



GOLD RESOURCE CORPORATION

NYSE MKT: GORO

August 26, 2016

Brent J. Fields
Secretary, Securities and Exchange Commission
100 F Street, NE, Washington, DC 20549-1090

Re: File Number S7-10-16
17 CFR Parts 229, 239 and 249
[Release Nos. 33-10098; 34-78086; File No. S7-10-16] RIN 3235-AL81
Modernization of Property Disclosures for Mining Registrants

Dear Mr. Fields:

I have read the Securities and Exchange Commission's (the "Commission") proposed rules (the "Proposed Rules") to revise the property disclosure requirements for mining registrants and related guidance currently set forth in Item 2 of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Industry Guide 7 ("Guide 7"). I have also reviewed the comments on the proposed rules submitted by the Society for Mining, Metallurgy and Exploration, Inc. ("SME") to the Commission.

I feel that I am qualified to comment on the Proposed Rules having worked more than 35 years in the mining industry. I am a practicing Professional Geologist certified by the Association of Engineers and Geoscientists of British Columbia (APEGBC). My experience includes working for several USA-based companies, including US Borax and Chemical Corp., Hecla Mining Company and Gold Resource Corp. During my career, I have been responsible for preparing the annual reserve report for several mines which includes spending time on-site at mining and exploration projects and visiting operating areas such as the mill, assay lab, and surface facilities. I frequently review the methods of surface and underground sampling, geologic mapping, 2D ore zone/vein interpretation, 3D solid modeling, computation of reserves, recordkeeping, geology and planning organization, quality control for drilling and underground sampling, geologic and sample maps, and longitudinal sections showing reserve blocks and mining.

Specific responses to requests for comment:

1. I agree with majority of the comments submitted by the SME. Most importantly, I strongly agree with the SME that the Commission more closely adhere to the international practices represented by the CRIRSCO Template. Like the SME, I too believe each material departure from the CRIRSCO-based standards undermines the Commission's stated objective to "modernize the Commission's

disclosure requirements and policies for mining properties by aligning them with the current industry and global regulatory practices and standards.”

I also agree with SME’s that the mining industry is “heterogenous”, and the Commission’s prescriptive comparability provisions will tend to make disclosure non material and confusing to the investor.

The following comments are based mainly on my own experience as a qualified person. So the majority of my comments will focus on matters related to qualified persons and proposed technical reporting and disclosures. I shall also note when my opinions differ from comments submitted by the SME.

In general, areas of priority concern for me are as follows:

1. I strongly agree with SME’s recommendation that the Commission conform the contents of its technical report summary with Form NI 43-101F1 and then adopt the term “Technical Report” as defined in Canadian NI 43-101.
2. The potential personal liability of qualified persons is a major area of concern. As proposed, a qualified person signs individually and has liability as such, while being precluded from relying on needed experts in fields for which he/she is not qualified such as legal, marketing, social, and governmental regulations and potentially many other specialties. Like the SME, I agree that limited disclaimers should be allowed, especially the following:
 - a. A qualified person who prepares or supervises the preparation of all or part of a technical report may include a limited disclaimer of responsibility if, the qualified person is relying on a report, opinion or statement of another expert who is not a qualified person, or on information provided by the issuer, concerning legal, political, environmental or tax matters relevant to the technical report, and the qualified person identifies.
3. Even though individual members of a firm are named in the technical report summary, the firm’s liability insurance should be recognized as the liability insurance for the individual.
4. Initial assessments with cash flows should be considered scoping studies and subject to proximate disclaimers stating that the economic viability of the mineral resources has not been demonstrated.
5. Proposed Rules should not allow economic value to be attributed to inferred mineral resources in an Initial Assessment and continue to adhere to CRIRSCO standards which exclude inferred resources from pre-feasibility and feasibility studies. Economic analysis and statements of cash flows should not be performed on inferred resources.
6. The proposed requirement to disclose exploration results raises substantial confidentiality and competitive concerns. I agree that material information must be disclosed in a timely manner but not in the proposed technical report format.
7. Technical report summaries for material properties that cover exploration results should not be required. This is not required in other jurisdictions. The SME views the requirement to include exploration results in annual disclosure as potentially onerous and believes such

results could be better communicated in the form of technical reports issued at appropriate project milestones and/or news releases.

8. Should disclosure be required, to avoid burdensome disclosure for active exploration stage properties, reviews for material changes should only be conducted annually.
9. A better method of disclosing material exploration activity and results would be to provide explanatory text, and to the extent the registrant wishes to or is obliged to disclose such results, perhaps accompanied by company-designed tables.
10. A requirement in the Proposed Rules to include “identification and detailed analysis of requirements or interests of agencies, NGOs, communities and other stakeholders’ in prefeasibility and feasibility studies is burdensome, and a “detailed analysis” is outside of the expertise of most qualified persons.

C. Qualified Person and Responsibility for Disclosure

I agree with the SME’s recommendations related to the qualified person and the method of identifying recognized professional organizations.

In particular, I agree with the SME on the following:

- The SME takes exception to the provisions in the Proposed Rules that do not permit a qualified person to include a disclaimer of responsibility if he or she relies on a report, opinion, or statement of another expert in preparing the technical report summary.
- In no event should the potential liability imposed on a company qualified person be broader than that of the company’s principal executive and financial officers.
- The Proposed Rule exceeds established regulations. Under Section 11 of the Securities Act, “experts” such as accountants, engineers, appraisers, etc. are only responsible for work items prepared or certified by them.

I do not agree with the Commission’s requirement for qualified persons to sign individually. Liability concerns are more pronounced in the US. For larger companies that have qualified persons on staff, the requirement for a qualified person to sign individually puts that person in a position similar to that of a principal executive or financial officers signing certifications under the Sarbanes-Oxley Act of 2002 (“SOX”). For third-party entities (consulting firms) who serve as qualified persons, the imposition of individual liability on a qualified person would be incongruent with the treatment of auditors and engineering firms to date. When combined with the prohibition on disclaimers contained in the Proposed Rules, this would seem to greatly enhance the personal liability of individual employees of consulting firms employed by a mining company, which is likely to significantly impact the costs of their services. As the majority of smaller and midsize mining companies employ outside consulting firms for their reserve and resource estimates, these increased costs would likely impact those companies least able to absorb them.

I agree with SME’s suggestion that the Commission explore alternatives to imposing personal liability on qualified persons. The Public Company Accounting Oversight Board’s (PCAOB) efforts with respect to engagement partners may provide alternative approaches to addressing accountability without imposing undue individual liability.

Should the Commission go forward with the rules as currently proposed, the qualified person would have liability exposure similar to that of a registrant's officers and directors, and this despite the fact that independent qualified persons typically have limited access to data and have no authority within the registrant's company. *I agree with the SME's prediction that many otherwise highly qualified individuals will refuse to serve as qualified persons for US registrants.*

Specific responses to requests for comments:

20. I agree that the Commission should require that the determination of mineral resources, mineral reserves and material exploration results, as reported in a registrant's filed registration statements and reports, be based on and accurately reflect information and supporting documentation prepared by a qualified person. The qualified person requirement will help mitigate the risks associated with including disclosure about a registrant's mineral resources and exploration results in SEC filings, given that mineral resources and exploration results reflect a lower level of certainty about the economic value of mining properties.

21. I agree that the registrant should be responsible for determining that the qualified person meets the qualifications specified under the new subpart's definition of "qualified person" as proposed.

22. I agree that a registrant be required to obtain a technical report summary from the qualified person, which identifies and summarizes the information reviewed and conclusions reached by the qualified person about the registrant's mineral resources or mineral reserves, before it can disclose resources or reserves in SEC filings.

I do not agree that a registrant be required to obtain an unabridged technical report, rather than a technical report summary, before it can disclose mineral resources or mineral reserves in SEC filings.

I do not agree it is necessary for technical report to be prepared for exploration results. The standards for reporting on resources and reserves are onerous enough. Exploration results certified by a qualified person should only be reported in SEC filings and press releases.

24. I agree that a registrant should be required to file the technical report summary when the registrant is disclosing mineral reserves and mineral resources for the first time or when there is a material change in the mineral reserves, mineral resources from the last technical report filed for the property.

I do not agree that a registrant should be required to file the technical report summary when the registrant is disclosing exploration results.

26. I agree that a registrant should identify the qualified person that prepared the technical report summary and disclose whether the qualified person is an employee. I agree a registrant should be required to name the qualified person's employer if other than the registrant, and disclose whether the qualified person or the qualified person's employer is an affiliate of the registrant or another issuer that has an ownership, royalty or other interest in the property that is the subject of the technical report summary.

27. I agree that a registrant should be required to state whether the qualified person is independent of the registrant.

28. I do not agree that a registrant's disclosure of exploration results, mineral resources or mineral reserves in a SEC filing be based on the determination of a qualified person that is independent of the registrant. This requirement should only be imposed only under certain circumstances, such as when the filing discloses resources or reserves by the registrant for the first time; a material change in previously disclosed resources or reserves that has occurred or is likely to occur.

29. I do not agree with Commission's alternative that rather than requiring the qualified person to be independent, that when the qualified person is affiliated with the registrant or another entity having an ownership or similar interest in the property, that a person independent of the registrant and qualified person review the qualified person's work.

30. I do not agree that registrant be required to disclose any material conflicts of interest that could reasonably affect the judgment or decision making of the qualified person. *In my opinion, any qualified person employed by the registrant will have inherent conflicts of interest in the disclosure of exploration results, mineral resources or mineral reserves in a SEC filing. Potential conflicts of interest will be obvious to the investor once it is revealed by disclosure that the person is not independent of the registrant.*

31. I agree that the proposed technical report summary filing requirement would impose a significant burden on registrants, especially smaller companies with fewer staff. *I recommend excluding technical report summaries on exploration results and minimizing the requirement for independent qualified persons would help to alleviate the burden.*

D. Treatment of Exploration Results

I do not agree with the Commission's proposal to require that a registrant disclose material exploration results for each of its material properties. Neither Guide 7 nor Item 102 addresses the disclosure of exploration results in Commission filings.

I agree with the SME's recommendation that the Commission adopt the CRIRSCO Template and allow exploration results to be reported as determined to be material by the registrant and in a format designed by the qualified person to be an effective way to inform the investor in a transparent manner.

Under CRIRSCO Templates, the release of exploration results, are and should be, optional, and an issuer is only required to provide full disclosure of exploration results when considered appropriate and material to the investor.

I agree with the SME's opinion that early disclosure may cause a company to lose a competitive advantage and may conflict with confidentiality agreements made with property owners or joint-venture partners.

I agree with the SME that we need to avoid excessive disclosure requirements (particularly with respect to data generated early in an exploration project) that could be used by competitor companies

to gain an advantage through the use of a registrant's data at no cost to the competitor, resulting in potential harm to the registrant's shareholders.

I agree there are sound business reasons for keeping exploration results confidential, including joint venture agreements and retaining a competitive advantage where there are multiple parties performing exploration in the same district.

I also agree with the SME that the Proposed Rules should be modified to allow inclusion of exploration targets *but there should be no attempts to quantify the tonnage and grade of exploration targets.*

Specific responses to requests for comments

42. I do not agree that a registrant disclose material exploration results for each of its material properties, as proposed. I also do not agree with the alternative of permitting registrants to provide exploration results in a summary form. As stated above, full disclosure of exploration results should only occur when considered appropriate by the registrant as being material to the investor.

43. I do not agree with Commission's proposal to disclose all exploration results defined as data and information generated by mineral exploration programs (i.e., programs consisting of sampling, drilling, trenching, analytical testing, assaying, and other similar activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit) that do not form part of a disclosure of mineral resources or reserves. *Disclosure of exploration results in such detail will be burdensome to the registrant and overwhelming and potentially confusing to the investor.*

44. I agree there are risks that could result from requiring disclosure of material exploration results. As stated above, there are sound business reasons for keeping exploration results confidential.

I agree with the Commission that exploration results should be prohibited from being used to derive estimates of tonnage, grade, and production rates, or in an assessment of economic viability. *I believe that prohibiting the use of exploration results for estimates of tonnage, grade and production rates will adequately protect investors from the increased risk associated with including information having a lower level of certainty about the economic value of mining properties.*

E. Treatment of Mineral Resources

I agree with the Commission's proposal to require a registrant with material mining operations to disclose specified information in its SEC filings concerning any mineral resources, that have been determined based on information and supporting documentation from a qualified person.

I also agree with the Commission's proposal to require that the qualified person, as part of the initial assessment, and disclose the uncertainty associated with the production estimates derived from such resources.

I strongly agree that an Initial Assessment can be used for basis for resources disclosure. However, I do not agree that an Initial Assessment can be used for a basis for reserve disclosure.

I also agree with the majority of SME's comments regarding treatment of Mineral Resources, especially:

- Mineral resources should be declared on an in situ basis in terms of tonnage grade and contained metal or tonnage and quality for coal and industrial minerals.
- Where mineral resources are declared exclusive of mineral reserves they should not include dilution incorporated in mineral reserves; also, mineral resources that are made inaccessible by extraction of mineral reserves should not be included in a resource estimate.
- The qualified person should indicate his/her assessment of risk by applying the definitions for inferred, indicated and measured resources

I would also like to note that there are particular challenges to complying with the Commission's proposed requirement to disclose numerical estimates of the level of confidence for each class of mineral resource.

So I do not agree that for indicated and measured mineral resources, the qualified person be required to provide the confidence limits of relative accuracy, at a specific confidence level, of the preliminarily estimated production quantities per period from the resource.

I also do not agree with the approach of the geologic uncertainty associated with indicated and measured mineral resources being stated by keeping any two of the three relevant variables (confidence limits of relative accuracy, confidence level, and production periods) constant while varying the third.

I do not agree that with the Commission in noting that the use of "confidence limits of relative accuracy" is considered "best practice" in the industry. Like the SME, I do not agree mainly for the following reasons:

- Training is limited to short-courses and undergraduate courses that stress geostatistical ore reserve estimation, but not development of confidence limits,
- The required skill sets are limited to only few experts practicing in North America in this area,
- Computation of confidence limits of relative accuracy requires much higher levels of knowledge and experience in the fields of statistics and geostatistics that is not commonly practiced in mining industry today, and
- Very little research and practice has been devoted to establishing the relative accuracy of interpreted orebody boundaries which may in turn depend on the accuracy of controlling lithological or structural information.

As stated by the SME, although the confidence limits of relative accuracy are expressed in a numeric format, the proposed rules do not require that a registrant derive such limits mathematically. Where a statement of the relative accuracy and confidence level is not possible, the better alternative would be to provide a qualitative discussion of the uncertainties in its place.

Therefore, I recommend that the Commission instead follow the practice in the CRIRSCO-based codes and require only the disclosure of all material assumptions and the factors considered in classifying mineral resources.

I also do not agree with Commission's recommendation for the qualified person to state minimum percentage of inferred resources they believe will be converted to indicated and measured resources with further exploration. This is only a best guess and cannot be determined with any kind of accuracy.

Regarding the mineral price used for resource determinations, I do not agree with the SME and that the Commission should not allow companies to use a mineral price for resource determinations that may be higher than the price used to define mineral reserves.

I also do not agree with the SME's preference to develop a "consensus price" that the qualified person and the registrant feel is reasonable. *I believe that no one has nor can make an accurate long-term forecast for mineral prices used for resource (and reserve) determinations.*

I also do not agree with SME's recommendation that the Commission align its proposed pricing policy with the CRIRSCO Template and derivative foreign mining codes.

Looking back over the past 3 years, current metal prices closely reflect the 3-year trailing average. So I believe that 3-year trailing average commodity prices would be better, and more in-line with actual metal price cycles. I believe one and two-year look backs are both too volatile to be used.

I also believe that forecasted commodity prices are nothing more than a best guess and using forecasted prices is meaningless because resources and reserve estimates are reported at least on an annual basis. So using a new 3-year look back average more accurately reflects a realistic metal price for annual basis reporting.

I do not agree with the Commission's proposal to report a net estimate for reserves and the requirement to disclose mineral reserves at three points of reference: in-situ, plant or mill feed, and saleable product.

I agree that the Commission should define a mineral reserve as an estimate of tonnage and grade or quality that includes diluting materials and allowances for losses, instead of a net estimate.

I do not agree that estimates that are exclusive of diluting materials and mining losses would provide a clearer picture of the efficiency of the processing method, which we believe is important for investors. *This is not a compliance burden - it will just be confusing to investors.*

I do not agree with conducting market studies as part of Preliminary and Final Feasibility Studies to support a qualified person's conclusion of obtaining revenues from sales. *This is not necessary for selling metals into a spot market. Market Prices are sufficient.*

I agree that tables of estimated mineral resources should be separate and to not combine estimates of inferred mineral resources with indicated or measured mineral resources. *Combining tables will result in blurring important distinctions.*

Specific responses to requests for comments

49. I agree that a registrant with material mining operations should be required to engage a qualified person to determine whether a mineral deposit is a mineral resource.

I do not agree with the Commission's alternative that would permit a registrant to disclose mineral resources in an SEC filing, despite not having engaged a qualified person to make the resource determination. Under no circumstance would it be appropriate to permit such disclosure.

55. I agree with the Commission's definition of an "inferred mineral resource" and the requirement to disclose inferred mineral resources although quantity and grade or quality with respect to those mineral resources can be estimated only on the basis of limited geological evidence and sampling.

I do not agree that a qualified person be required to describe the level of risk associated with an inferred mineral resource based on the minimum percentage that he or she estimates would convert to indicated or measured mineral resources with further exploration. *I believe it would only be a "best guess" and that it is not possible to quantify the minimum percentage of conversion on material that is only inferred.*

I agree that the Commission should permit rather than require a registrant to disclose inferred mineral resources because of the high level of geologic uncertainty associated with that class of mineral resource.

56. I agree that the Commission prohibit the use of inferred mineral resources to make a determination about the economic viability of extraction, and preclude the conversion of an inferred mineral resource into a mineral reserve. I agree that these proposed prohibitions would be sufficient to mitigate the added uncertainty that could result from the requirement to disclose inferred mineral resources.

I do not agree that Commission should permit the use of inferred mineral resources to make a determination about the economic viability of extraction as long as the qualified person and registrant disclose the high level of risk associated with such mineral resources. *I believe the potential effects would be to mislead registrants and investors on the economic potential of the property.*

58. I do not agree that a qualified person be required to describe the level of risk associated with indicated mineral resources based on the confidence limits of relative accuracy at a particular confidence level for production estimates for one-year periods. I agree that the Commission should allow the qualified person to provide a qualitative discussion of the uncertainties in place of confidence limits if he or she so chooses.

60. I do not agree that a qualified person be required to describe the level of risk associated with measured mineral resources based on the confidence limits of relative accuracy at a particular confidence level for production estimates for periods of less than one year. I agree that the Commission allow the qualified person to provide a qualitative discussion of the uncertainties in place of confidence limits if he or she so chooses.

63. I agree with the Commission requirement that a registrant's disclosure of mineral resources be based upon a qualified person's initial assessment, which supports the determination of mineral resources. I recommend that disclosure of the material risks associated with mineral resource determination be included in the initial assessment requirement.

68. I do not agree that the proposed 24-month period is the most appropriate period for the estimated price requirement. *I believe that the existing 36-month average permitted by the Commission staff under Guide 7 is less volatile and a more appropriate period.*

72. I agree that a qualified person should be permitted to include cash flow analysis in an initial assessment to demonstrate economic potential.

I do not agree that the cash flow analysis in an initial assessment be required to include operating and capital cost estimates in the analysis have an accuracy level of at least $\pm 50\%$ and a contingency level of $\leq 25\%$. *Accuracy and contingency levels should only be required at the pre-feasibility and feasibility levels.*

73. I agree with the Commission to prohibit the qualified person from using inferred mineral resources in the cash flow analysis. *I believe there would be no disadvantages to registrants or investors if the use of inferred mineral resources in an initial assessment's cash flow analysis is prohibited. However, I believe there would be significant advantages to permit the use of inferred resources in an initial assessment's cash flow analysis in the initial assessment.*

74. I agree with the Commission that they should prohibit the use of an initial assessment to support a determination of mineral reserves.

75. I agree with the Commission that use of Circulars 831 and 891 to classify mineral resources would not be appropriate under the proposed rules.

F. Treatment of Mineral Reserves

I agree with the SME and support reserve reporting under CRIRSCO Templates, as outlined in the current SME Guide.

In particular, CRIRSCO and all other jurisdictions report mineral reserves for metals mines as contained quantities (prior to process recovery), rather than saleable quantities. Contained quantities were previously reported under Guide 7. This distinction could result in differences in total ounces of mineral reserves reported in the US versus in other jurisdictions, which would be a significant disadvantage for US reporting companies from the perspective of consistency of reporting and administrative burden.

I do not agree with the Commission's proposal of a net estimate, requiring disclosure at three points of reference: in-situ, mill feed and saleable product. I realize the Commission acknowledges that this conflicts with the CRIRSCO definition of mineral reserves, which allows the inclusion of diluting materials in reserve estimates. *However, I do not agree that the difference would be "relatively minor" and I believe it would result in significant additional compliance burden.*

In conclusion, I strongly believe that Mineral reserves must be reported as of a single point of reference.

The SME also finds the proposed construct to be burdensome and to result in disclosure of information not made under the CRIRSCO Template and derivative reporting standards.

I also agree with the SME on the requirements for Technical Report Summaries, especially:

- There is always a level of uncertainty associated with estimates of mineral deposits under the ground,
- The technical report summary must not include large amounts of technical or other project data, either in the report or as appendices to the report.

Specific responses to requests for comments

77. I agree with the definition of “mineral reserve” as proposed. Mineral reserves should be based on a feasibility or pre-feasibility study. Mineral reserves should include diluting materials and allowances for losses and not a net estimate.

78. I agree in the requirement to include a life of mine plan disclosure requirement in the technical studies required to support a determination of mineral reserves. The mine plan should cover current the life-of-mine plan. The qualified person should determine the need for re-evaluation of cut-off grades and prices, if mining methods that have changed since the previous report.

79. I agree that the Commission require the use of a discounted cash flow analysis or other similar analysis to establish the economic viability of a mineral reserve’s extraction.

103. I agree that the registrant should provide a comparison of the mineral resources and reserves as of the end of the last fiscal year against the mineral resources and reserves as of the end of the preceding fiscal year, with an explanation of any material change between the two.

104. I agree that if the registrant has not previously disclosed material exploration results, mineral reserve or resource estimates in a filing with the Commission or is disclosing material changes to its previously disclosed exploration results, mineral reserve or mineral resource estimates, then the Commission should require it to provide a brief discussion of the material assumptions and criteria in the disclosure and cite to any sections of the technical report summary.

I believe the proposed section is onerous and requires disclosure of information on an annual basis that is in considerably in excess of that required by other jurisdictions.

I do not agree that registrants be required to file updated summary technical reports to support disclosure of material exploration results, mineral resources or mineral reserves when the registrant is relying on a previously filed technical report summary that is no longer current with respect to all material scientific and technical information. Any historic exploration results, resources and reserves should be considered current and could be files in support of disclosure accepted by CRISCO compliant reporting standards (eg. NI 43-101 or JORC). *I believe one disclosure or report should be deemed sufficient.*

109. I do not agree that the qualified person be required to include in a technical report summary of all the 26 items. *Not all of the items are relevant to the investor and included items of information should be at the discretion of the qualified person.*

113. I do not agree that a qualified person be required to prepare a technical report summary on any exploration results. *A certification of the exploration results by a qualified person should be sufficient.*

114. I do not agree that the Commission preclude a qualified person from disclaiming responsibility if he or she relies on a report, opinion, or statement of another expert who is not a qualified person in preparing the technical report summary. *A qualified person should be permitted to make a disclaimer for work by other experts.*

115. I strongly agree that the technical report summary not include large amounts of technical or other project data, either in the report or as appendices to the report.

I agree with the SME and believe that provision of information on all samples or drill holes is onerous and un-necessary for a technical report summary. *The technical report summary is after all supposed to be just a "summary".*

I appreciate the opportunity to provide these comments and would be pleased to discuss them further with the Commission or its staff. Any questions regarding my comments may be directed to me at either [REDACTED] or [REDACTED].

Sincerely,

GOLD RESOURCE CORPORATION

By: Barry Devlin
Barry D. Devlin, Vice President, Exploration