Risk Factors Comparison 2024-03-28 to 2023-03-13 Form: 10-K

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We rely on contractors to conduct a significant portion of our **exploration,** development **, and** construction projects. A significant portion of our development and construction projects are currently conducted in whole or in part by contractors. As a result, our operations are subject to a number of risks, some of which are outside our control, including: ● Negotiating agreements with contractors on acceptable terms; ● New foreign or domestic legislation limiting or altering the ability to utilize contractors or outsourced resources; ● The difficulty and inherent delay in replacing a contractor and its equipment in the event that either party terminates the agreement; ● Reduced control and oversight over those aspects of the work which are the responsibility of the contractor; ● Failure of a contractor to perform under its agreement; ● Interruption of development and construction or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events; ● Injuries or fatalities on the job as a result of the failure to implement or follow adequate safety measures; ● Failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and ● Problems of a contractor managing its workforce, labor unrest, or other related employment issues. In addition, we may incur liability to third parties as a result of the actions of our contractors. The occurrence of one or more of these risks could materially adversely affect our results of operations and financial position. Risks Related to our Exploration ActivitiesThe exploration of our mineral properties is highly speculative in nature, involves substantial expenditures, and is frequently non- productive. Mineral exploration is highly speculative in nature and frequently results in no or very little return on amounts invested in evaluating a particular property. The probability of an individual prospect ever having **Mineral** ~~a " reserve~~ **Reserves** ~~"~~ that meets the requirements of ~~subpart 1300 of Regulation S- K ("~~ S- K 1300 ~~")~~ is low. Even if we do eventually discover ~~a mineral~~ **Mineral** ~~reserve~~ **Reserves** or ~~mineral~~ **Mineral** ~~resource~~ **Resources** on our exploration properties, there can be no assurance that we can develop a mine and extract those minerals. Substantial expenditures are required to (i) establish the existence of a potential ore body through drilling and metallurgical and other testing techniques; (ii) determine metal content and metallurgical recovery processes to process metal from the ore; (iii) determine the feasibility of mine development and production; and (iv) construct, renovate or expand mining and processing facilities. If we discover a deposit or ore at a property, it usually takes several years from the initial phases of exploration until mineral extraction is possible, if at all. During this time, the economic feasibility of a project may change because of increased costs, lower metal prices **,** or other factors. As a result of these uncertainties, our exploration programs may not result in the identification of proven and probable Mineral Reserves in sufficient quantities to justify developing a particular property. We have and may in the future acquire additional mining properties; and our business may be negatively impacted if ~~mineral~~ **Mineral** ~~reserves~~ **Reserves** are not located on acquired properties or if we are unable to successfully execute and / or integrate the acquisitions. We have in the past, and may in the future, acquire additional mining properties. There can be no assurance that reserves will be identified on any properties that we acquire. We may experience negative impacts on the trading price of our common stock or on our ability to access capital if we successfully complete acquisitions of additional properties and reserves are not located on these properties. In December 2021, we acquired the Back Forty Project when we purchased Aquila Resources Inc. The acquisition may result in various material adverse impacts on our business and the trading price of our common stock. Adverse impacts may include, without limitation, ~~and~~ the risk that the acquisition does not achieve the expected benefits, increased cash ~~outflows, the availability of capital, the risk of potential material adverse tax consequences for our company and~~ Gold Resource Corporation18 **outflows, the unavailability of capital to develop the project, and the risk of potential material adverse tax consequences for our company and** shareholders. Additional risks, difficulties, and uncertainties may result from the separation of previously co-mingled businesses, including necessary ongoing relationships ~~. We are working toward the completion of an optimized feasibility study on the property~~ . While we have invested significant time, money, and equity in acquiring the Back Forty Project, there can be no assurance that the Back Forty Project will be permitted or will ultimately be productive. The success of any future acquisition would depend on a number of factors, including, but not limited to: ● Identifying suitable candidates for acquisition and negotiating acceptable terms; ● Obtaining approval from regulatory authorities and potentially our shareholders; ● Implementing our standards, controls, procedures, and policies at the acquired business and addressing any pre- existing liabilities or claims involving the acquired business; and ● To the extent the acquired operations are in a country where we have not operated historically, understanding the regulations and challenges of operating in that new jurisdiction. There can be no assurance that we will be able to successfully conclude any acquisitions, or that any acquisition will achieve the anticipated synergies or other anticipated positive results. Any material problems that we encounter in connection with such an acquisition could have a material adverse effect on our business, results of operations **,** and financial position. These factors may materially adversely affect the trading price of our common stock. Regulatory RisksOur operations are subject to ongoing permitting requirements **,** which could result in the delay, suspension, or termination of our operations. Our operations, including our ongoing exploration drilling programs and mining, require ongoing permits from governmental and local authorities. We may also be required to obtain certain property rights to access or use our properties. Obtaining or renewing licenses and permits, and acquiring property rights, can be complex and time- consuming processes. There can be no assurance that we will be able to acquire all required licenses, permits **,** or property rights on reasonable terms or in a timely manner, or at all, and that such terms will not be adversely changed ~~,~~ **;** that required extensions will be granted ~~,~~ **;** or that the issuance of such licenses, permits or property rights will not be challenged by third parties. If we cannot obtain or maintain the necessary permits **,** or if there is a delay in receiving future permits, our timetable and business plan will be materially adversely affected. Our operating properties located in Mexico are subject to changes in political or economic conditions and regulations in that country. The risks with respect to operating in Mexico or other developing countries include, but are not limited to: nationalization of properties, military repression, extreme fluctuations in currency exchange rates, increased security risks, labor instability or militancy, mineral title irregularities, and high rates of inflation. In addition, changes in mining or investment policies or shifts in political attitudes in Mexico may materially adversely affect our business. We may be affected in varying degrees by government regulation concerning restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, opposition from non- governmental organizations, labor legislation, water use, and mine safety. The effect of these factors cannot be accurately predicted and may adversely impact our operations. Most of our properties are subject to extensive environmental laws and regulations, which could materially adversely affect our business. Our exploration and mining operations are subject to extensive laws and regulations governing land use and the protection of the environment, which control the exploration and mining of mineral properties and their effects on the environment, including air and water quality, mine reclamation, waste generation, handling and disposal, the protection of different species of flora and fauna **,** and the preservation of lands. These laws and regulations require us to acquire permits and other authorizations for conducting certain activities. In many countries, there is relatively new comprehensive ~~environmental legislation, and the permitting and the authorization process may not be established or predictable. We may~~ Gold Resource Corporation19 **environmental legislation, and the permitting and the authorization process may not be established or predictable. We may** not be able to acquire necessary permits or authorizations on a timely basis, if at all. Delays in acquiring any permit or authorization could increase the cost of our projects and could suspend or delay the commencement of extraction and processing of mineralized material. Environmental legislation in Mexico and in many other countries is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. Future changes in environmental regulation in the jurisdictions where our properties are located may materially adversely affect our business, make our business prohibitively expensive, or prohibit it altogether. We cannot predict what environmental legislation or regulations will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or regulatory agencies or stricter interpretation of existing laws, may (i) necessitate significant capital outlays, (ii) cause us to delay, terminate, or otherwise change our intended activities with respect to one or more projects, or (iii) materially adversely affect our future exploration activities. Climate change and climate change legislation or regulations could impact our business. We are subject to physical risks associated with climate change, which could seriously harm our results of operations and increase our costs and expenses. The occurrence of severe adverse weather conditions, including increased temperatures and droughts, fires, longer wet or dry seasons, increased precipitation, floods, hail, snow, or more severe storms may have a potentially devastating impact on our operations. Adverse weather may result in physical damage to our operations, instability of our infrastructure and equipment, washed- out roads to our properties, and altered water and electricity supply to our projects. Increased temperatures may also decrease worker productivity at our projects and raise ventilation and cooling costs. Should the impacts of climate change be material in nature or occur for lengthy periods of time in the areas in which we operate, our financial condition or results of operations could be materially adversely affected. Changes in the quantity of water, whether in excess or deficient amounts, may impact exploration and development activities, mining and processing operations, water storage and treatment facilities, tailings storage facilities, closure and reclamation efforts, and may increase levels of dust in dry conditions **,** and land erosion and slope stability in case of prolonged wet conditions. Increased precipitation and extreme rainfall events may potentially impact tailings storage facilities by flooding the water management infrastructure, exceeding surface water runoff network capacity, overtopping the facility, or undermining the slope stability of the structure. Further, increased amounts of water may result in extended periods of flooding to the mine pits and site infrastructure or may exceed the current water treatment facility capacity to store and treat water physical conditions, resulting in an unintended overflow either on or off the mine site property. U. S. and international legislative and regulatory actions intended to ensure the protection of the environment are constantly changing and evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. Transitioning our business to meet regulatory, societal, and investor expectations may cause us to incur higher costs and lower economic returns than originally estimated for new exploration projects and development plans of existing operations. Our continuing reclamation obligations at our operations could require significant additional expenditures. We are responsible for the reclamation obligations related to disturbances located on all of our properties and have recorded a liability on our Consolidated Balance Sheets to cover the estimated reclamation obligation. However, there is a risk that any reserve could be inadequate to cover the actual costs of reclamation when carried out. Continuing reclamation obligations will require a significant amount of capital. There is a risk that we will be unable to fund these ~~additional~~ obligations and that the regulatory authorities may increase reclamation requirements to such a degree that it would not be commercially reasonable to continue mining and exploration activities, which may materially adversely affect our results of operations, financial performance, and cash flows. Gold Resource Corporation20 Title to mineral properties can be uncertain, and in the event of a dispute regarding the title to our Mexican properties, it will likely be necessary for us to resolve the dispute in Mexico, where we would be faced with unfamiliar laws and procedures. Our ability to explore and operate our properties depends on the validity of our title to that property. Uncertainties inherent in mineral properties relate to such things as the sufficiency of mineral discovery, proper posting and marking of boundaries, assessment work and possible conflicts with other claims not determinable from public record. There may be valid challenges to the title to our properties which, if successful, could impair development and / or operations. The resolution of disputes in foreign countries can be costly and time consuming. In a foreign country, we face the additional burden of understanding unfamiliar laws and procedures. ~~We~~ **Not like in the U. S., we** may not be entitled to a jury trial ~~, as we might be in the U. S~~. Further, to litigate in any foreign country, we would be faced with the necessity of hiring lawyers and other professionals who are familiar with the foreign laws. For these reasons, we may incur unforeseen costs if we are forced to resolve a dispute in Mexico or any other foreign country. In most of the countries where we operate, failure to comply with applicable laws and regulations relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners. Any such loss, reduction, or imposition of partners could have a material adverse effect on our financial condition, results of operations, and prospects. Under the laws of Mexico, ~~mineral~~ **Mineral** ~~resources~~ **Resources** belong to the United States of Mexico, and government concessions are required to explore for or exploit ~~mineral~~ **Mineral** ~~reserves~~ **Reserves** . Mineral rights derive from concessions granted, on a discretionary basis, by the Ministry of Economy, pursuant to the Mexican mining law and regulations thereunder. Our concessions in Mexico are subject to continuing government regulation, and failure to adhere to such regulations will result in the termination of the concession. A title defect could result in losing all or a portion of our right, title, and interest in and to the properties to which the title defect relates. Additionally, in 2014, new mining concessions became subject to additional review and approval by the Mexico Ministry of Energy, and in recent years, the federal government has been reluctant to issue new mining concessions. Mining concessions in Mexico give exclusive exploration and exploitation rights to the minerals located in the concessions but do not include surface rights to the real property, which requires that we negotiate the necessary agreements with surface landowners. Many of our mining properties are subject to the Mexican Ejido system, requiring us to contract with the local communities surrounding the properties in order to obtain surface rights to land needed in connection with our mining exploration activities. ~~See "~~ **Please see Item 1A.** Risk Factors ~~-~~ **— Regulatory Risks —** Our ability to develop our Mexican properties is subject to the rights of the Ejido (agrarian cooperatives) who use or own the surface for agricultural purposes. ~~"~~ Our ability to develop our Mexican properties is subject to the rights of the Ejido (agrarian cooperatives), who use or own the surface for agricultural purposes. Our ability to mine minerals is subject to maintaining satisfactory arrangements and relationships with the Ejido for access and surface disturbances. Ejidos are groups of local inhabitants who were granted rights to conduct agricultural activities on the property. We must negotiate and maintain a satisfactory arrangement with these residents in order to disturb or discontinue their rights to farm. While we have successfully negotiated and signed such agreements related to the **DDGM operations** ~~Arista and Alta Gracia mines~~ , our inability to maintain these agreements or consummate similar agreements for new projects could impair or impede our ability to successfully explore, develop, and mine the properties, which in turn could materially adversely affect our future cash flow. A significant amount of our mining properties are subject to exchange control policies, the effects of inflation, and currency fluctuations between the U. S. dollar and the Mexican peso. Our revenue and external funding are primarily denominated in U. S. dollars. However, certain mining, processing, maintenance, and exploration costs are denominated in Mexican pesos. These costs principally include electricity, labor, water, maintenance, local contractors, and fuel. The appreciation of the peso against the U. S. dollar increases expenses and the cost of purchasing capital assets in U. S. dollar terms in Mexico, which can adversely impact our operating results ~~and cash flows. Conversely, the depreciation of the Mexican peso decreases operating costs and capital asset purchases in~~ **and cash flows. Conversely, the depreciation of the Mexican peso decreases operating costs and capital asset purchases in** U. S. dollar terms. When inflation in Mexico increases without a corresponding devaluation of the Mexican peso, our financial position, results of operations **,** and cash flows could be materially adversely affected. The annual average inflation rate in Mexico was approximately **5. 55 % in 2023 and** 7. 89 % in 2022 ~~and 5. 53 % in 2021~~ . Current and future inflationary effects may be driven by, among other things, supply chain disruptions ~~and~~ **,** governmental stimulus or fiscal policies, and geopolitical instability, including the ongoing **conflicts between Ukraine and Russia and in Gaza. For additional information, please see Item 1A. Risk Factors — General Risks — The Israel-Palestinian** conflict ~~between~~ **in Gaza,** the **conflict in** Ukraine **,** and ~~Russia~~ **the related price volatility and geopolitical instability could negatively impact our business** . Continuing increases in inflation could increase our costs of labor and other costs related to our business, which could have an adverse impact on our business, financial position, results of operations **,** and cash flows. At the same time, the peso has been subject to fluctuation, which may not have been proportionate to the inflation rate and may not be proportional to the inflation rate in the future. The value of the peso increased by **14. 6 % in 2023 and increased by** 6. 3 % in 2022 ~~and decreased by 3. 08 % in 2021~~ . In addition, fluctuations in currency exchange rates may have a significant impact on our financial results. There can be no assurance that the Mexican government will maintain its current policies with regard to the peso or that the peso' s value will not fluctuate significantly in the future. We cannot assure you that currency fluctuations, inflation, and exchange control policies will not have an adverse impact on our financial condition, results of operations, earnings, and cash flows. Lack of infrastructure could forestall or prevent further exploration and advancement. Exploration activities, as well as any advancement activities, depend on adequate infrastructure. Reliable roads, bridges, power sources, and water supply are important factors that affect capital and operating costs and the feasibility and economic viability of a project. Unanticipated or higher than expected costs and unusual or infrequent weather phenomena, or government or other interference in the maintenance or provision of such infrastructure, could materially adversely affect our business, financial condition, and results of operations. Risks Related to our Common StockOur stock price may be volatile **,** and as a result **,** shareholders could lose part or all of their investment. In addition to other risk factors identified in this annual report on Form 10- K **,** and due to volatility associated with equity securities in general, the value of a shareholder' s investment could decline due to the impact of numerous factors upon the market price of our common stock, including: ● Changes in the worldwide price for the metals we mine; ● Adverse results from our exploration, development, or production efforts; ● Changes to the dividend program, including suspensions; ● Producing at rates lower than those targeted; ● Political and regulatory risks and social unrest, including the ~~conflict~~ **conflicts** between Ukraine and Russia **and in Gaza** ; ● Weather conditions and extreme weather events, including unusually heavy rains; ● Failure to meet our revenue or profit goals or operating budget; ● Decline in demand for our common stock; ● Downward revisions in securities analysts' estimates or changes in global financial markets ~~and~~ **,** global economies **,** and general market conditions; ● Technological innovations by competitors or in competing technologies; ● Investor perception of our industry or our prospects; ● Lawsuits; ● Economic impact from the spread of **any** disease ~~, including from the COVID- 19 pandemic~~ ; ● Our ability to integrate and operate the companies and the businesses that we acquire; ● Actions by government or central banks; and ● General economic trends. ~~Stock markets in general have experienced extreme price and volume fluctuations and the market prices of individual securities have been highly volatile. These fluctuations are often unrelated to operating performance and may~~ Gold Resource Corporation22 **Stock markets in general have experienced extreme price and volume fluctuations, and the market prices of individual securities have been highly volatile. These fluctuations are often unrelated to operating performance and may** materially adversely affect the market price of our common stock. As a result, shareholders may be unable to sell their shares at a desired price. Past payments of dividends on our common stock are not a guaranty of future payments of dividends. In 2010, we began paying cash dividends to the holders of our common stock. However, our ability to pay dividends in the future will depend on a number of factors, including free cash flow, expected operational performance, mine construction requirements and strategies, other acquisition and / or construction projects, spot metal prices, taxation, government- imposed royalties, and general market conditions. Further, a portion of our cash flow is expected to be retained to finance our operations, explorations, and development of mineral properties. In February 2023, we announced the suspension of our quarterly ~~dividend~~ **dividends** . There is no assurance that the Board will elect to re- institute a dividend payment in the near- term or at all. Issuances of our stock in the future could dilute existing shareholders and materially adversely affect the market price of our common stock. We have the authority to issue up to 200, 000, 000 shares of common stock, 5, 000, 000 shares of preferred stock, and to issue options and warrants to purchase shares of our common stock, in some cases without shareholder approval. As of March ~~9~~ **20** , ~~2023~~ **2024** , there were 88, ~~398~~ **757** , ~~109~~ **610** shares of common stock outstanding. Future issuances of our securities could be at prices substantially below the price paid for our common stock by our current shareholders. We can issue significant blocks of our common stock without further shareholder approval. Because we have issued less common stock than many of our larger peers, the issuance of a significant amount of our common stock may have a disproportionately large impact on our share price compared to larger companies. General RisksOur operations may be disrupted, and our financial results may be materially adversely affected by ~~the coronavirus (“ COVID- 19 ”) pandemic or~~ any future pandemic. Any pandemic ~~, including the COVID- 19 pandemic,~~ may pose a risk to our business and operations. If a significant portion of our workforce becomes unable to work or travel to our operations due to illness or state or federal government restrictions (including travel restrictions and “ shelter- in- place ” and similar orders restricting certain activities that may be issued or extended by authorities), we may be forced to reduce or suspend exploration activities and / or development projects **,** which may impact liquidity and financial results. These restrictions have significantly disrupted economic activity in both the world, national and local economies and have caused volatility in capital markets. ~~Our operations at the Arista mine in Oaxaca were temporarily suspended, and our cash flows were negatively impacted during 2021 as a result.~~ To the extent any pandemic ~~, including the COVID- 19 pandemic,~~ materially adversely affects our business and financial results, as discussed above, it may also have the effect of heightening many of the other risks described in this “ Risk Factors ” section, such as those relating to our operation ~~and~~ **,** indebtedness **,** and financing. We are unable to predict the ultimate adverse impact of any pandemic ~~, including the COVID- 19 pandemic,~~ on our business, which will depend on numerous evolving factors and future developments, including the pandemic’ s ongoing effect on the demand for silver and gold ~~and~~ **, as well as** the response of the overall economy and the financial markets after the pandemic and response measures come to an end, the timing of which remains highly ~~uncertain~~ **unpredictable** . The **Israel- Palestinian** conflict in **Gaza, the conflict in** Ukraine **,** and **the** related price volatility and geopolitical instability could negatively impact our business **. On October 7, 2023, the Palestinian Sunni Islamist group, Hamas, led surprise attacks against Israel from the Gaza Strip. In response to the attacks, Israel’ s cabinet formally declared war on Hamas. Although we do not have operations in the region, the extent and duration of the military action and resulting market disruptions could be significant and could Gold Resource Corporation23 potentially have a substantial negative impact on the global economy and / or our business. The magnitude of these risks cannot be predicted, including the extent to which these conflicts may heighten other risks disclosed herein** . In late February 2022, Russia launched significant military action against Ukraine **, and the war remains ongoing** . The extent and duration of the military action, sanctions, and resulting market disruptions could be significant and could potentially have a substantial negative impact on the global economy and / or our business for an unknown period of time. The ramifications of the hostilities and sanctions may not be limited to Russia, Ukraine, and Russian or Ukrainian companies, and may spill over to and negatively impact other regional and global economic markets (including **in** Europe and **in** the United States), companies ~~Gold Resource Corporation23~~ in other countries (particularly those that have done business with Russia and Ukraine) **,** and ~~on~~ various sectors, industries **,** and markets for securities and commodities globally. Any such volatility and disruptions may also magnify the impact of other risks described in this “ Risk Factors ” section. We may not be able to operate successfully if we are unable to recruit, hire, retain, and develop key personnel and **maintain** a qualified and diverse workforce. In addition, we are dependent upon our employees being able to safely perform their jobs, ~~including~~ **but** ~~the~~ **there** ~~potential for~~ **is risk of** physical injuries or illness. We depend upon the services of a number of key executives and management personnel. These individuals include our executive officers and other key employees. If any of these individuals were to die, become disabled, or leave our company, we would be forced to identify and retain individuals to replace them. We may be unable to hire a suitable replacement on favorable terms should that become necessary. Our success is also dependent on the contributions of our highly skilled and experienced workforce. Our ability to achieve our operating goals depend upon our ability to recruit, hire, retain, and develop qualified and diverse personnel to execute on our strategy. There continues to be competition over highly skilled personnel in our industry. If we lose key personnel or one or more members of our senior management team; or if we fail to develop adequate succession plans; or if we fail to hire, retain, and develop qualified and diverse employees; our business, financial condition, results of operations, and cash flows could be harmed. We are dependent on information technology systems, which are subject to certain risks, including cybersecurity risks, data leakage risks, and risks associated with implementation and integration. We are dependent upon information technology systems in the conduct of our business. Any significant breakdown, invasion, virus, cyberattack, security breach, destruction, or interruption of these systems by employees, others with authorized access to our systems, or unauthorized persons could negatively impact our business. To the extent any invasion, cyberattack, or security breach results in disruption to our business; such as loss or disclosure of, or damage to our data or confidential information; our reputation, business, results of operations, and financial condition could be materially adversely affected. We have implemented various measures to manage our risks related to information technology systems and network disruptions. However, given the unpredictability of the timing, nature, and scope of information technology disruptions, we could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems, and networks or financial losses from remedial actions, any of which could have a material adverse effect on our cash flows, competitive position, financial condition, or results of operations. Our systems and insurance coverage for protecting against cyber security risks may not be sufficient. Although to date we have not experienced any material losses relating to cyberattacks, we may suffer such losses in the future. We may be required to expend significant additional resources to continue to modify or enhance our protective measures. We also may be subject to significant litigation, regulatory investigation, and remediation costs associated with any information security vulnerabilities, cyberattacks **,** or security breaches. We may also be materially adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly, or not properly integrated into our operations. If we are unable to successfully implement system upgrades or modifications, we may have to rely on manual reporting processes and controls over financial reporting that have not been planned, designed, or tested. Various measures have been implemented to ~~manage our risks related to the system upgrades and modifications, but system upgrades and modification failures could have a material adverse effect on our business, financial condition and results of operations and could, if not successfully implemented, adversely impact the effectiveness of our internal controls over financial reporting.~~ Gold Resource Corporation24 **manage our risks related to the system upgrades and modifications, but system upgrades and modification failures could have a material adverse effect on our business, financial condition, and results of operations and could, if not successfully implemented, adversely impact the effectiveness of our internal controls over financial reporting.** Our business is subject to the U. S. Foreign Corrupt Practices Act and similar worldwide anti- bribery laws, a breach or violation of which could lead to civil and criminal fines and penalties, loss of licenses or permits **,** and reputational harm. We operate in certain jurisdictions that have experienced some degree of governmental and private sector corruption, and in certain circumstances, strict compliance with anti- bribery laws may conflict with certain local customs and practices. The U. S. Foreign Corrupt Practices Act and anti- bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantages. Our Code of Ethics and other corporate governance mandate compliance with these anti- bribery laws, which often carry substantial penalties. However, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty, or other inappropriate acts committed by our affiliates, employees, contractors, or agents. As such, our corporate policies and processes may not prevent all potential breaches of law or other governance practices. Violations of these laws, or allegations of such violations, could lead to civil and criminal fines and penalties, litigation, loss of operating licenses or permits, and may damage our reputation, which could have a material adverse effect on our business, financial position, and results of operations, or cause the market value of our common stock to decline. ITEM 1B. UNRESOLVED STAFF COMMENTSNone. ITEM ~~2~~ **1C** . ~~PROPERTIES~~ **CYBERSECURITYRisk Management and StrategyWe have established policies and processes for assessing, identifying, and managing material risk from cybersecurity threats and have integrated these processes into our overall risk management systems and processes.** We ~~classify~~ **routinely assess material risks from cybersecurity threats, including any potential unauthorized occurrence on** ~~our~~ - **or** ~~mineral properties into~~ **conducted through our information systems that may result in adverse effects on** ~~three~~ -- **the confidentiality** ~~categories: " Production Stage Properties "~~ , **integrity** ~~" Development Stage Properties "~~ , ~~and " Exploration Stage Properties~~ **or availability of our information systems or any information residing therein** . ~~" Production Properties~~ **We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that** are ~~properties~~ **vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks. GovernanceOne of the key functions of our Board of Directors is informed oversight of our risk management process, including risks from cybersecurity threats. Our Board is responsible** for **monitoring** ~~which we operate a producing mine. At our Don David Gold Mine, we currently have 100 % interest in six properties, including two Production Stage Properties~~ and **assessing strategic risk exposure, and management is responsible** ~~four~~ - **for** ~~Exploration Stage Properties, located in Oaxaca, Mexico, along the San Jose structural corridor. Because of their~~ -- **the day-** ~~proximity and relatively integrated operations, we collectively refer~~ to ~~the six properties as the Don David Gold Mine~~ **- day management of any material risks that may arise** . The **Board receives periodic updates from management regarding cybersecurity matters** ~~two Production Stage Properties are the only two of the six properties that make up the Don David Gold Mine that we consider to be independently material at this time. The Company also has 100 % interest in the Back Forty Project, an~~ **and** ~~advanced Exploration Stage Property, located in Menominee County, Michigan, USA. Mineral ResourcesUnder S- K 1300, a Mineral Resource~~ is **notified between** ~~defined as " a concentration or occurrence of material of economic interest in or on the Earth' s crust in~~ such ~~form, grade~~ **updates regarding any significant new cybersecurity threats** or ~~quality, and quantity~~ **incidents. We do not believe** that there are **currently any known risks from cybersecurity threats that are** ~~reasonable~~ **reasonably** ~~prospects~~ **likely to materially affect**

us or our business strategy, results of operations, or financial condition. Management is responsible for **the operational oversight** ~~economic extraction. " A Mineral Resource is a " reasonable estimate~~ of ~~mineralization~~ **company- wide cybersecurity strategy** , ~~taking into account~~ **policy, and standards across** relevant **departments** ~~factors such as cut- off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely~~ to ~~, in whole or in~~ **assess and help prepare us to address cybersecurity risks. As** part ~~, become economically extractable. It is not merely an inventory~~ of ~~all mineralization drilled or~~ **our overall** ~~sampled. " More information supporting assumptions, methodologies, and procedures can be found in the Technical Report Summary filed as Exhibit 96. 1 to this Form 10- K.~~