Shares	40,414,223
Fair Value per Share	**$6.83**

In addition, our DCF model suggests that revenues from base metal production from the Arista and Baja veins will be enough to cover operating expenses estimated at $68/tonne, which confirms GORO's goal of achieving **net zero operating expense by offsetting base metal credits against operating expenses.** We have estimated the company will incur an additional $8 million in capital expenditures ($5 million to complete the El Aguila mine, and an additional $3 million in 2010, to commence production from the Arista and Baja veins).

Sensitivity: The following table shows the sensitivity of our DCF model to commodity price assumptions (our long-term forecasts are $600/oz gold and $11/oz silver).

Gold/Silver Prices	5	7	9	11	13	15
500	$6.33	$6.46	$6.60	$6.73	$6.87	$7.00
600	$6.43	$6.56	$6.70	**$6.83**	$6.97	$7.10
700	$6.53	$6.66	$6.80	$6.93	$7.07	$7.20
800	$6.62	$6.76	$6.90	$7.03	$7.17	$7.30
900	$6.72	$6.86	$6.99	$7.13	$7.26	$7.40
1000	$6.82	$6.96	$7.09	$7.23	$7.36	$7.50

Conclusions & Rating

Based on our review of the company's project and valuation models, we initiate coverage on Gold Resource Corp. with a BUY rating and fair value estimate of $6.83 per share. Although the company has made good progress in advancing its El Aguila project, the company has yet to achieve production. Therefore, we rate the company a RISK of 5 (Highly Speculative).

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The company has no proven or probable reserves, and is basing production on in-house calculated mineralized material estimates which are at the confidence level of "resources" in NI 43-101 terms.
- Long term ability to achieve growth is dependent upon the company's ability to identify, explore and develop additional properties.
- While Mexico is generally perceived as an excellent mining jurisdiction, the company is subject to all risks associated with operating in a foreign company with the potential for civil or political unrest.

Appendix 1: Site Visit Photos

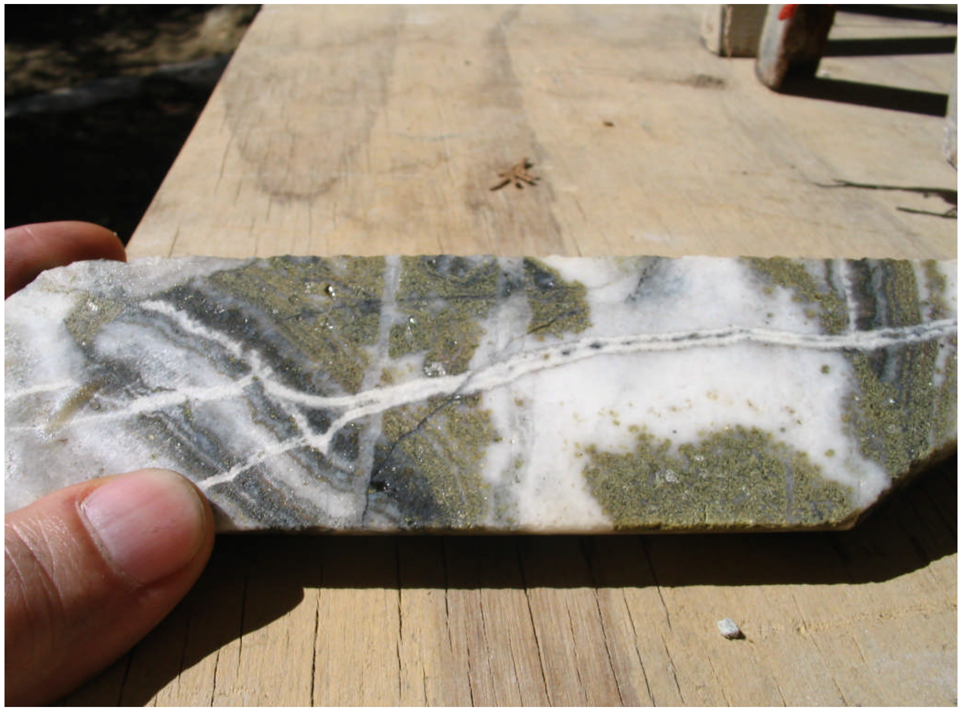


Figure 5: Core sample from La Arista vein. Notice cross cutting quartz vein and intense sphalerite mineralization - the honeycomb colour (Source: FRC)

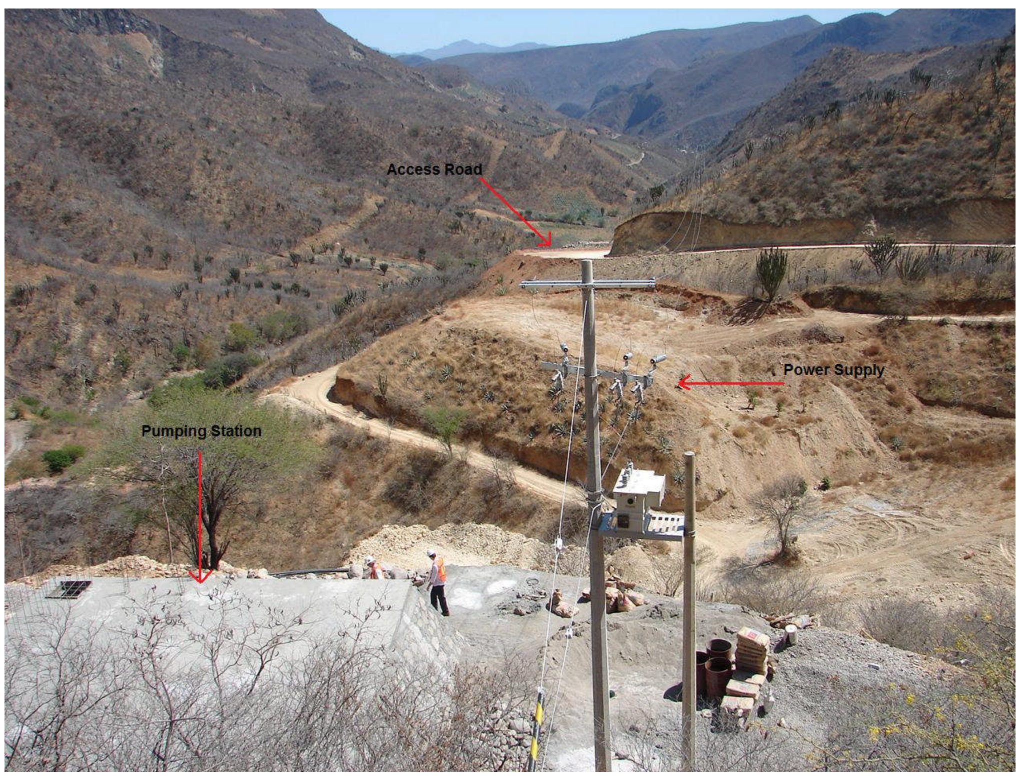


Figure 6: Infrastructure including road, power and water pumping station (Source: FRC)

Figure 7: Pre-stripping at El Aguila open pit (Source: FRC/Gold Resource Corporation)

Figure 8: Tailings pond and dam construction (Source: FRC)

Figure 9: FRC mining associate Vincent Weber discussing El Aguila mineralization with GORO's President and CEO, Bill Reid (Source: FRC)

Figure 10: Construction at the El Aguila mill site (Source: FRC)

Fundamental Research Corp. Equity Rating Scale:
Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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