

TARA GOLD RESOURCES CORP.

Form 10-K

April 14, 2014

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U.S.  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K  
(Mark One)

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2013

OR

☒ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-29595

TARA GOLD RESOURCES CORP.  
(Name of Small Business Issuer in its charter)

Nevada  
(State of incorporation)

90-0316566  
(IRS Employer Identification  
No.)

375 N. Stephanie St., Bldg. 2 Ste. #  
211  
Henderson, NV  
(Address of principal executive  
office)

89014  
(Zip Code)

Registrant's telephone number, including area code: (888) 901-4550

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common stock, par value \$0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the

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Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Non-accelerated filer ☒ (Do not check if a smaller reporting  
company)  
Accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act):  
Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the Company on June 30, 2013, was approximately \$0.

As of April 14, 2014, the Company had 102,795,119 outstanding shares of common stock.

Documents incorporated by reference: None

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which include but are not limited to, statements concerning our business strategy, plans and objectives, projected revenues, expenses, gross profit, income, and mix of revenue. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Words such as "anticipates," "expects," "intends," "plans," "predicts," "potential," "believes," "seeks," "hopes," "estimates," "may," "will," "with a view to" and variations of these words or similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements.

Additional information on the various risks and uncertainties potentially affecting our operating results are discussed in this report and other documents we file with the Securities and Exchange Commission, or the SEC, or are available upon written request to our corporate secretary at 375 N Stephanie St., Bldg. 2 Ste. #211, Henderson, NV. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements.

As used in this report, "Tara Gold," "Company," "we," "our" and similar terms refer to Tara Gold Resources Corp. and its subsidiaries, unless the context indicates otherwise.

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### Item 1. Business.

Tara Gold Resources Corp. was incorporated in 1999 in Nevada as Westnet Communications Group, Inc. On April 1, 2001, the Company acquired MerchantPark Communications, Inc. for shares of its common stock. After this acquisition, the Company's operations involved the development of software which could be used by small businesses for web-site development and hosting.

In March 2002 the Company discontinued its software development operations and was inactive until early 2004. In November 2003 the Company changed its name to American Stellar Energy, Inc., and began acquiring oil and gas properties in early 2004. In 2005 the Company sold its oil and gas properties after it determined that these properties were not economical.

In 2005 the Company became involved in the exploration of gold and silver mining properties. In February 2006, the Company changed its name to Tara Gold Resources Corp. In May 2005 Tara Gold, through its subsidiary Corporacion Amermin S.A. de C.V. ("Amermin"), began acquiring mining properties in Mexico. Tara Gold's operations in Mexico are conducted through Amermin, American Metal Mining ("AMM") and American Copper Mining ("ACM") since Mexican law provides that only Mexican corporations are allowed to own mining properties. All of Tara Gold's operations in Mexico are conducted through its Mexican subsidiaries.

In 2006 Tara Gold, then focused on gold and silver properties, formed Tara Minerals Corp. ("Tara Minerals") when it determined that some investors prefer lead, zinc and silver projects, rather than solely gold and silver projects, and that capital may be easier to obtain by separating gold properties from industrial metal projects. Although this was Tara Gold's intention when it formed Tara Minerals, Tara Minerals nevertheless has interests in properties which may be productive of gold or silver. Tara Minerals owns 99.9% of the common stock of AMM, a Mexican corporation. Tara Minerals formed Adit Resources Corp. ("Adit") in 2009 to hold the Picacho Groupings, described further below, and to finance exploration and development of the Picacho Groupings through the sale of Adit's securities. Currently, Tara Minerals owns 87% of the common stock of Adit Resources Corp. Adit in turns owns 99.99% of ACM.

Unless otherwise indicated, all references to "Tara Gold" or the "Company" include the properties and operations of Tara Minerals, Adit and their respective subsidiaries.

As of April 14, 2014, Tara Gold owned approximately 50% of the outstanding common stock of Tara Minerals. In June 2013, Tara Gold purchased 4,500,000 shares of Tara Minerals' common stock, for an aggregate consideration of \$1,350,000, or \$0.30 a share. Tara Gold and Tara Minerals' operations in Mexico are conducted through AMM, ACM and Amermin since Mexican law provides that only Mexican corporations are allowed to own mining properties.

Tara Gold focuses primarily on gold mining concessions. Tara Minerals' primary focus is also on gold and silver, as well as industrial minerals, copper, lead, zinc, iron, and other associated metals.

In the event of any conflicts of interest between Tara Gold and Tara Minerals, Tara Minerals will have the first opportunity to acquire and develop properties which may be productive of gold and silver. With this process, Tara Gold will be able to share in any mining properties which Tara Minerals successfully develops.

On May 25, 2011, Tara Gold commenced distributing its shares of Tara Minerals to its shareholders by distributing one share of Tara Minerals for every 20 outstanding shares of Tara Gold. Tara Gold plans to make additional distributions until all Tara Minerals shares held by Tara Gold have been distributed to Tara Gold's shareholders.

After Tara Gold has distributed all of its Tara Minerals shares, Tara Gold will not have any interest in the properties owned by Tara Minerals.

Both Tara Gold and Tara Minerals may continue their efforts to develop mining properties that are thought to contain commercial quantities of gold, silver and other minerals. Additionally, once the distribution has been completed, the consolidated parent and subsidiary relationship between Tara Gold and Tara Minerals may change.

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For the most part, the officers and directors of Tara Minerals, Tara Gold, and Adit are the same, and will remain the same following the distribution of all the shares of Tara Minerals held by Tara Gold.

Below is a chart which illustrates the Company's mining properties as of April 14, 2014.

No properties were joint ventured as of April 14, 2014.

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The chart below illustrates Tara Gold's mining properties after Tara Gold completes the distribution of its shares of Tara Mineral's common stock.

After acquiring a property and selecting a possible exploration area through its own efforts or with others, the Company will typically compile reports, past production records and geologic surveys concerning the area. The Company will then undertake a field exploration program to determine whether the area merits further work. Initial field exploration on a property normally consists of geologic mapping and geochemical and/or geophysical surveys, together with selected sampling to identify environments that may contain specific mineral occurrences. If an area shows promise, geologic drilling programs may be undertaken to further define the existence of any economic mineralization. If such mineralization is identified, further work may be undertaken to estimate ore reserves, evaluate the feasibility of the development of the mining project, obtain permits for commercial development, and, if the project appears to be economically viable, proceed to place the mineral deposit into commercial production.

In connection with the acquisition of a property, the Company may conduct limited reviews of title and related matters and obtain representations regarding ownership. Although the Company plans to conduct reasonable investigations (in accordance with standard mining practice) of the validity of ownership, it may be unable to acquire good and marketable title to its properties.

The proposed exploration program for the Company's properties will typically consist of rock-chip sampling, soil geochemistry, geological mapping, a geophysical survey, trenching, drilling, and resource calculation. The exploration program will take place in phases, with some phases occurring simultaneously. Rock chip and soil geochemistry may be initiated first to test and define the mineralization. This may be followed up with a CSAMT (Controlled-Source Audio-Frequency Magneto Telluric) (or other appropriate geophysical methods) to test the extent and depth of sulfide mineralization which could host copper, lead or zinc. The CSAMT is an industry standard geophysical technique that has been used successfully to identify carbonate deposits in Mexico and other locations.

Upon completion of the exploration program, and if results are positive, a drilling program may begin. Split samples (i.e. samples cut in half) from logged cores will be sent for assay at the Company's laboratory or at laboratories operated by third parties. Remaining cores will be saved for third party independent confirmation. Prospect samples will be assayed by the Company at its laboratory with occasional splits sent to third party labs for verification. Samples for mine production will be taken according to the standard methodology generally accepted for either drill cuttings or channel sampling. Samples for mine production will be assayed internally at the Company's laboratory, with duplicate assaying of every twentieth sample. Splits of every twentieth sample will be sent to an outside laboratory for confirmation. After drilling results have been evaluated, a mineral resource calculation will be made.

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The capital required for the exploration and development of mining properties is substantial. The Company plans to finance its future operations through joint venture arrangements with third parties (generally providing that the third party will obtain a specified percentage of the Company's interest in a certain property in exchange for the expenditure of a specified amount), the sale of the Company's properties, the Company's operations, debt instruments which may or may not be convertible to Tara Gold or its subsidiaries' common stock, and by the sale of Tara Gold and its subsidiaries' common stock. If the capital required to develop its properties is not available, the Company may attempt to sell one or more of its properties.

The exploration and development of properties joint ventured with third parties may be managed by one of the joint venture participants which would be designated as the operator. The operator of a mining property generally provides all labor, equipment, supplies and management on a cost plus fee basis and generally must perform specific tasks over a specified time period. Separate fees may be charged to the joint venture by the operator and, once certain conditions are met, the joint venture participant is typically required to pay the costs in proportion to its interests in the property.

Mines have limited lives, an inherent risk in the mining business. Although the Company plans to acquire other mining properties, there is a limited supply of desirable mineral lands available in Mexico and the United States ("U.S.") where the Company would consider conducting exploration and/or production activities. In addition, the Company faces strong competition for new properties from other mining companies, many of which have greater financial resources. Further, the Company may be unable to acquire attractive new mining properties on terms that are considered acceptable.

The Company's operations have not been affected by the escalating conflicts in Mexico involving drug cartels.

As of April 14, 2014, the Company had interests in the mining properties listed below, which are located in both Mexico and the U.S. The Company's interests in the properties are generally in the form of mining concessions or patented or unpatented mining claims granted by the respective governments. Although Mexican mining concessions are similar in some respects to unpatented mining claims in the U.S., there are differences. See "Mexican Mining Laws and Regulations" below for information regarding Mexican mining concessions.

Although the Company believes that each of its properties has deposits of silver, gold, copper, lead, zinc, or iron, the properties are in the exploration stage, do not have any proven reserves, and may never produce any of these metals in commercial quantities.

The Company's most significant mining properties are the Don Roman Groupings, the Picacho Groupings and the Dixie Mining District Groupings, described further below. The other properties described below are not considered significant since the Company did not, as of April 14, 2014, have any plans to develop those properties.

In Mexico, land size is denominated in hectares and weight is denominated in tonnes. One hectare is equal to approximately 2.47 acres and one tonne is equal to 2,200 pounds.

With the exception of the Don Roman Groupings, as of April 14, 2014, no plants or other facilities were located on any of the properties.

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The Company will use its own employees, or contract with qualified personnel, to conduct and supervise all aspects of its exploration program.

Unless otherwise noted below, all of the properties below were purchased from non-related third parties.

Las Brisas Prospect

The Company acquired the Las Brisas Prospect in August 2007 for an effective purchase price of \$3,134, plus \$391 of value-added tax.

The Las Brisas Prospect is 6,428.6896 hectares and is located in the state of Sonora, Mexico, approximately 40 kilometers northwest of the town of Alamos. The property lies at the western edge of the Sierra Madre Occidental gold-silver belt. The properties in this area have returned results positive for gold and silver, although reserves have not been calculated. This prospect can be accessed from the paved highway from the town of Navojoa, Sonora going east towards Alamos, Sonora. Twenty four kilometers before arriving to Alamos, take the caliche road north for 15 kilometers to the CFE Power Plant and Dam, from there take the left fork heading northwest following the 2 rut dirt road for 7 kilometers to the town of Minitas which sits amidst the concessions.

Las Brisas and adjacent properties seem to form one deposit system, which is characterized as a silver-gold-bearing quartz vein and stockwork system. The district is underlain by older metasediments and granitic volcanic rocks. Within the deposit area itself, the bedrock consists of dacitic volcanic rocks that are mineralized and the bedrock is covered by younger, non-mineralized agglomerates of dacitic volcanic rocks and breccias.

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Mineralization at the properties is confined to precious metals in the form of silver and gold-bearing epithermal quartz veins. The quartz veins commonly occur in swarms within the dacitic volcanics, which have an average trend of N60W and dip between vertical and 60 degrees northeast. The veins average between 1-2 meters in thickness. There is also a well-developed and prolific stockwork of smaller ½” or less quartz veins present in the central zones of the deposit.

As of April 14, 2014, the Company has not spent any money on exploring this property. Historical exploration was performed by other third parties prior to the acquisition of this property.

As of April 14, 2014, the Company considers this prospect an asset held for disposal.

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Properties owned by Tara Minerals Corp.

Don Roman Groupings

The Don Roman Groupings, comprised of 10,680.1213 hectares, were acquired in October 2006, November 2008, and March and April 2011 for an effective purchase price of approximately \$2,126,000, plus value-added tax of approximately \$327,500. The Don Roman Groupings consist of the Pilar, Don Roman, Las Nuvias, Centenario, La Verde and La Palma prospects.

The Don Roman plant is 18 kilometers north from Choix, state of Sinaloa, Mexico. The plant is accessed by 18 kilometers of paved road. From the plant site, the closest concessions are the Don Roman Groupings which can be accessed with a regular pick-up truck through a Company maintained road. The Don Roman Groupings are in the heart of the La Reforma mining district as well as the stated gold belt that stems from the state of Chihuahua.

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The Don Roman Groupings are located in the northern part of the La Reforma mining district of northeastern Sinaloa, Mexico. The predominant rocks in the area are Upper Jurassic-Lower Cretaceous carbonate (limestone) rocks and Tertiary granitic intrusives. The La Reforma mining district has been mined for more than 300 years, with substantial amounts of precious and base metals produced from numerous mines. In the opinion of the Company, the district has never been properly explored using present day, industry standard, exploration methods, including geochemistry, geophysics, and geology. The Company feels that this area may potentially host base metals that were never discovered or exploited due in part to market conditions, lack of technology, and lack of funding.

The Company's justification for acquiring the Don Roman concessions is based upon the types and occurrence of deposits that form around a typical "Porphyry Copper Deposit System." The many large and small, high-grade poly-metallic veins in the district, which surround the known low-grade porphyry copper center, are typical of this type of system. These types of veins have been mined successfully in many other districts in the U.S. and Mexico. The percentage of poly-metallics, meaning zinc, lead, copper and iron, is buoyed by the presence of substantial silver and gold as subordinate metals in these veins. One of the veins obtained has been mined for 20 years. Several others have been mined off and on for many years. One of the veins, El Refugio, was first mined over 400 years ago and has seen mining as recently as 5 years ago.

Preliminary and continuing evaluation of the Don Roman Groupings have identified numerous mineralized systems at various locations on the property, some of which include a series of parallel northwest trending lead, zinc, silver structures that can be traced for more than 300 meters; an abandoned lead, zinc, silver mine; and historic vein-type gold mineralization. A number of these mineralized structures lie within a complex suite of volcanic-granitic and sedimentary (carbonate) rocks. Preliminary evaluation of the property has indicated the potential for five separate mineral systems each having varying mineral characteristics. Initial sampling has indicated the potential for two lead, zinc, silver systems; two gold copper systems; and one iron ore, gold, copper system.

The temporary permits previously help expired in the third quarter 2013. Without permits, the Company is allowed to perform the following:

- Road maintenance/refurbishment of existing roads only
- Living quarter construction/maintenance
- Surveying
- Surface Sampling
- Old workings exploration/identification and sampling
- Mapping
- Plant maintenance and refurbishment
- Use of 900kva electricity for plant testing during maintenance and refurbishment
- Fencing, limiting identifying surface areas and general protection for all working and old working areas (safety)
- Locating and drilling of water well

Two circuits capable of producing a minimum of 200 tonnes per day are operational, with a third circuit that can be completed when production makes it necessary. An additional regrind circuit can also be implemented at the appropriate time. The plant, when all circuits are operational, is capable of processing approximately 400 tonnes per day.

In 2010, the Company began production at the Don Roman plant and extracted lead, zinc, and silver material from its mine and stockpiled it for future processing at the plant. During production in 2010, 181 tons of concentrate were produced and sold. In the fourth quarter of 2010, the plant activity ceased.

As of December 31, 2013, \$7,703,000 has been spent on the mapping, sampling, trenching, plant facilities, processing equipment, and related mining equipment on the Don Roman property.



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Exploration of the veins in the concessions will be multi-phased. The first phase will consist of drilling approximately 10 diamond core holes in the El Rosario vein system to accurately determine the total length, width and depth of the veins. This phase will further define the mineralized structure, which will then allow the concentration plant to be restarted. The work will be completed under the direction of Steve Eady, the Company's Chief Geologist.

Additional exploration phases will be conducted after the start of mining and will be paid with revenue generated by concentrate produced from the Don Roman plant.

To maintain the Company's rights to the Don Roman mining concessions, the Company must:

- make concession tax payment of approximately \$48,200 payable in two installments due January and July of each year;
- file yearly Statistical and Technical reports no later than January 31st of each year; and
- file yearly Production/Works Reports no later than May 31st of each year

### Pirita Prospect

The Company acquired the Pirita Prospect in June 2009 for an effective purchase price of \$250,000, plus value-added tax of \$30,000.

The Pirita Prospect is 6,656.1049 hectares in size and is located near the town of Bacoachi, state of Sonora, Mexico and the towns of Urique and Morelos, state of Chihuahua, Mexico. The property can be accessed with a regular pick-up truck by driving 6 kilometers from Bacoachi along an unimproved dirt road.

The Pirita prospect is located within the gold orogenic belt of the Sierra Madre Mountains in northern Mexico along the Sonora-Chihuahua border. Principally the area is underlain by Cretaceous or older meta-sediments and granodiorite. The prospect is overlain by various volcanic sequences of andesite, dacite and basalt. To date no detailed geology has been completed on the prospect.

As of April 14, 2014, the Company has not spent any money on exploring this property. Historical exploration was performed by other third parties prior to the Company's acquisition of this property.

As of April 14, 2014, the Company was in negotiations to amend its agreements relating to the Pirita Prospect which may include the termination of the acquisition agreement and the return of the property, or other disposal. Per the acquisition agreement, the Company can only return the property if it is in good standing, which requires that all taxes must be paid and the property must be clear of any liabilities. As of April 14, 2014, the Company had not paid the property taxes associated with this prospect and considers this prospect an asset held for disposal.

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Dixie Mining District Groupings

During 2013, the Company acquired the Black Diamond and Ontario prospects in the Dixie Mining District from an unrelated third party for \$650,000. Management internally calls this the Ponderosa Project in the Dixie Mining District. The Dixie Mining District is located in the state of Idaho in the U.S. The purchase price was paid in full in 2013. The land package consists of 6,741 acres consisting of both patented and unpatented mining claims.

The former owner of the prospects is entitled to receive royalties upon all ore, mineral-bearing rock and other deposits extracted and shipped or milled, treated, and sold from the property in the amount of 3% of the net smelter or mill returns earned from the property prior to December 31, 2014. The royalty agreement provides that the payment of the royalty will terminate upon the independent third party receiving \$558,160. If the former owner has not received that amount in royalty payments as of December 31, 2014, the Company is required to pay the difference, if any, between the \$558,160 and the amount of royalties received from the Company. No royalty is owed to the former owner if mining on the property is not yet economically feasible. As of April 14, 2014 based on the amount of exploration conducted it is not yet economically feasible and no royalty payments have been paid.

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The prospects are part of the Dixie Mining district which is in the east-central portion of a northeast trending gold mineralized belt in Idaho. The belt, which, is approximately 35 miles wide by 50 miles long is known as the Orogrande Shear Zone and has been mined since the 1860's. The district is well known for its placer mines as well as its lode gold quartz veins. The district is accessible by paved road to within 4 miles of the town of Dixie, Idaho. The last miles are on maintained dirt road, which is drivable with 2WD truck to both claim groups. See map above.

In general the area is underlain by metamorphic rocks, probably of pre-Cambrian Belt series, that have been intruded by granitic rocks of the Idaho batholith, which is probably of Cretaceous age. The batholithic rocks are predominately granodiorite and quartz monzonite. The Belt series rocks are quartzite, gneiss, augen gneiss and schists which in places include hornblende sills.

There are numerous northwest-southeast trending quartz veins in the district. These occur in tension fractures, as small lightly sheared fractures or as short lenses echeloned along wide zones of fracturing and shearing. Also present are low-grade, but potentially commercial disseminated deposits along the edges of the Orogrande shear zone. The lode vein deposits are characteristically made up of quartz gangue, locally with pyrite, galena, sphalerite, tetrahedrite, stibnite, chalcopyrite and gold. Much of the gold is free, especially in the oxidized zones of the veins near the surface.

During the summer of 2013, the veins at both Black Diamond and Ontario were exposed with surface trenching and 930 tons were removed and shipped to a custom mill in Wallace, Idaho for metallurgical testing. Both properties were prepared for future exploration and definition drilling programs and substantial reclamation was completed. An office trailer and equipment storage facilities were placed on site at the Ponderosa prospect. Electrical power is available at the Ponderosa site from the public utility and water is available from a well on site. For further exploration of the Ontario property, a well will be drilled and electricity provided by a generator.

As of December 31, 2013, the Company has spent \$1,411,000 on exploring this property. Historical exploration was performed by other third parties prior to the Company's acquisition of this property. At this time neither of the properties has proven reserves.

To maintain its unpatented mining claims in good standing, the Company must file with the Bureau of Land Management an annual maintenance fee (of approximately \$34,860 for 2014 for all claims within the claim group), a maintenance fee waiver certification, or proof of labor or affidavit of assessment work.

### Tania Iron Ore Project

The Company leased the Tania Iron Ore Project in May 2011 in exchange for royalty payments based on production of iron ore.

The Company has the right to remove 6 million tonnes of iron ore concentrate from the property, with renewal rights extending through the life of the property. Tara Minerals had agreed to pay \$6 per tonne for the first 500,000 tonnes removed from the property and \$7 per tonne thereafter. As of December 31, 2013, the Company has paid \$100,000 against future royalty payments.

The property, comprised of 3,233.0147 hectares, is located approximately 33 kilometers southeast, via dirt road from the port of Manzanillo, in the city of Manzanillo, State of Colima, Mexico. The iron ore is contained within decomposed granite with little overburden. The property has not been subjected to modern exploration methods or concentrating processes prior to Tara Minerals' involvement.

As of December 31, 2013, approximately \$169,000 had been spent on road access construction, mapping, sampling, and trenching.

As of April 14, 2014, the Company is in the process of terminating this lease.

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### Las Viboras Dos Iron Ore Project

The Company acquired the Las Viboras Dos Iron Ore Project in July 2011 for an effective purchase price of \$188,094, plus value-added tax of \$30,095.

This property, comprised of 147.9201 hectares, is located near the town of La Huerta, state of Jalisco, Mexico. It is accessible by a 50 kilometer paved highway from Manzanillo towards La Huerta.

As of April 14, 2014, the Company has not spent any money exploring this property. Historical exploration was performed by other third parties prior to Tara Minerals' acquisition of this property.

As of April 14, 2014, the Company is in the process of terminating the acquisition agreement and the return of the property, or other disposal. As of April 14, 2014, the Company considers this prospect an asset held for disposal.

### Property owned by Adit Resources

#### Picacho Groupings

On April 4, 2012 the Company sold its 99.99% owned subsidiary, ACM to Yamana Mexico Holdings B.V. ("Yamana"). ACM's primary asset is the Picacho Groupings located in Sonora, Mexico. The Picacho Groupings consist of the Picacho and Picacho Fractions prospects.

As consideration for the sale of ACM, Yamana paid \$7.5 million, minus approximately \$780,000 (the amount required to pay the Mexican government to release its tax lien on the Property). In addition, Yamana surrendered 500,000 Adit's common shares, and warrants to purchase an additional 250,000 Adit's common shares, upon the execution of the sale agreement.

Yamana had the option to terminate the Agreement within ten business days prior to May 7, 2013 for any reason. If the Agreement was terminated, Yamana would be required to return ownership of ACM and the underlying property to the Company in good standing. If this occurred, the first cash payment made by Yamana would be retained by the Company.

On May 7, 2013, the Company received notice that Yamana was terminating the purchase agreement.

The Company calculated the fair value of the assets purchased and liabilities assumed as follows:

|                                                                             |              |
|-----------------------------------------------------------------------------|--------------|
| Assets:                                                                     | May 8, 2013  |
| Picacho Groupings                                                           | \$ 1,571,093 |
| Improvements (Mine site warehouse)                                          | 18,115       |
| Liabilities:                                                                |              |
| None                                                                        | -            |
| Fair market value of net identifiable assets acquired                       | 1,589,208    |
| Less: Fair value of the consideration transferred for ACM                   | -            |
| Add: Release of Adit's tax liability due to the termination of the purchase | 1,900,763    |
| Value of assigned gain on bargain acquisition of ACM                        | \$ 3,489,971 |

As of December 31, 2013, the Company has spent \$1,392,000 exploring this property. Historical exploration was performed by other third parties prior to the Company's acquisition of this property.



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To maintain the Company's rights to the Picacho mining concessions, the Company must:

- make concession tax payment of approximately \$69,130 payable in two installments due January and July of each year;
- file yearly Statistical and Technical reports no later than January 31st of each year; and
- file yearly Production/Works Reports no later than May 31st of each year

## U.S. Mining Laws and Regulations

In the U.S., unpatented mining claims on unappropriated federal land may be acquired pursuant to procedures established by the Mining Law of 1872 and other federal and state laws. These acts generally provide that a citizen of the U.S. (including a corporation) may acquire a possessory right to develop and mine valuable mineral deposits discovered upon appropriate federal lands, provided that such lands have not been withdrawn from mineral location, e.g., national parks, military reservations and lands designated as part of the National Wilderness Preservation System. The validity of all unpatented mining claims is dependent upon inherent uncertainties and conditions. These uncertainties relate to such non-record facts as the sufficiency of the discovery of minerals, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. Prior to discovery of a locatable mineral thereon, a mining claim may be open to location by others unless the owner is in possession of the claim.

To maintain its unpatented mining claims in good standing, the Company must file with the Bureau of Land Management ("BLM") an annual maintenance fee of \$140 for each claim, which may change year to year, a maintenance fee waiver certification, or proof of labor or affidavit of assessment work, all in accordance with the laws at the time of filing which may periodically change.

The domestic exploration programs conducted by Tara Gold will be subject to federal, state and local environmental regulations. The U.S. Forest Service and the BLM extensively regulate mining operations conducted on public lands. Most operations involving the exploration for minerals are subject to existing laws and regulations relating to exploration procedures, safety precautions, employee health and safety, air quality standards, pollution of stream and fresh water sources, odor, noise, dust, and other environmental protection controls adopted by federal, state, and local governmental authorities as well as the rights of adjoining property owners. Tara Gold may be required to prepare and present to federal, state, or local authorities data pertaining to the effect or impact that any proposed exploration or production of minerals may have upon the environment. All requirements imposed by any such authorities may be costly and time-consuming, and may delay commencement or continuation of exploration or production operations.

Future legislation and regulations are expected to continue to emphasize the protection of the environment, and, as a consequence, the activities of the Company may be more closely regulated to further the cause of environmental protection. Such legislation and regulations, as well as future interpretation of existing laws, may require substantial increases in capital and operating costs to the Company and may result in delays, interruptions, or a termination of operations, the extent of which cannot be predicted.

Mining operations in the U.S. are subject to inspection and regulation by the Mine Safety and Health Administration of the Department of Labor (MSHA) under provisions of the Federal Mine Safety and Health Act of 1977.

The Company's operations will also be subject to regulations under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA or Superfund), which regulates and establishes liability for the release of hazardous substances, and the Endangered Species Act (ESA), which identifies endangered species of plants and animals and regulates activities to protect these species and their habitats. The Company may incur expenditures for land reclamation pursuant to federal and state land restoration laws and regulations. Under certain circumstances, the Company may be required to close an operation until a particular problem is remedied or to

undertake other remedial actions.

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### Mexican Mining Laws and Regulations

In Mexico, Article 27 of the Mexican Constitution grants the ownership of essentially all minerals to the Mexican nation. The right to exploit those minerals is given to private parties through concessions issued by the Mexican government. The current Mining Law of Mexico was enacted in 1992. Concessions are granted on mining lots, the sides of which measure 100 meters, or a multiple of 100, except when adjoining lots (granted when there were no size requirements) require a smaller size.

An exploration concession is granted to the first applicant that meets the requirements of the Mining Law, the most important of which is that the claimed area is deemed to be “free land”. Under the Mining Law, areas that are already covered by mining concessions or applications for mining concessions, as well as reserved areas such as the coast and the seabed, are not free.

Exploration mining concession applications are filed at government offices. Exploration concessions are valid for fifty years and give their holders the right to carry out exploration work and, if warranted, put into produce any ore discovered on the concession.

Mining concessions do not grant the holder the right to enter or use the surface land of the mining lots. It is therefore necessary to obtain the permission of the surface owner for that purpose. Typically, a verbal authorization with no consideration is granted for prospecting and sample gathering. A simple letter agreement or contract is normally used for drilling, trenching, or basic road building. For more advanced exploration activities, a small monetary consideration is normally required. In some cases the concessionaire is also required to make minor improvements which benefit the local community such as fixing a road or fence or building an earthen dam. Building and operating a mine requires a more formal agreement. If an agreement cannot be reached with the surface owner, the Mining Law gives the concessionaire the right to request a temporary occupation of the land or an expropriation (or an easement for the construction of roads, power lines, water pipes, etc.). Compensation is set through an appraisal made by the federal government.

A concessionaire’s most important obligation is the performance of assessment work on the mining lots. A minimum amount of assessment work measured in monetary terms must be performed each year, depends on the size of the mining lot and, for an exploration mining concession, the number of years elapsed since its issue, pursuant to minimum investment tables established by the Mexican government. Assessment work may be done either through expenditures or the sale of minerals. Lack of performance of the minimum work will result in the cancellation of the concession; payment to the government in lieu of required assessment of work is not allowed.

To maintain its mining concessions in good standing, the holder of a mining concession must also:

- Make semi-annual concession payments in January and July of each year;
- File annual Statistical and Technical reports no later than January 31st of each year which must include the following:
  - § Concession name title, surface area, general identification of modifications to the concession. If purchased in the year previous, contract information and whom acquired from, if the contract is still being paid, general terms of contract. If new minerals/metals have been found other than the ones in prior submissions.
- File annual Production/Works Reports no later than May 31st of each year which must include the following:
  - § Concession name, title surface area, identification of modifications to the concessions, abandonment, reduction whether in exploration or exploitation, tonnes produced, processed and what mineral/metal, whether it was smelted on location or where it was shipped to nationally for processing. Accounting information is used as support for the

reports.

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The exploration concessions in Mexico are valid for the period of 50 years from the date of issue. After 50 years, applications can be filed to continue the concession right for another 50 years. The concession rights to the Company's Mexican properties expire between February 2047 and November 2061.

Concessionaires must comply with federal environmental regulations which generally require that mining activities be subject to an environmental impact statement authorization. Normally an environmental impact statement authorization can be obtained in six to twelve months from the date of its filing. However, mining operations that do not exceed levels established by the Mexican government are not required to file an environmental impact statement.

The Mining Law forbids concessionaires from removing mine timbering and supports and requires compliance with all safety rules promulgated by the Mexican government.

Mexican and foreign individuals, as well as Mexican corporations, are allowed to hold mining concessions. Although foreign corporations may not hold mining concessions, foreign corporations may, however, own Mexican corporations.

### General

Tara Gold's offices are located at 375 N. Stephanie St., Bldg. 2 Ste. #211, Henderson, NV 89014. The office space is supplied free of charge by Lynda R. Keeton-Cardno, Chief Financial Officer of Tara Gold and Tara Minerals.

As of April 14, 2014, Tara Gold had 5 employees; Tara Minerals had 8 employees; and American Metal Mining, Tara Mineral's subsidiary, had 2 employees. Any work related to Amermin was performed by Tara Mineral's employees.

Tara Gold's website is [www.taragoldresources.com](http://www.taragoldresources.com)

### Item 1A. Risk Factors.

Not applicable.

### Item 1B. Unresolved Staff Comments.

Not applicable.

### Item 2. Properties.

See Item 1.

### Item 3. Legal Proceedings.

In August 2011 Tara Minerals entered into an agreement with Carnegie Mining and Exploration, Inc. which provided Carnegie with the option to earn up to a 50% interest in Tara Minerals' Don Roman and iron ore projects.

In order to earn an interest in the Don Roman project, Carnegie was required to spend certain amounts on the Don Roman property such that the Don Roman plant reached minimum production levels. Carnegie could earn a 50% interest in Tara Minerals' iron ore projects by spending \$1,000,000 toward the projects by November 6, 2011.

Carnegie did not spend the required amounts on either project and Tara Minerals terminated the option.

On November 10, 2011, Tara Minerals filed a complaint in Clark County, Nevada against Carnegie seeking a declaration that Carnegie failed to properly exercise its option to acquire an interest in the iron ore properties. Carnegie was required to respond to the complaint on or before March 21, 2012.

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On December 9, 2011, Carnegie and a purported affiliate, Carnegie Operations, LLC filed a complaint in Texas state court against former employees of Carnegie. Although Tara Minerals was not initially named as a defendant, the substance of the state court complaint made it clear that the core issues were substantially similar to those raised in the Nevada litigation. The individual defendants removed the case to federal court in Dallas, Texas on December 22, 2011. Carnegie responded with a First Amended Complaint on January 31, 2012, which formally named Tara Minerals as a defendant. In its amended complaint, Carnegie sought an injunction against Tara Minerals in connection with its option on the iron ore properties, as well as damages for alleged fraud, trade secret theft, civil conspiracy, and tortious interference with Carnegie's employment contracts with the individual defendants.

On February 14, 2012, Tara Minerals moved the Texas court for a transfer of venue to Nevada so that the cases could be consolidated. In July 2012, the Texas Court granted Tara Minerals motion and transferred the case to Nevada.

All litigation related to the Don Ramon option was settled on March 15, 2013, pursuant to a Settlement Agreement and Release executed by all interested parties. In exchange for Carnegie's acknowledgement that it has no rights under the Option, AMM assigned its Champinon mining rights purchase contract, including all related obligations and acquisition payments, to Plathio Trading Mexico, SA de CV, Carnegie's Mexican subsidiary, and the Company agreed to issue to Carnegie 500,000 restricted shares of Tara Mineral's common stock, which may not be sold until the earlier of: (i) Tara Mineral's shares reaching a minimum trading price of \$1.00 per share; or (ii) two years from the date of the Agreement. Under the transfer agreement for the Champinon property, AMM retains mining and beneficial rights to known silver, zinc, and lead vein structure present on the Champinon concession. The Agreement confirms Carnegie's acknowledgement of the Company's 100% ownership of the Don Roman property.

Other than the foregoing, Tara Gold is not involved in any legal proceedings and Tara Gold is not aware of any legal proceedings which are threatened or contemplated.

### Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act has been included in Exhibit 95 to this Annual Report on Form 10-K.

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Prior to May 2010, the common stock of Tara Gold traded in the over-the-counter market, which is sometimes referred to as the "pink sheets", under the symbol: TRGD. In May 2010 the Securities and Exchange Commission stopped the trading in Tara Gold's common stock due to the fact that Tara Gold was delinquent in filing its 10-K and 10-Q reports.

On July 18, 2011, the Securities and Exchange Commission revoked Tara Gold's registration under the Securities Exchange Act of 1934 and Tara Gold's stock ceased to trade. In 2012, Tara Gold successfully filed a Form 10 which cleared SEC comments on November 21, 2012. To begin trading once again Tara Gold will work to finalize the 15c-211 process with a market maker in 2014.

As of April 14, 2014 Tara Gold had 102,795,119 outstanding shares of common stock and 76 shareholders of record. As of that same date Tara Gold did not have any outstanding options, warrants or securities which were convertible into shares of Tara Gold's common stock.

Tara Gold has not paid and do not expect to declare or pay any cash dividends on our common stock in the foreseeable future, and currently intend to retain future earnings, if any, to finance the expansion of our business. The decision whether to pay cash dividends on our common stock will be made by Tara Gold's Board of Directors, in their discretion, and will depend on our financial condition, operating results, capital requirements and other factors deemed relevant by Tara Gold's Board of Directors.

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During the years ended December 31, 2013 and 2012 neither Tara Gold, nor any of Tara Gold's officers or directors, purchased any shares of Tara Gold's common stock in the open market.

## Item 6. Selected Financial Data

Not applicable.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Tara Gold was incorporated in October 1999. During the period from its incorporation through December 31, 2013, Tara Gold generated revenue of approximately \$725,000 and incurred expenses of approximately \$759,000 in cost of sales, \$12,427,000 in exploration expenses and \$48,510,000 in operating and general administration expenses. Included in operating and general and administrative expenses are non-cash charges of approximately \$9,200,000 pertaining to the issuance of stock based compensation and stock bonuses of Tara Minerals.

## RESULTS OF OPERATIONS

Material changes of certain items in Tara Gold's Statement of Operations for the year ended December 31, 2013, as compared to the year ended December 31, 2012, are discussed below.

| Year Ended<br>(In thousands of U.S. Dollars)   | December 31,<br>2013 | December 31,<br>2012 |
|------------------------------------------------|----------------------|----------------------|
| Revenue                                        | \$ -                 | \$ -                 |
| Cost of revenue                                | -                    | -                    |
| Exploration expenses                           | 1,734                | 1,441                |
| Operating, general and administrative expenses | 3,406                | 5,047                |
| Net operating loss                             | \$ (5,140 )          | \$ (6,488 )          |

For the year ended December 31, 2013, exploration expenses increased due to work performed in the Dixie Mining District and limited work performed at Don Roman (no technical data was acquired during the year); compared to the year ended December 31, 2012, when the Company focused primarily on the Champinon mining concession, including \$680,000 for the acquisition of Champinon's technical data (\$430,000 paid with Tara Minerals' stock and \$250,000 with cash) and \$761,000 for preproduction activities. In both periods exploration expenses included expenses for geology consulting, assaying, field supplies other mine expenses and two full time engineers.

Material changes of certain items in Tara Gold's operating, general and administrative expenses for the year ended December 31, 2013, as compared to the year ended December 31, 2012, are discussed below.

| Year Ended<br>(In thousands of U.S. Dollars)           | December 31,<br>2013 | December 31,<br>2012 |
|--------------------------------------------------------|----------------------|----------------------|
| Bad debt expense                                       | \$ 65                | \$ 805               |
| Investment banking and investor relations expense      | 376                  | 369                  |
| Compensation, officer employment contracts and bonuses | 882                  | 1,576                |
| Professional fees                                      | 959                  | 1,159                |



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Impuesto al Valor Agregado taxes (IVA) are recoverable value-added taxes charged by the Mexican government on goods sold and services rendered at a rate of 16%. Under certain circumstances, these taxes are recoverable by filing a tax return and as determined by the Mexican taxing authority. Each period, receivables are reviewed for collectability. When a receivable has doubtful collectability we allow for the receivable until we are either assured of collection (and reverse the allowance) or assured that a write-off is necessary. Bad debt expense decreased for the year ended December 31, 2013, compared to the year ended December 31, 2012 due to a lower volume of transactions that generate IVA receivables as the focus of the Company was directed at the Dixie Mining District in the U.S. during 2013 compared to the focus on Champinon in Mexico in 2012. In addition, allowance for doubtful accounts related to IVA decreased as a result of recoveries of IVA in the amount of \$40,489 subsequent to year end.

Investment banking and investor relations expense for the year ended December 31, 2013, compared to the year ended December 31, 2012 was relatively flat year over year with the Company's continued efforts to obtain equity financing.

The decrease in compensation, officer employment contracts and bonuses were due to the U.S. controller position being outsourced starting in 2012, offset by additional personnel hired during March 2013 and Adit release its CEO and only employee at the end of 2012. Additionally, options vested/awarded decreased for the year ended December 31, 2013 (Tara Minerals' options valued at \$59,645) when compared to the year ended December 31, 2012 (Tara Minerals' options valued at \$244,865 and Adit's options valued at \$429,924).

Professional fees for the year ended December 31, 2013, were due to the payment for legal services related to the initial acquisition and subsequent additions to the Dixie Mining District and the settlement agreement reached with Carnegie related to the Champinon mining concession, in addition to accounting and auditing services performed in the normal course of business. During the year ended December 31, 2012, professional services were due to substantial legal and consulting services used in the negotiations of the agreement for the sale of ACM and services used for the Champinon property, in addition to accounting and auditing services performed in the normal course of business.

**LIQUIDITY AND CAPITAL RESOURCES**

The following is an explanation of Tara Gold's material sources and (uses) of cash during the years ended December 31, 2013 and 2012:

|                                                                                                | December<br>31,<br>2013 | December 31,<br>2012 |
|------------------------------------------------------------------------------------------------|-------------------------|----------------------|
| (In thousands of U.S. Dollars)                                                                 |                         |                      |
| Net cash used in operating activities                                                          | \$(3,482 )              | \$ (5,751 )          |
| Acquisition of property, plant, equipment, mine development, land and construction in progress | (217 )                  | (563 )               |
| Proceeds from the sale or disposal of assets                                                   | 2,200                   | -                    |
| Purchase of mining concession                                                                  | (650 )                  | -                    |
| Mining deposits                                                                                | -                       | 2                    |
| Proceeds from the sale of ACM                                                                  | -                       | 7,500                |
| Investment in ACM                                                                              | -                       | (33 )                |
| Proceeds from notes payable                                                                    | 150                     | -                    |
| Payments towards notes payable                                                                 | (27 )                   | (741 )               |
| Payments towards notes payable, related party                                                  | -                       | (100 )               |
| Change in due to/from related parties, net                                                     | (6 )                    | (252 )               |
| Non-controlling interest – cash from the sale of common stock of subsidiaries                  | 924                     | 357                  |

|                                          |     |     |
|------------------------------------------|-----|-----|
| Iron Ore Properties financial instrument | -   | 50  |
| Cash, beginning of period                | 957 | 419 |

Tara Gold anticipates that its capital requirements during the year ending December 31, 2014 will be:

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## Tara Minerals

|                                                            |            |
|------------------------------------------------------------|------------|
| Exploration and Development – Don Roman Groupings          | \$ 200,000 |
| Exploration and Development – Picacho Groupings            | 160,000    |
| Exploration and Development - Dixie Mining District, Idaho | 60,000     |
| Property taxes                                             | 125,000    |
| General and administrative expenses                        | 1,000,000  |

## Tara Gold

|                                     |              |
|-------------------------------------|--------------|
| General and administrative expenses | 375,000      |
| Total                               | \$ 1,920,000 |

The capital requirements shown above include capital required by Tara Gold and subsidiaries.

During the year ended December 31, 2013, Tara Minerals expanded its holdings into the U.S. by purchasing the Black Diamond and Ontario prospects in the Dixie Mining District. To date, the land package consists of 6,741 acres of both patented and unpatented mining claims. The optioned claims include previously mined veins with a historic sampling of the exposed outcrops averaging 14 grams/tonne of gold.

In 2014, the Company's primary focus is achieving commercial production. Now that the Don Roman District, which houses the Don Roman Groupings, is unencumbered, in any way, by the Carnegie litigation, and because of underground development that will be needed in the Dixie district to further that project, it has been determined that the best path is advancing the Don Roman district to production. There has been extensive preproduction planning for the Don Roman District, and the business plan has been developed and mapped out for execution. The preproduction surface level work has resulted in the identification of additional potential start-up mill feed material for processing.

In support of this plan, on January 9, 2014, Tara Minerals' entered into an Investment Agreement with Panormus Trust and Investments Ltd. and Mediterranea Trust Ltd., collectively referred to as "MTI". The Agreement grants MTI the right to invest in Tara Minerals through the purchase of up to \$2,025,000 in the restricted common stock of the Company at \$0.30 per share and a targeted loan of \$4,725,000 for the development of the Don Roman Groupings (the "Don Roman Project Loan").

The targeted Don Roman Project Loan will be used to advance the Don Roman Groupings to commercial production and is payable from 49% of the net income realized from the minerals recovered from the concession area of the Don Roman Groupings. Initially, MTI's 49% net income interest will be designated as loan repayment. Once the loan has been repaid, MTI will continue to receive 49% of the net income realized from the Don Roman Groupings.

The Company and MTI formed a Management Committee which oversees operations based on a committee approved Business Plan. The loan proceeds will be released from a segregated account based on approved expenditures.

In written communication, Panormus Trust and Investments Ltd. and MTI have acknowledged that they have experienced some administrative and managerial challenges that have resulted in a delay in the release of funds. They have also acknowledged that the challenges have been resolved; the Company has agreed to give them until April 30, 2014 to fund.

Tara Gold will need to obtain additional capital if it is unable to generate sufficient cash from its operations or find joint venture partners to fund all or part of its exploration and development costs.

On May 25, 2011, Tara Gold commenced distributing its shares of Tara Minerals to its shareholders by distributing one share of Tara Minerals for every 20 outstanding shares of Tara Gold. Tara Gold plans to make additional distributions until all Tara Minerals shares held by Tara Gold have been distributed to Tara Gold's shareholders.

After Tara Gold has distributed all of its Tara Minerals shares, Tara Gold will not have any interest in the properties owned by Tara Minerals.

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On July 18, 2011, the Securities and Exchange Commission revoked Tara Gold's registration under the Securities Exchange Act of 1934 and Tara Gold's stock ceased to trade. In 2012, Tara Gold successfully filed a Form 10 which cleared SEC comments on November 21, 2012. To begin trading once again Tara Gold will work to finalize the 15c-211 process with a market maker in 2014.

As of the date of this filing, the Company is still reviewing the Pirita, Tania and Las Viboras Dos properties for continued inclusion as part of the Company's mining property portfolio. No payments toward Pirita were made in 2013 or 2012. The Company may decide to terminate the purchase/lease agreements and return the properties. The Company is currently reviewing all properties for joint venture, option or sale opportunities.

Tara Gold does not know of any trends, events or uncertainties that have had, or are reasonably expected to have, a material impact on its sales, revenues or income from continuing operations, or liquidity and capital.

Tara Gold's future plans will be dependent upon the amount of capital available to Tara Gold, the amount of cash provided by it and its subsidiaries operations and the extent to which Tara Gold is able to have joint venture partners pay the costs of exploring and developing its mining properties.

Tara Gold does not have any commitments or arrangements from any person to provide Tara Gold with any additional capital except as disclosed in the subsequent event footnote in the financial statement included in Item 8. If additional financing is not available when needed, Tara Gold may continue to operate in its present mode or Tara Gold may need to cease operations. Tara Gold does not have any plans, arrangements or agreements to sell its assets or to merge with another entity.

## Off-Balance Sheet Arrangements

At December 31, 2013, Tara Gold had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources.

## Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Future events, however, may differ markedly from our current expectations and assumptions. While there are a number of significant accounting policies affecting our consolidated financial statements, we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments.

## Recoverable Value-Added Taxes (IVA) and Allowance for Doubtful Accounts

Impuesto al Valor Agregado taxes (IVA) are recoverable value-added taxes charged by the Mexican government on goods sold and services rendered at a rate of 16%. Under certain circumstances, these taxes are recoverable by filing a tax return and as allowed by the Mexican taxing authority.

Each period, receivables are reviewed for collectability. When a receivable has doubtful collectability we allow for the receivable until we are either assured of collection (and reverse the allowance) or assured that a write-off is necessary. Our allowance in association with our receivable from IVA from our Mexico subsidiaries is based on our determination that the Mexican government may not allow the complete refund of these taxes.



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### Property, Plant, Equipment, Mine Development and Land

Mining concessions and acquisitions, exploration and development costs relating to mineral properties with proven reserves are deferred until the properties are brought into production, at which time they will be amortized on the unit of production method based on estimated recoverable reserves. If it is determined that the deferred costs related to a property are not recoverable over its productive life, those costs will be written down to fair value as a charge to operations in the period in which the determination is made. The amounts at which mineral properties and the related deferred costs are recorded do not necessarily reflect present or future values.

The recoverability of the book value of each property is assessed at least annually for indicators of impairment such as adverse changes to any of the following:

- estimated recoverable ounces of copper, lead, zinc, gold, silver or other precious minerals
  - estimated future commodity prices
- estimated expected future operating costs, capital expenditures and reclamation expenditures

A write-down to fair value is recorded when the expected future cash flow is less than the net book value of the property or when events or changes in the property indicate that carrying amounts are not recoverable. This analysis is completed as needed, and at least annually. As of April 14, 2014, no events have occurred that would require the write-down of any assets. In addition, the carrying amounts of the Company's mining properties are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication of impairment exists, the asset's recoverable amount will be reduced to its estimated fair value.

Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over their estimated useful lives from 3 – 10 years. Other non-mining assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives from 3 – 10 years.

### Financial and Derivative Instruments

The Company periodically enters into financial instruments. Upon entry, each instrument is reviewed for debt or equity treatment. In the event that the debt or equity treatment is not readily apparent, FASB ASC 480-10-S99 is consulted for temporary treatment. Once an event takes place that removes the temporary element the Company appropriately reclassifies the instrument to debt or equity.

The Company periodically assesses its financial and equity instruments to determine if they require derivative accounting. Instruments which may potentially require derivative accounting are conversion features of debt, equity, and common stock equivalents in excess of available authorized common shares, and contracts with variable share settlements. In the event of derivative treatment, we mark the instrument to market.

### Exploration Expenses and Technical Data

Exploration costs not directly associated with proven reserves on our mining concessions are charged to operations as incurred.

Technical data, including engineering reports, maps, assessment reports, exploration samples certificates, surveys, environmental studies and other miscellaneous information, may be purchased for our mining concessions. When purchased for concessions without proven reserves, the cost is considered research and development pertaining to a developing mine and is expensed when incurred.



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### Reclamation and Remediation Costs (asset retirement obligations)

Reclamation costs are allocated to expense over the life of the related assets and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and abandonment costs.

Future remediation costs for reprocessing plant and buildings are accrued based on management's best estimate, at the end of each period, of the undiscounted costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing remediation, maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised.

### Stock Based Compensation

Stock based compensation is accounted for using the Equity-Based Payments to Non-Employee's Topic of the FASB ASC, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. We determine the value of stock issued at the date of grant. We also determine at the date of grant the value of stock at fair market value or the value of services rendered (based on contract or otherwise) whichever is more readily determinable.

Shares issued to employees are expensed upon issuance.

Stock based compensation for employees is accounted for using the Stock Based Compensation Topic of the FASB ASC. We use the fair value method for equity instruments granted to employees and will use the Black-Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

### Income Taxes

Income taxes are provided for using the asset and liability method of accounting in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized by management. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The computation of limitations relating to the amount of such tax assets, and the determination of appropriate valuation allowances relating to the realization of such assets, are inherently complex and require the exercise of judgment. As additional information becomes available, management continually assesses the carrying value of our net deferred tax assets.

### Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Not applicable.

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Item 8. Financial Statements and Supplementary Data.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR  
THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
AND  
THE PERIOD FROM INCEPTION (OCTOBER 14, 1999) THROUGH DECEMBER 31, 2013

|                                                                     |    |
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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders  
Tara Gold Resources Corp.

We have audited the accompanying consolidated balance sheets of Tara Gold Resources Corp. as of December 31, 2013 and 2012, and the related statements of operations and comprehensive loss, statements of cash flows, and statements of shareholder's deficit for each of the years then ended and the period from inception (May 12, 2006) to December 31, 2013. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of Tara Gold Resources Corp. from inception (May 12, 2006) to December 31, 2010 and 2011 were audited by other auditors whose reports dated April 15, 2011 and April 13, 2012 expressed unqualified opinions on those financial statements.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tara Minerals Corp. as of December 31, 2013 and 2012, and the related statements of operations and comprehensive loss, statements of cash flows, and statements of shareholder's deficit for each of the years then ended and the period from inception (May 12, 2006) to December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ StarkSchenkein,  
LLP  
StarkSchenkein,  
LLP

Denver, Colorado  
April 14, 2014

3600 South Yosemite Street | Suite 600 | Denver, CO 80237 | P: 303.694.6700 | TF: 888.766.3985 | F: 303.694.6761 |  
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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
CONSOLIDATED BALANCE SHEETS  
(In thousands of U.S. Dollars)

|                                                                                      | December 31,<br>2013 | December 31,<br>2012 |
|--------------------------------------------------------------------------------------|----------------------|----------------------|
| Assets                                                                               |                      |                      |
| Current assets:                                                                      |                      |                      |
| Cash                                                                                 | \$ 82                | \$ 957               |
| Other receivables, net                                                               | 306                  | 304                  |
| Due from related parties, net of due to                                              | 95                   | 89                   |
| Deferred tax asset, current portion                                                  | -                    | 3,323                |
| Other current assets                                                                 | 138                  | 54                   |
| Assets held for disposal, net                                                        | 32                   | 132                  |
| Total current assets                                                                 | 653                  | 4,859                |
| Property, plant, equipment, mine development, land and construction in progress, net | 7,452                | 8,878                |
| Mining deposits                                                                      | -                    | 27                   |
| Deferred tax asset, non-current portion                                              | -                    | 2,961                |
| Other assets                                                                         | -                    | 25                   |
| Total assets                                                                         | \$ 8,105             | \$ 16,750            |
| Liabilities and Stockholders' Equity                                                 |                      |                      |
| Current liabilities:                                                                 |                      |                      |
| Accounts payable and accrued expenses                                                | \$ 2,670             | \$ 3,460             |
| Notes payable, current portion                                                       | 188                  | 1,114                |
| Convertible notes payable, net                                                       | 76                   | -                    |
| Total current liabilities                                                            | 2,934                | 4,574                |
| Notes payable, non-current portion                                                   | 28                   | 722                  |
| Total liabilities                                                                    | 2,962                | 5,296                |
| Iron Ore Properties financial instrument, net                                        | -                    | 600                  |
| Stockholders' equity:                                                                |                      |                      |
| Common stock: \$0.001 par value; authorized 150,000,000 shares; 102,795,119          |                      |                      |
| shares issued and outstanding                                                        | 103                  | 103                  |
| Additional paid-in capital                                                           | 10,787               | 10,787               |
| Accumulated deficit during exploration stage                                         | (26,633)             | (22,720)             |
| Accumulated other comprehensive loss                                                 | (144)                | (377)                |
| Total Tara Gold stockholders' deficit                                                | (15,887)             | (12,207)             |
| Non-controlling interest                                                             | 21,030               | 23,061               |
| Total stockholders' equity                                                           | 5,143                | 10,854               |
| Total liabilities and stockholders' equity                                           | \$ 8,105             | \$ 16,750            |

See accompanying notes to these consolidated financial statements.



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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE LOSS  
(In thousands of U.S. dollars, except share amounts)

|                                                                         | December 31,<br>2013 | December 31,<br>2012 | From Inception<br>October 14, 1999<br>to<br>December 31,<br>2013 |
|-------------------------------------------------------------------------|----------------------|----------------------|------------------------------------------------------------------|
| Revenues                                                                |                      |                      |                                                                  |
| Revenue from website development and software                           | \$ -                 | \$ -                 | \$ 168                                                           |
| Mining revenues                                                         | -                    | -                    | 557                                                              |
| Total revenues                                                          | -                    | -                    | 725                                                              |
| Cost of revenue                                                         | -                    | -                    | 759                                                              |
| Gross margin                                                            | -                    | -                    | (34 )                                                            |
| Exploration expenses                                                    | 1,734                | 1,441                | 12,427                                                           |
| Operating, general, and administrative expenses                         | 3,406                | 5,047                | 48,510                                                           |
| Net operating loss                                                      | (5,140 )             | (6,488 )             | (60,971 )                                                        |
| Non-operating income (expense):                                         |                      |                      |                                                                  |
| Interest income                                                         | 51                   | 32                   | 426                                                              |
| Interest expense                                                        | (254 )               | (16 )                | (1,509 )                                                         |
| Settlement loss, net                                                    | (1,065 )             | -                    | (931 )                                                           |
| Loss on extinguishment of debt, net                                     | (7 )                 | (637 )               | (2,193 )                                                         |
| Gain on deconsolidation, dissolution and sale of joint venture interest | -                    | -                    | 21,036                                                           |
| Gain (loss) on disposal of assets                                       | 1,018                | (2 )                 | 613                                                              |
| Gain on acquisition of mining concession                                | -                    | -                    | 100                                                              |
| Realized loss on the sale of marketable securities                      | -                    | -                    | (5,099 )                                                         |
| Gain on sale of net cash flow interest                                  | -                    | -                    | 197                                                              |
| Gain on Tara Minerals stock dividend                                    | -                    | -                    | 1,028                                                            |
| Impairment of long lived asset                                          | (28 )                | (171 )               | (199 )                                                           |
| Gain on bargain acquisition of ACM                                      | 3,490                | -                    | 3,490                                                            |
| Other income                                                            | -                    | 2                    | 1,347                                                            |
| Total non-operating loss (income)                                       | 3,205                | (792 )               | 18,306                                                           |
| Loss before income taxes                                                | (1,935 )             | (7,280 )             | (42,665 )                                                        |
| Income tax (provision) benefit                                          | (6,284 )             | 727                  | 345                                                              |
| Loss from continuing operations                                         | (8,219 )             | (6,553 )             | (42,320 )                                                        |
| Discontinued operations:                                                |                      |                      |                                                                  |
| Loss from operations of oil properties and La Escudra                   | -                    | -                    | (1,021 )                                                         |
| Gain from discontinued operations, net of tax                           | -                    | 3,576                | 3,576                                                            |
| Net loss                                                                | (8,219 )             | (2,977 )             | (39,765 )                                                        |
| Net gain (loss) attributable to non-controlling interest                | 4,306                | (123 )               | 13,132                                                           |

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|                                                      |             |             |              |
|------------------------------------------------------|-------------|-------------|--------------|
| Net loss attributable to Tara Gold's shareholders    | (3,913 )    | (3,100 )    | (26,633 )    |
| Other comprehensive gain (loss):                     |             |             |              |
| Foreign currency translation gain (loss)             | 233         | 69          | (144 )       |
| Total comprehensive loss                             | \$ (3,680 ) | \$ (3,031 ) | \$ (26,777 ) |
| Net loss per share, basic and diluted                | \$ (0.08 )  | \$ (0.03 )  |              |
| Weighted average number of shares, basic and diluted | 102,795,119 | 102,795,119 |              |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
 From inception (October 14, 1999) to December 31, 2013  
 (In thousands of U.S. dollars, except share amounts)

|                                                                                  | Common<br>Shares | Stock<br>Amount | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit<br>During<br>Exploration<br>Stage | Accumulated<br>Other<br>Comprehensive<br>Loss | Total<br>Stockholders'<br>Equity<br>Deficit |
|----------------------------------------------------------------------------------|------------------|-----------------|----------------------------------|----------------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| Balance at inception                                                             | -                | \$-             | \$-                              | \$ -                                                     | \$ -                                          | \$ -                                        |
| Issuance of common stock to Founders for cash                                    | 4,000,000        | 4               | -                                | -                                                        | -                                             | 4                                           |
| Net loss                                                                         | -                | -               | -                                | (9 )                                                     | -                                             | (9 )                                        |
| Balance at December 31, 2000                                                     | 4,000,000        | 4               | -                                | (9 )                                                     | -                                             | (5 )                                        |
| Issuance of common stock in exchange for 100%<br>of common stock of MerchantPark | 1,500,000        | 2               | (2 )                             | -                                                        | -                                             | -                                           |
| Issuance of common stock for cash                                                | 2,491,583        | 2               | 152                              | -                                                        | -                                             | 154                                         |
| Issuance of common stock for services                                            | 4,645,261        | 5               | 77                               | -                                                        | -                                             | 82                                          |
| Issuance of common stock for 100% of shares of<br>Caged Iron Technologies        | 2,000,000        | 2               | 101                              | -                                                        | -                                             | 103                                         |
| Issuance of common stock issued for debt                                         | 459,000          | -               | 46                               | -                                                        | -                                             | 46                                          |
| Issuance of common stock issued for assets                                       | 3,064,556        | 3               | 301                              | -                                                        | -                                             | 304                                         |
| Stock offering costs                                                             | -                | -               | (13 )                            | -                                                        | -                                             | (13 )                                       |
| Foreign currency translation gain                                                | -                | -               | -                                | -                                                        | 1                                             | 1                                           |
| Net loss                                                                         | -                | -               | -                                | (418 )                                                   | -                                             | (418 )                                      |
| Balance at December 31, 2001                                                     | 18,160,400       | \$18            | \$662                            | \$ (427 )                                                | \$ 1                                          | \$ 254                                      |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
 From inception (October 14, 1999) to December 31, 2013  
 (In thousands of U.S. dollars, except share amounts)  
 (Continued)

|                                       | Common Stock |        | Additional | Accumulated    | Accumulated   | Total         |
|---------------------------------------|--------------|--------|------------|----------------|---------------|---------------|
|                                       | Shares       | Amount | Paid-In    | Deficit During | Other         | Stockholders' |
|                                       |              |        | Capital    | Exploration    | Comprehensive | Deficit       |
|                                       |              |        |            | Stage          | Deficit       |               |
| Balance at December 31, 2001          | 18,160,400   | \$ 18  | \$ 662     | \$ (427 )      | \$ 1          | \$ 254        |
| Issuance of common stock for services | 2,336,500    | 2      | 22         | -              | -             | 24            |
| Issuance of common stock for debt     | 5,844,976    | 6      | 272        | -              | -             | 278           |
| Issuance of common stock for cash     | 6,000,000    | 6      | 23         | -              | -             | 29            |
| Net Loss                              | -            | -      | -          | (677 )         | -             | (677 )        |
| Balance at December 31, 2002          | 32,341,876   | 32     | 979        | (1,104 )       | 1             | (92 )         |
| Issuance of common stock for cash     | 3,754,848    | 4      | 53         | -              | -             | 57            |
| Issuance of common stock for debt     | 9,019,445    | 9      | 189        | -              | -             | 198           |
| Net loss                              | -            | -      | -          | (156 )         | -             | (156 )        |
| Balance at December 31, 2003          | 45,116,169   | \$ 45  | \$ 1,221   | \$ (1,260 )    | \$ 1          | \$ 7          |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
 From inception (October 14, 1999) to December 31, 2013  
 (In thousands of U.S. dollars, except share amounts)  
 (Continued)

|                                       | Common Stock |        | Additional | Accumulated    | Accumulated   | Total         |
|---------------------------------------|--------------|--------|------------|----------------|---------------|---------------|
|                                       |              |        | Paid-In    | Deficit During | Other         | Stockholders' |
|                                       | Shares       | Amount | Capital    | Exploration    | Comprehensive | Deficit       |
|                                       |              |        |            | Stage          | Deficit       |               |
| Balance at December 31, 2003          | 45,116,169   | \$45   | \$1,221    | \$ (1,260 )    | \$ 1          | \$ 7          |
| Issuance of common stock for cash     | 2,807,000    | 3      | 161        | -              | -             | 164           |
| Issuance of common stock for services | 3,010,000    | 3      | 147        | -              | -             | 150           |
| Stock cancelled                       | (1,200,000 ) | (1 )   | 1          | -              | -             | -             |
| Share subscriptions received          | -            | -      | -          | -              | -             | 148           |
| Net loss                              | -            | -      | -          | (373 )         | -             | (373 )        |
| Balance at December 31, 2004          | 49,733,169   | \$50   | \$1,530    | \$ (1,633 )    | \$ 1          | \$ 96         |

See accompanying notes to these consolidated financial statements.

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## TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

From inception (October 14, 1999) to December 31, 2013

(In thousands of U.S. dollars, except share amounts)

(Continued)

|                                                  | Common Stock |        | Additional | Accumulated    | Accumulated   | Total         |
|--------------------------------------------------|--------------|--------|------------|----------------|---------------|---------------|
|                                                  | Shares       | Amount | Paid-In    | Deficit During | Other         | Stockholders' |
|                                                  |              |        | Capital    | Exploration    | Comprehensive | Deficit       |
|                                                  |              |        |            | Stage          | Deficit       |               |
| Balance at December 31, 2004                     | 49,733,169   | \$50   | \$1,530    | \$ (1,633 )    | \$ 1          | \$ 96         |
| Issuance of common stock for services            | 6,472,984    | 6      | 273        | -              | -             | 279           |
| Issuance of common stock for cash                | 13,506,001   | 14     | 431        | -              | -             | 445           |
| Share subscriptions delivered                    | -            | -      | -          | -              | -             | (113 )        |
| Common stock for mining concession finders' fees | 200,000      | -      | 8          | -              | -             | 8             |
| Warrants for mining concession finders' fees     | -            | -      | 4          | -              | -             | 4             |
| Beneficial conversion feature                    | -            | -      | 207        | -              | -             | 207           |
| Foreign currency translation loss                | -            | -      | -          | -              | (7 )          | (7 )          |
| Net loss                                         | -            | -      | -          | (935 )         | -             | (935 )        |
| Balance at December 31, 2005                     | 69,912,154   | \$70   | \$2,453    | \$ (2,568 )    | \$ (8 )       | \$ (16 )      |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
 From inception (October 14, 1999) to December 31, 2013  
 (In thousands of U.S. dollars, except share amounts)  
 (Continued)

|                                         | Common Stock |        | Additional<br>Paid-In | Accumulated<br>Deficit<br>During<br>Exploration<br>Stage | Accumulated<br>Other<br>Comprehensive<br>Deficit | Total<br>Stockholders'<br>Deficit |
|-----------------------------------------|--------------|--------|-----------------------|----------------------------------------------------------|--------------------------------------------------|-----------------------------------|
|                                         | Shares       | Amount | Capital               |                                                          |                                                  |                                   |
| Balance at December 31, 2005            | 69,912,154   | \$ 70  | \$ 2,453              | \$ (2,568 )                                              | \$ (8 )                                          | \$ (16 )                          |
| Issuance of common stock for services   | 2,251,250    | 2      | 228                   | -                                                        | -                                                | 230                               |
| Issuance of common stock for cash       | 7,440,433    | 7      | 1,753                 | -                                                        | -                                                | 1,760                             |
| Share subscriptions delivered           | 634,615      | 1      | 41                    | -                                                        | -                                                | 7                                 |
| Conversion of convertible debt to stock | 3,700,000    | 4      | 187                   | -                                                        | -                                                | 191                               |
| Beneficial conversion feature           | -            | -      | 185                   | -                                                        | -                                                | 185                               |
| Foreign currency translation loss       | -            | -      | -                     | -                                                        | (32 )                                            | (32 )                             |
| Unrealized loss on investments          | -            | -      | -                     | -                                                        | (449 )                                           | (449 )                            |
| Net loss                                | -            | -      | -                     | 361                                                      | -                                                | 361                               |
| Balance as of December 31, 2006         | 83,938,452   | \$ 84  | \$ 4,847              | \$ (2,207 )                                              | \$ (487 )                                        | \$ 2,237                          |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
 (An Exploration Stage Company)  
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
 From inception (October 14, 1999) to December 31, 2013  
 (In thousands of U.S. dollars, except share amounts)  
 (Continued)

|                                                                                     | Common<br>Shares | Stock<br>Amount | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit<br>During<br>Exploration<br>Stage | Accumulated<br>Other<br>Comprehensive<br>Deficit | Total<br>Stockholders'<br>Deficit |
|-------------------------------------------------------------------------------------|------------------|-----------------|----------------------------------|----------------------------------------------------------|--------------------------------------------------|-----------------------------------|
| Balance at December 31, 2006                                                        | 83,938,452       | \$84            | \$4,847                          | \$ (2,207 )                                              | \$ (487 )                                        | \$ 2,237                          |
| Issuance of common stock for services                                               | 600,000          | 1               | 607                              | -                                                        | -                                                | 608                               |
| Issuance of common stock for cash                                                   | 2,217,500        | 2               | 885                              | -                                                        | -                                                | 887                               |
| Issuance of common stock for exercise of warrants and receipt of cash               | 4,443,333        | 4               | 2,249                            | -                                                        | -                                                | 2,253                             |
| Stock based compensation                                                            | -                | -               | 1,164                            | -                                                        | -                                                | 1,164                             |
| Conversion of convertible debt to stock                                             | 2,316,667        | 2               | 67                               | -                                                        | -                                                | 69                                |
| Conversion of convertible debt to stock subscription and related settlement expense | -                | -               | -                                | -                                                        | -                                                | 342                               |
| Stock bonus payable                                                                 | -                | -               | -                                | -                                                        | -                                                | 126                               |
| Stock issued for additional ownership interest in Amermin                           | 1,500,000        | 2               | 598                              | -                                                        | -                                                | 600                               |
| Foreign currency translation gain                                                   | -                | -               | -                                | -                                                        | 25                                               | 25                                |
| Unrealized loss on investments                                                      | -                | -               | -                                | -                                                        | (1,147 )                                         | (1,147 )                          |
| Net loss                                                                            | -                | -               | -                                | (2,441 )                                                 | -                                                | (2,441 )                          |
| Balance as of December 31, 2007                                                     | 95,015,952       | \$95            | \$10,417                         | \$ (4,648 )                                              | \$ (1,609 )                                      | \$ 4,723                          |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
From inception (October 14, 1999) to December 31, 2013  
(In thousands of U.S. dollars, except share amounts)  
(Continued)

|                                         | Common Stock |        | Additional | Accumulated | Accumulated   | Total         |
|-----------------------------------------|--------------|--------|------------|-------------|---------------|---------------|
|                                         | Shares       | Amount | Paid-In    | Deficit     | Other         | Stockholders' |
|                                         |              |        | Capital    | During      | Comprehensive | Deficit       |
|                                         |              |        |            | Exploration | Deficit       |               |
|                                         |              |        |            | Stage       |               |               |
| Balance at December 31, 2007            | 95,015,952   | \$ 95  | \$ 10,417  | \$ (4,648 ) | \$ (1,609 )   | \$ 4,723      |
| Issuance of common stock for services   | 175,000      | -      | 67         | -           | -             | 67            |
| Shares subscriptions delivered          | 1,150,000    | 1      | 467        | -           | -             | -             |
| Conversion of convertible debt to stock | 5,654,167    | 6      | 184        | -           | -             | 190           |
| Foreign currency translation gain       | -            | -      | -          | -           | (637 )        | (637 )        |
| Unrealized loss on investments          | -            | -      | -          | -           | 978           | 978           |
| Net income                              | -            | -      | -          | 5,795       | -             | 5,795         |
| Balance as of December 31, 2008         | 101,995,119  | 102    | 11,135     | 1,147       | (1,268 )      | 11,116        |
| Issuance of common stock for services   | 800,000      | 1      | 1,040      | -           | -             | 1,041         |
| Foreign currency translation gain       | -            | -      | -          | -           | 214           | 214           |
| Unrealized loss on investments          | -            | -      | -          | -           | 618           | 618           |
| Net loss                                | -            | -      | -          | (4,440 )    | -             | (4,440 )      |
| Balance as of December 31, 2009         | 102,795,119  | \$ 103 | \$ 12,175  | \$ (3,293 ) | \$ (436 )     | \$ 8,549      |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
From inception (October 14, 1999) to December 31, 2013  
(In thousands of U.S. dollars, except share amounts)  
(Continued)

|                                   | Common Stock |        | Additional | Accumulated    | Accumulated   | Total         |
|-----------------------------------|--------------|--------|------------|----------------|---------------|---------------|
|                                   | Shares       | Amount | Paid-In    | Deficit During | Other         | Stockholders' |
|                                   |              |        | Capital    | Exploration    | Comprehensive | Deficit       |
|                                   |              |        |            | Stage          | Deficit       |               |
| Balance as of December 31, 2009   | 102,795,119  | \$ 103 | \$ 12,175  | \$ (3,293 )    | \$ (436 )     | \$ 8,549      |
| Foreign currency translation loss | -            | -      | -          | -              | (78 )         | (78 )         |
| Net loss                          | -            | -      | -          | (13,767 )      | -             | (13,767 )     |
| Balance as of December 31, 2010   | 102,795,119  | \$ 103 | \$ 12,175  | \$ (17,060 )   | \$ (514 )     | \$ (5,296 )   |
| Dividend of Tara Minerals shares  | -            | -      | (1,388 )   | -              | -             | (1,388 )      |
| Foreign currency translation gain | -            | -      | -          | -              | 68            | 68            |
| Net loss                          | -            | -      | -          | (2,560 )       | -             | (2,560 )      |
| Balance as of December 31, 2011   | 102,795,119  | \$ 103 | \$ 10,787  | \$ (19,620 )   | \$ (446 )     | \$ (9,176 )   |
| Foreign currency translation gain | -            | -      | -          | -              | 69            | 69            |
| Net loss                          | -            | -      | -          | (3,100 )       | -             | (3,100 )      |
| Balance as of December 31, 2012   | 102,795,119  | \$ 103 | \$ 10,787  | \$ (22,720 )   | \$ (377 )     | \$ (12,207 )  |
| Foreign currency translation gain | -            | -      | -          | -              | 233           | 233           |
| Net loss                          | -            | -      | -          | (3,913 )       | -             | (3,913 )      |
| Balance as of December 31, 2013   | 102,795,119  | \$ 103 | \$ 10,787  | \$ (26,633 )   | \$ (144 )     | \$ (15,887 )  |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands of U.S. Dollars)

|                                                                         | December<br>31,<br>2013 | December<br>31,<br>2012 | From Inception<br>October 14, 1999<br>to<br>December 31,<br>2013 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|------------------------------------------------------------------|
| Cash flows from operating activities:                                   |                         |                         |                                                                  |
| Net loss attributable to Tara Gold shareholders                         | \$ (3,913)              | \$ (3,100)              | \$ (26,633)                                                      |
| Adjustments to reconcile net loss to net cash:                          |                         |                         |                                                                  |
| Depreciation and amortization                                           | 327                     | 305                     | 1,599                                                            |
| Allowance for doubtful accounts                                         | (265)                   | 870                     | 3,734                                                            |
| Common stock issued for services and other expenses                     | -                       | -                       | 2,599                                                            |
| Stock based compensation and stock bonuses                              | -                       | -                       | 126                                                              |
| Gain on deconsolidation, dissolution and sale of joint venture interest | -                       | -                       | (20,311)                                                         |
| Non-cash expense due to deconsolidation of joint venture                | -                       | -                       | 216                                                              |
| Loss on conversion of debt to subsidiary's common stock                 | -                       | -                       | 783                                                              |
| Loss on debt due to extinguishment and conversion                       | 7                       | 637                     | 1,390                                                            |
| Gain from discontinued operations, net of tax                           | -                       | (3,576)                 | (2,575)                                                          |
| Income tax provision (benefit)                                          | 6,284                   | (727)                   | (959)                                                            |
| Non-controlling interest in net loss of consolidated subsidiaries       | (4,306)                 | 123                     | (13,132)                                                         |
| Amortization of beneficial conversion                                   | 246                     | -                       | 896                                                              |
| (Gain) loss on the disposal of assets                                   | (1,018)                 | -                       | (796)                                                            |
| Realized loss on the sale of marketable securities                      | -                       | -                       | 4,993                                                            |
| Common stock of subsidiary issued and option valuation for services     | 220                     | 167                     | 6,847                                                            |
| Subsidiaries' stock based compensation and stock bonuses                | 60                      | 675                     | 9,200                                                            |
| Exploration expenses paid with stock of subsidiaries                    | -                       | 430                     | 4,146                                                            |
| Settlement loss, net                                                    | 1,065                   | -                       | 630                                                              |
| Gain on acquisition of mining concession and mining assets              | -                       | -                       | (430)                                                            |
| Gain on sale of net cash flow interest                                  | -                       | -                       | (197)                                                            |
| Gain on Tara Minerals stock dividend                                    | -                       | -                       | (1,028)                                                          |
| Impairment of long lived asset                                          | 28                      | 171                     | 199                                                              |
| Gain on bargain acquisition of ACM                                      | (3,490)                 | -                       | (3,490)                                                          |
| Other                                                                   | -                       | 23                      | 153                                                              |
| Changes in current operating assets and liabilities:                    |                         |                         |                                                                  |
| Other receivables                                                       | 236                     | (630)                   | (1,441)                                                          |
| Other assets                                                            | (59)                    | 111                     | (933)                                                            |
| Accounts payable and accrued expenses                                   | 1,096                   | (1,230)                 | 3,254                                                            |
| Deferred joint venture income                                           | -                       | -                       | (33)                                                             |
| Net cash used in operating activities                                   | (3,482)                 | (5,751)                 | (31,193)                                                         |
| Cash flows from investing activities:                                   |                         |                         |                                                                  |
| Acquisition of property, plant, equipment, mine development, land and   | (217)                   | (563)                   | (4,029)                                                          |

|                                                 |       |       |        |
|-------------------------------------------------|-------|-------|--------|
| construction in progress                        |       |       |        |
| Proceeds from the sale of marketable securities | -     | -     | 6,322  |
| Proceeds from the sale or disposal of assets    | 2,200 | -     | 2,931  |
| Purchase of mining concession                   | (650) | -     | (491)  |
| Mining deposits                                 | -     | 2     | (179)  |
| Loans to unrelated third parties                | -     | -     | (380)  |
| Proceeds from the sale of ACM                   | -     | 7,500 | 7,500  |
| Investment in ACM                               | -     | (33)  | (33)   |
| Other                                           | -     | -     | (6)    |
| Net cash provided by investing activities       | 1,333 | 6,906 | 11,635 |

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## TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. Dollars)

(Continued)

|                                                                            | December 31,<br>2013 | December<br>31,<br>2012 | From Inception<br>October 14, 1999 to<br>December 31, 2013 |
|----------------------------------------------------------------------------|----------------------|-------------------------|------------------------------------------------------------|
| Cash flows from financing activities:                                      |                      |                         |                                                            |
| Proceeds from short term debt                                              | -                    | -                       | 72                                                         |
| Proceeds from notes payable, related party                                 | -                    | -                       | 150                                                        |
| Proceeds from notes payable                                                | 150                  | -                       | 630                                                        |
| Payments toward short term debt                                            | -                    | -                       | (22)                                                       |
| Payments toward notes payable                                              | (27)                 | (741)                   | (11,681)                                                   |
| Payments toward notes payable, related party                               | -                    | (100)                   | (100)                                                      |
| Change in due to/from related parties, net                                 | (6)                  | (252)                   | 17                                                         |
| Non-controlling interest – cash from sale of sale of<br>common stock of    |                      |                         |                                                            |
| Subsidiaries                                                               | 924                  | 357                     | 13,750                                                     |
| Payments from joint venture partners                                       | -                    | -                       | 10,020                                                     |
| Cash from the sale of common stock                                         | -                    | -                       | 5,753                                                      |
| Iron Ore Properties financial instrument                                   | -                    | 50                      | 800                                                        |
| Other                                                                      | -                    | -                       | (9)                                                        |
| Net cash provided by (used in) financing activities                        | 1,041                | (686)                   | 19,380                                                     |
| Effect of exchange rate changes on cash                                    | 233                  | 69                      | 260                                                        |
| Net (decrease) increase                                                    | (875)                | 538                     | 82                                                         |
| Cash, beginning of period                                                  | 957                  | 419                     | -                                                          |
| Cash, end of period                                                        | \$ 82                | \$ 957                  | \$ 82                                                      |
| Supplemental Information:                                                  |                      |                         |                                                            |
| Interest paid                                                              | \$ 6                 | \$ 22                   | \$ 967                                                     |
| Income taxes paid                                                          | \$ -                 | \$ -                    | \$ 10                                                      |
| Non-cash Investing and Financing Transactions:                             |                      |                         |                                                            |
| Conversion of debt to common stock or payable, plus<br>accrued interest    | \$ 800               | \$ -                    | \$ 2,092                                                   |
| Issuance of common stock for assets                                        | \$ -                 | \$ -                    | \$ 304                                                     |
| Purchase of or (reduction) in purchase of concession<br>notes payable,     |                      |                         |                                                            |
| stock and warrants plus capitalized interest                               | \$ -                 | \$ 2,147                | \$ 20,333                                                  |
| Beneficial conversion feature, convertible debt, related<br>and nonrelated |                      |                         |                                                            |
| party and financial instruments                                            | \$ 120               | \$ 20                   | \$ 711                                                     |
| Recoverable value-added taxes incurred through<br>additional debt and due  |                      |                         |                                                            |
| to related party, net of mining concession modification                    | \$ -                 | \$ 348                  | \$ 1,564                                                   |

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|                                                                                          |    |     |    |     |    |       |
|------------------------------------------------------------------------------------------|----|-----|----|-----|----|-------|
| Purchase of property, equipment and assets with debt                                     | \$ | 29  | \$ | -   | \$ | 1,862 |
| Receipt of stock for joint venture payments and fee income                               | \$ | -   | \$ | -   | \$ | 2,301 |
| Accrued and capitalized interest                                                         | \$ | -   | \$ | 22  | \$ | 433   |
| Construction in progress or mining deposit reclassified to property, plant and equipment | \$ | 113 | \$ | -   | \$ | 113   |
| Subsidiary common stock for prepaid services                                             | \$ | -   | \$ | -   | \$ | -     |
| Reclassification of assets held for disposal, net                                        | \$ | -   | \$ | 132 | \$ | 132   |
| Other                                                                                    | \$ | 38  | \$ | -   | \$ | 128   |

See accompanying notes to these consolidated financial statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation and Organization and Significant Accounting Policies

Basis of Presentation and Organization

Tara Gold Resources, Corp. ("Tara Gold") was incorporated on October 14, 1999 under the laws of the State of Nevada as Westnet Communication Group. By special resolution of the shareholders, Westnet Communication Group changed its name to Tara Gold Resources, Corp. on February 9, 2006.

In May 2005, Tara Gold, through its subsidiary Corporacion Amermin S.A. de C.V. ("Amermin"), began acquiring mining properties in Mexico. In May 2006, Tara Gold formed Tara Minerals Corp. ("Tara Minerals"), which owns 99.9% of the common stock of American Metal Mining S.A. de C.V. ("AMM"), a Mexican corporation. Tara Minerals also owns 87% of the common stock of Adit Resources Corp. ("Adit"). Adit in turns owns 99.99% of American Copper Mining, S.A. de C.V. ("ACM") (See Note 13). Tara Gold's operations in Mexico are conducted through Amermin and AMM since Mexican law provides that only Mexican corporations are allowed to own mining properties. All of Tara Gold's operations in Mexico are conducted through its Mexican subsidiaries.

In June 2013, Tara Gold purchased 4,500,000 shares of Tara Minerals' common stock, for an aggregate consideration of \$1,350,000, or \$0.30 a share. As of December 31, 2013, Tara Gold owned approximately 50% of the outstanding common stock of Tara Minerals.

Tara Gold focuses primarily on gold mining concessions. Tara Minerals' primary focus is also on gold and silver, as well as industrial minerals, copper, lead, zinc, iron and other associated metals.

On May 25, 2011, Tara Gold commenced distributing its shares of Tara Minerals to its shareholders by distributing one share of Tara Minerals for every 20 outstanding shares of Tara Gold. Tara Gold plans to make additional distributions until all Tara Minerals shares held by Tara Gold have been distributed to Tara Gold's shareholders.

After Tara Gold has distributed all of its Tara Minerals shares, Tara Gold will not have any interest in the properties owned by Tara Minerals, AMM, Adit or ACM.

Both Tara Gold and Tara Minerals may continue their efforts to develop mining properties that are thought to contain commercial quantities of gold, silver and other minerals. Additionally, once the distribution has been completed, the consolidated parent and subsidiary relationship between Tara Gold and Tara Minerals may change.

In these financial statements, unless otherwise indicated, all references to "Company," "we," "our," and/or "us," refer to Tara Gold and its consolidated subsidiaries.

The Company is a mining company in the exploration stage and presents inception to date information, in accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Development Stage Entities Topic.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All amounts are in U.S. dollars unless otherwise indicated. All significant inter-company balances and transactions have been eliminated in consolidation.



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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
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The consolidated financial statements include the accounts of the Company and its subsidiaries. Variable interest entities (“VIE”) over which control is achieved through means other than voting rights and we are considered the primary beneficiary would be included in our consolidated financial statements in those periods in which this applies. When the Company is the primary beneficiary of the VIE consolidates the entity if control is achieved through means other than voting rights such as certain capital structures and contractual relationships. At December 31, 2013 and 2012 the Company has no joint ventures or VIEs.

The reporting currency of Tara Gold, Tara Minerals and Adit is the U.S. dollar. The functional currency of Amermin, AMM and ACM is the Mexican Peso. As a result, the financial statements of the subsidiaries have been re-measured from Mexican pesos into U.S. dollars using (i) current exchange rates for monetary asset and liability accounts, (ii) historical exchange rates for nonmonetary asset and liability accounts, (iii) historical exchange rates for revenues and expenses associated with nonmonetary assets and liabilities, and (iv) the weighted average exchange rate of the reporting period for all other revenues and expenses. In addition, foreign currency transaction gains and losses resulting from U.S. dollar denominated transactions are eliminated. The resulting re-measurement income (loss) is recorded as other comprehensive income (loss).

Current and historical exchange rates are not indicative of what future exchange rates will be and should not be construed as such.

Relevant exchange rates used in the preparation of the financial statements for Amermin, AMM and ACM are as follows for the year ended December 31, 2013 and 2012. Mexican pesos per one U.S. dollar:

|                                               | December 31, 2013 |         |
|-----------------------------------------------|-------------------|---------|
| Current exchange rate                         | Ps.               | 13.0652 |
| Weighted average exchange rate for year ended | Ps.               | 12.5439 |
|                                               |                   |         |
|                                               | December 31, 2012 |         |
| Current exchange rate                         | Ps.               | 12.9880 |
| Weighted average exchange rate for year ended | Ps.               | 12.8204 |

The Company’s significant accounting policies are:

#### Reclassifications

Certain reclassifications, which have no effect on net loss, have been made in the prior period financial statements to conform to the current year presentation.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management routinely makes judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

For the Statements of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2013 and December 31, 2012.

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## Fair Value Accounting

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

## Concentrations

The Company maintains cash balances at highly-rated financial institutions in the United States. Each institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for deposit accounts. The Company had no and two bank accounts in excess of \$250,000, at December 31, 2013 and 2012, respectively. The Company has not experienced any losses in these accounts.

## Recoverable Value-Added Taxes (IVA) and Allowance for Doubtful Accounts

Impuesto al Valor Agregado taxes (IVA) are recoverable value-added taxes charged by the Mexican government on goods sold and services rendered at a rate of 16%. Under certain circumstances, these taxes are recoverable by filing a tax return and as allowed by the Mexican taxing authority.

Each period, receivables are reviewed for collectability. When a receivable has doubtful collectability we allow for the receivable until we are either assured of collection (and reverse the allowance) or assured that a write-off is necessary.

Our allowance in association with our receivable from IVA from our Mexico subsidiaries is based on our determination that the Mexican government may not allow the complete refund of these taxes.

|                                           | December<br>31, 2013           | December 31,<br>2012 |
|-------------------------------------------|--------------------------------|----------------------|
|                                           | (In thousands of U.S. Dollars) |                      |
| Allowance – recoverable value-added taxes | \$ 2,537                       | \$ 2,829             |
| Allowance – other receivables             | 391                            | 364                  |
| Total                                     | \$ 2,928                       | \$ 3,193             |

Bad debt expense was \$64,945 and \$805,833 at December 31, 2013 and 2012, respectively.

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Property, Plant, Equipment, Mine Development and Land

Mining concessions and acquisitions, exploration and development costs relating to mineral properties with proven reserves are deferred until the properties are brought into production, at which time they will be amortized on the unit of production method based on estimated recoverable reserves. If it is determined that the deferred costs related to a property are not recoverable over its productive life, those costs will be written down to fair value as a charge to operations in the period in which the determination is made. The amounts at which mineral properties and the related deferred costs are recorded do not necessarily reflect present or future values.

The recoverability of the book value of each property is assessed at least annually for indicators of impairment such as adverse changes to any of the following:

- estimated recoverable ounces of copper, lead, zinc, gold, silver or other precious minerals
- estimated future commodity prices
- estimated expected future operating costs, capital expenditures and reclamation expenditures

A write-down to fair value is recorded when the expected future cash flow is less than the net book value of the property or when events or changes in the property indicate that carrying amounts are not recoverable. This analysis is completed as needed, and at least annually. As of the date of this filing no events have occurred that would require the write-down of any assets. In addition, the carrying amounts of the Company's mining properties are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication of impairment exists, the asset's recoverable amount will be reduced to its estimated fair value. As of December 31, 2013 and 2012, respectively, no indications of impairment existed.

Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over their estimated useful lives from 3 – 10 years. Other non-mining assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives from 3 – 10 years.

Financial and Derivative Instruments

The Company periodically enters into financial instruments. Upon entry, each instrument is reviewed for debt or equity treatment. In the event that the debt or equity treatment is not readily apparent, FASB ASC 480-10-S99 is consulted for temporary treatment. Once an event takes place that removes the temporary element the Company appropriately reclassifies the instrument to debt or equity.

The Company periodically assesses its financial and equity instruments to determine if they require derivative accounting. Instruments which may potentially require derivative accounting are conversion features of debt, equity, and common stock equivalents in excess of available authorized common shares, and contracts with variable share settlements. In the event of derivative treatment, we mark the instrument to market.

Revenue Recognition

Revenue from the sale of concentrate and industrial metals will be recognized when ownership passes to the purchaser at which time the following conditions are met:

- i) persuasive evidence that an agreement exists;

- ii) the risks and rewards of ownership pass to the purchaser including delivery of the product;
- iii) the selling price is fixed and determinable; or,
- iv) collectivity is reasonably assured.

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Reclamation and Remediation Costs (asset retirement obligations)

Reclamation costs are allocated to expense over the life of the related assets and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and abandonment costs.

Future remediation costs for reprocessing plant and buildings are accrued based on management's best estimate, at the end of each period, of the undiscounted costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing remediation, maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised. There were no reclamation and remediation costs accrued as of December 31, 2013 or 2012.

Exploration Expenses and Technical Data

Exploration costs not directly associated with proven reserves on our mining concessions are charged to operations as incurred.

Technical data, including engineering reports, maps, assessment reports, exploration samples certificates, surveys, environmental studies and other miscellaneous information, may be purchased for our mining concessions. When purchased for concessions without proven reserves, the cost is considered research and development pertaining to a developing mine and is expensed when incurred.

Income Taxes

Income taxes are provided for using the asset and liability method of accounting in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized by management. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The computation of limitations relating to the amount of such tax assets, and the determination of appropriate valuation allowances relating to the realization of such assets, are inherently complex and require the exercise of judgment. As additional information becomes available, management continually assesses the carrying value of our net deferred tax assets.

Stock Based Compensation

Stock based compensation is accounted for using the Equity-Based Payments to Non-Employee's Topic of the FASB ASC, which establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. We determine the value of stock issued at the date of grant. We also determine, at the date of grant, the value of stock at fair market value or the value of services rendered (based on contract or otherwise), whichever is more readily determinable.

Shares issued to employees are expensed upon issuance.



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Stock based compensation for employees is accounted for using the Stock Based Compensation Topic of the FASB ASC. We use the fair value method for equity instruments granted to employees and will use the Black-Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

Comprehensive Gain (Loss)

Total accumulated comprehensive gain (loss) and the components of accumulated other comprehensive gain (loss) are presented in the Consolidated Statements of Shareholders' Equity. Accumulated other comprehensive gain (loss) is composed of foreign currency translation adjustment effects. Gain from discontinued operations per share was \$0 and \$0.50 in 2013 and 2012, respectively.

Net Loss per Common Share

Earnings per share is calculated in accordance with the Earnings per Share Topic of the FASB ASC. The weighted-average number of common shares outstanding during each period is used to compute basic earnings (loss) per share. Diluted earnings per share is computed using the weighted average number of shares plus dilutive potential common shares outstanding. Potentially dilutive common shares consist of employee stock options, warrants, and other convertible securities, and are excluded from the diluted earnings per share computation in periods where the Company has incurred a net loss. During the years ended December 31, 2013 and 2012, respectively, the Company incurred a net loss, resulting in no dilutive common shares.

Recently Adopted and Recently Issued Accounting Guidance

In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income, which is included in ASC 220, Comprehensive Income. This update improves the reporting of reclassification out of accumulated other comprehensive income. The adoption of this accounting standard update became effective for the Company's interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

In March 2013, the FASB issued ASU No. 2013-05, Liabilities (Topic 830): Parent's Accounting for Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. This ASU is effective for interim and annual periods beginning after December 15, 2013 and requires the release of any cumulative translation adjustment into net income upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in foreign entity. Management does not anticipate that the accounting pronouncement will have any material future effect on our consolidated financial statements.

In July 2013, FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This ASU is effective for interim and annual periods beginning after December 15, 2013. This update standardizes the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. Management does not anticipate that the accounting pronouncement will have any material future effect on our consolidated financial statements.

Recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC, did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
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Note 2. Assets Held for Disposal, net

Pirita Prospect

In June 2009, the Company acquired the Pirita prospect from an independent third party for the effective purchase price of \$250,000, of which \$50,000 was paid in cash and \$230,000 was financed, plus value-added tax of \$30,000. As of December 31, 2013 the remaining notes payable is \$174,000, including applicable value-added tax.

As of December 31, 2013, the Company was in negotiations to amend its agreements relating to the Pirita Prospect which may include the termination of this acquisition agreement and the return of the property, or other disposal. Per the contract, the Company can only return the property if it is in good standing, which requires that all taxes must be paid and the property must be clear of any liabilities. As of December 31, 2013, the Company had not paid the property taxes associated with this prospect and has presented the net amount of \$76,000 related to the Pirita prospect as an asset held for disposal, net.

Las Viboras Dos Prospect

On July 2011, the Company acquired the Las Viboras Does prospect from an independent third party for an effective purchase price of \$188,094, plus value-added tax of \$30,095. The purchase price was financed and has a balance of \$234,832, including applicable value-added tax. As of December 31, 2013, the Company is in the process of terminating this acquisition agreement and the return of the property, or other disposal and has presented the net amount of (\$46,738) related to the Las Viboras Dos prospect as an asset held for disposal, net.

Auriferos Prospect

In March 2008, the Company obtained the Auriferos V Fraccion 1 and 2 Prospects ("Auriferos prospect") after a joint venture agreement was terminated. The agreement with Pershimco contained a clause that any prospects purchased by Pershimco adjacent to the Las Minitas Prospect would revert to the Company.

At December 31, 2012 this property was an asset held for disposal for \$100,000. During 2013 the Company, through its subsidiary, Amermin, sold this mining concession for \$200,000, including the corresponding value added tax, on credit and reclassified the receivable to accounts receivable.

Las Brisas Prospect

The Company acquired the Las Brisas Prospect in August 2007 for an effective purchase price of \$3,134, plus \$391 of value-added tax.

As of December 31, 2013, the Company is in the process of terminating this acquisition agreement and the return of the property and has presented the net amount of \$3,134 related to the Las Brisas prospect as an asset held for disposal, net.

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Total assets held for disposal, net as of December 31, 2013 and 2012 are the following:

| December 31, 2013        | Mining<br>Concession           | Outstanding<br>Debt | Total Assets Held<br>for<br>Disposal, net |
|--------------------------|--------------------------------|---------------------|-------------------------------------------|
|                          | (In thousands of U.S. Dollars) |                     |                                           |
| Pirita Prospect          | \$250                          | \$ (174 )           | \$ 76                                     |
| Las Viboras Dos Prospect | 188                            | (235 )              | (47 )                                     |
| Las Brisas Prospect      | 3                              | -                   | 3                                         |
|                          | \$441                          | \$ (409 )           | \$ 32                                     |

  

| December 31, 2012        | Mining<br>Concession           | Outstanding<br>Debt | Total Assets Held<br>for<br>Disposal, net |
|--------------------------|--------------------------------|---------------------|-------------------------------------------|
|                          | (In thousands of U.S. Dollars) |                     |                                           |
| Pirita Prospect          | \$250                          | \$ (174 )           | \$ 76                                     |
| Las Viboras Dos Prospect | 188                            | (235 )              | (47 )                                     |
| Auriferos                | 100                            | -                   | 100                                       |
| Las Brisas Prospect      | 3                              | -                   | 3                                         |
|                          | \$541                          | \$ (409 )           | \$ 132                                    |

Note 3. Property, Plant, Equipment, Mine Development, Land and Construction in Progress, net

|                                             | December<br>31, 2013           | December 31,<br>2012 |
|---------------------------------------------|--------------------------------|----------------------|
|                                             | (In thousands of U.S. Dollars) |                      |
| Land                                        | \$ 20                          | \$ 20                |
| La Currita                                  | -                              | 1,253                |
| Pilar                                       | 728                            | 728                  |
| Don Roman                                   | 522                            | 522                  |
| Las Nuvias                                  | 100                            | 100                  |
| Centenario                                  | 636                            | 636                  |
| La Verde                                    | 60                             | 60                   |
| La Palma                                    | 80                             | 80                   |
| Championon (a)                              | -                              | 2,154                |
| Dixie Mining District (b)                   | 650                            | -                    |
| Picacho and Picacho Fractions (See Note 13) | 1,571                          | -                    |
| Mining concessions                          | 4,347                          | 5,533                |
| Construction in progress                    | -                              | 269                  |
| Property, plant and equipment               | 4,337                          | 3,982                |
|                                             | 8,704                          | 9,804                |
| Less – accumulated depreciation             | (1,252)                        | (926)                |
|                                             | \$ 7,452                       | \$ 8,878             |

Pilar, Don Roman, Las Nuvias, Centenario, La Palma and La Verde properties are located in Mexico and are known as the Don Roman Groupings.

The Picacho and Picacho Fractions I, II and III properties are located in Mexico and are known as the Picacho Groupings.

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- a. In September 2011, the Company leased the Mina El Champinon Iron Ore Project (“Champinon”) in exchange for royalty payments based on production. From September 2011 to April 2012, the Company paid \$235,000, plus \$38,000 in value-added taxes in advances against royalty payments.

In May, 2012, the Company terminated the lease agreement for Champinon and entered into a new agreement to acquire the property for an effective purchase price of \$2,175,000, plus \$348,000 in value-added taxes. The advances against royalty payments made before the lease agreement was terminated were applied against the effective purchase of the Iron Ore Project.

In 2012, the Company purchased technical data pertaining to Champinon from the former owner for 500,000 shares of Tara Minerals’ common stock, valued at \$430,000 and \$250,000 cash.

On March 15, 2013, a Settlement Agreement and Release (“settlement agreement”) was entered into by and among the Company, Jeffrey Holt, Tom Claridge, Steve Eady, Carnegie Mining and Exploration, Inc. (“CMEI”), CME Operations, LLC (“CME”)(CMEI and CME, referred to as “Carnegie”), Harsco Corporation, and Pittsburgh Mineral & Environmental Technology, Inc. In exchange for Carnegie’s acknowledgement that it has no rights under a previously granted option on the Don Roman Groupings, the Company assigned its Champinon mining rights purchase contract, including all related obligations and acquisition payments, to Plathio Trading Mexico, SA de CV, Carnegie’s Mexican subsidiary, and the Company agreed to issue to Carnegie 500,000 restricted shares of Tara Minerals’ common stock, which may not be sold until the earlier of: (i) the Tara Minerals’ shares of common stock reaching a minimum trading price of \$1.00 per share; or (ii) two years from the date of the settlement agreement. Under the settlement agreement for the Champinon property, the Company retains mining and beneficial rights to known silver, zinc, and led vein structure present on the Champinon concession. On March 22, 2013, the 500,000 restricted shares were issued valued at \$150,000. The settlement agreement confirms Carnegie’s acknowledgement of the Company’s 100% ownership of the Don Roman Groupings.

Per the settlement agreement dated March 15, 2013, the Company retained ownership of 14 hectares of the Champinon mining concession which Tara Minerals valued at \$203,000. As of December 2013, the Company was notified of a default of the purchase contract by non-performance of Carnegie; the Company concluded that at this time the probability of retaining claim on the 14 hectares of the Champinon mining concession is remote and therefore removed the mining concession from its books and recognized it as an additional loss on the settlement.

The Company recognized a total loss of \$1,065,000 on the settlement agreement mentioned above.

- b. During 2013, the Company acquired the Black Diamond and Ontario prospects in the Dixie Mining District from an unrelated third party for \$11

The former owner of the prospects is entitled to receive royalties upon all ore, mineral-bearing rock and other deposits extracted and shipped or milled, treated, and sold from the property in the amount of 3% of the net smelter or mill returns earned from the property prior to December 31, 2014. The royalty agreement provides that the payment of the royalty will terminate upon the independent third party receiving \$558,160. If the former owner has not received that amount in royalty payments as of December 31, 2014, the Company is required to pay the difference, if any, between the \$558,160 and the amount of royalties received from the Company. No royalty is owed to the former owner if mining on the property is not yet economically feasible. As of April 14, 2014 based on the amount of exploration conducted it is not yet economically feasible and no royalty payments have been paid.



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## Other Mining Commitments

## Tania Iron Ore Project

The Company leased the Tania Iron Ore Project in May 2011 for royalty payments based on production.

The Company has the right to remove 6 million tonnes of iron ore concentrate from the property, with renewal rights extending through the life of the property. The Company had agreed to pay \$6 per tonne for the first 500,000 tonnes removed from the property and \$7 per tonne thereafter. As of December 31, 2013 the Company has paid \$100,000 against future royalty payments.

## Note 4. Other Assets, current and non-current

In 2011, the Company paid a \$100,000 advance to the Tania Iron Ore Property vendor, against future royalty payments and \$175,000 to the subcontractor at the Tania Iron Ore Property for property improvements. Although the Company is seeking the return of the \$175,000 from the subcontractor for non-performance, a full allowance for the receivable has been recognized at December 31, 2013 and 2012.

As of December 31, 2013 and December 31, 2012, respectively, the Company's other current assets consisted of prepaid expenses of \$116,425 and \$54,020 and security deposits of \$21,684 and \$24,581.

## Note 5. Income Taxes

The Company files income tax returns in the U.S. and Mexican jurisdictions. In the U.S., Tara Gold files a standalone return; Tara Minerals and Adit file a consolidated tax return. All 2012 U.S. returns have been filed and 2013 will be filed by the U.S. extension deadline. In Mexico, Amermin, AMM and ACM file standalone tax returns. All 2012 Mexico returns have been filed; Amermin and AMM's 2013 returns have been filed and ACM will be filed as soon as all necessary items are obtained. No tax returns for the Company or any subsidiary of the Company are currently under examination by any tax authorities in their respective countries, except for routine tax reviews for AMM for January – December 2011, and September 2009.

The provision for federal and state income taxes for the year ended December 31, 2013 includes elements of Tara Gold as a separate filing entity, Tara Minerals and Adit as a consolidated filing entity, and Amermin, AMM, and ACM (Mexico Companies) as separate filing entities.

The December 31, 2013 and since inception income tax benefit, net of tax associated with discontinued operations, is as follows (in thousands of U.S. dollars):

|                                     | Tara Gold | Tara Minerals | Mexico Companies | Total     |
|-------------------------------------|-----------|---------------|------------------|-----------|
| Current asset (liability) - total   | \$-       | \$ -          | \$ -             | \$-       |
| Deferred asset (liability) - total  | 1,015     | 7,309         | 2,704            | 11,028    |
| Valuation allowance                 | (1,015 )  | (7,309 )      | (2,704 )         | (11,028 ) |
| Income tax benefit, since inception | \$-       | \$ -          | \$ -             | \$-       |



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A valuation allowance is recorded when it is more likely than not that the deferred tax assets will be realized. The future use of deferred tax assets is dependent on the future taxable profits which arise from taxable temporary timing differences such as:

- Differences in expensed stock based compensation and stock for investor relation services and corporate officers.
  - The capitalization of foreign mining exploration expenses for federal income tax purposes.
- A carryforward of a net operating loss.

At December 31, 2013, total deferred tax assets and deferred tax liabilities are as follows (in thousands of U.S. dollars):

|                                      | Tara Gold | Tara Minerals | Mexico Companies | Total     |
|--------------------------------------|-----------|---------------|------------------|-----------|
| Deferred tax asset – current         | \$1,105   | \$ 4,456      | \$ -             | \$5,471   |
| Deferred tax asset – non-current     | -         | 2,853         | 2,704            | 5,557     |
| Total deferred tax asset             | 1,105     | 7,309         | 2,704            | 11,028    |
| Deferred tax liability – current     | -         | -             | -                | -         |
| Deferred tax liability – non-current | -         | -             | -                | -         |
| Total deferred tax liability         | -         | -             | -                | -         |
| Valuation allowance                  | (1,105 )  | (7,309 )      | (2,704 )         | (11,028 ) |
| Net deferred tax asset (liability)   | \$-       | \$ -          | \$ -             | \$-       |

Net operating losses generated in the U.S. may only be used to offset income generated in the U.S. Tara Minerals' U.S. deferred tax asset from 2012 has been reduced from approximately \$6,284,000 to zero due to management's forecast on the ability to utilize the related deferred tax assets as of 2013 or in 2014.

Net operating losses generated in Mexico may only be used to offset income generated in Mexico. Amermin has net operation losses of approximately \$756,000 and a remaining estimated deferred tax benefit of \$227,000. AMM has a net operating loss in Mexico of approximately \$8,200,000 with an estimated deferred tax benefit of \$2,460,000. ACM has a net operating loss in Mexico of approximately \$59,000 with an estimated deferred tax benefit of \$18,000. The net operating loss and estimated tax benefit has been added to net operating losses and tax benefits from previous years.

Per the Income Tax topic of the FASB ASC, when it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. We have fully allowed for the entire deferred tax asset for the Company and all subsidiaries as of December 31, 2013.

Net operating losses expire as follows (in thousands of U.S. dollars):

|                   | Tara Gold | Tara Minerals | Mexico Companies | Total  |
|-------------------|-----------|---------------|------------------|--------|
| December 31, 2029 | \$ 879    | \$ -          | \$ -             | \$ 879 |
| December 31, 2030 | 270       | 7,600         | 3,701            | 11,571 |
| December 31, 2031 | 657       | 2,366         | 2,532            | 5,555  |
| December 31, 2032 | 563       | -             | 1,536            | 2,099  |

|                          |          |           |          |           |
|--------------------------|----------|-----------|----------|-----------|
| December 31, 2033        | 530      | 336       | 1,186    | 2,052     |
| Total net operating loss | \$ 2,899 | \$ 10,302 | \$ 8,955 | \$ 22,156 |

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Per the U.S. Internal Revenue Code Section 382, in the event of a change of ownership, the availability of the Company's net operating losses carry forwards may be subject to an annual limitation against taxable income in future periods, which could substantially limit the eventual utilization of this net operating loss carry forwards. This limitation may not apply pursuant to an ownership change as described in Section 1262 of P.L. 111-5.

Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows (in thousands of U.S. dollars):

|                                                             | 2013     |            |
|-------------------------------------------------------------|----------|------------|
|                                                             | Amount   | Percentage |
| Tax at statutory federal rate                               | \$(677 ) | (35 %)     |
| Temporary differences                                       |          |            |
| Exploration cost - current                                  | 50       | 2.6 %      |
| Exploration cost – non-current                              | 425      | 22.0 %     |
| Stock based compensation                                    | 21       | 1.1 %      |
| Decrease in deferred tax asset due to re-acquisition of ACM | 6,284    | 324.7 %    |
| Valuation allowance for U.S. Companies                      | (530 )   | (27.4 %)   |
| Valuation allowance for Mexico                              | 711      | 36.7 %     |
| Tax provision at the effective rate                         | \$6,284  | 324.7 %    |

Note 6. Notes Payable and Convertible Note Payable, net

The following table represents the outstanding balance of notes payable.

|                                                       | December<br>31, 2013           | December 31,<br>2012 |
|-------------------------------------------------------|--------------------------------|----------------------|
|                                                       | (In thousands of U.S. Dollars) |                      |
| Mining concessions                                    | \$ 150                         | \$ 1,772             |
| Auto loans                                            | 66                             | 64                   |
| Convertible note payable, net                         | 76                             | -                    |
|                                                       | 292                            | 1,836                |
| Less – current portion                                | (188 )                         | (1,114 )             |
| Less – current portion convertible notes payable, net | (76 )                          | -                    |
| Non-current portion                                   | \$ 28                          | \$ 722               |

In March 2008, Pershimco Resources transferred its mineral claims and obligations linked to the Mariana and Mezquite prospect to the Company. The obligations transferred to the Company were remaining debt payments of \$190,000, which included value-added taxes of \$25,907. The effective purchase price of this property was \$171,451, plus value-added taxes.

In December 2012, the Company could not determine whether the note holder or the Company held title to the above property, and, as a result, impaired the property. As of December 31, 2013, the Company was negotiating to amend its agreements with this vendor regarding the Mariana and Mesquite Prospect and cancel the related notes payable of \$150,000, including applicable value added tax.

The Company financed the purchase of a fleet of vehicles during 2010 and 2011. Notes payable interest rates range between 13.5% and 14.5%; notes payable mature between August 2014 and June 2015. As of December 31, 2013 and 2012 the outstanding balance of the loans was \$39,796 and \$63,793, respectively.

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During the year ended December 31, 2013, the Company purchased a vehicle to be used in operations for \$31,038. The Company paid \$2,000 as a down payment and financed the remainder of \$29,038 by issuing a note payable. The note carries interest at 3.74% and matures in August 2018. As of December 31, 2013 the outstanding balance on the loan was \$26,823.

During the year ended December 31, 2013 the Company raised \$150,000 through a convertible note payable. The note payable is due in February 2014; bears interest of 16% per year and can be converted to Tara Minerals' stock at \$0.10 per share. The beneficial conversion feature of the note payable was determined to be \$120,000 of which \$45,652 was amortized as of December 31, 2013. Interest expense related to the convertible note was \$2,301 as of December 31, 2013. The convertible note had not been paid as of April 14, 2014.

The five year maturity schedule for notes payable is presented below (in thousands of U.S. dollars):

|                               | 2014   | 2015  | 2016 | 2017 | 2018 | Total  |
|-------------------------------|--------|-------|------|------|------|--------|
| Mining concessions            | \$ 150 | \$-   | \$-  | \$-  | \$-  | \$ 150 |
| Auto loans                    | 38     | 12    | 6    | 6    | 4    | 66     |
| Convertible note payable, net | 76     | -     | -    | -    | -    | 76     |
| Total                         | \$ 264 | \$ 12 | \$ 6 | \$ 6 | \$ 4 | \$ 292 |

Note 7. Related Party Transactions

Due to related parties, net of due from related parties consisted of:

|                          | December 31, 2013              | December 31, 2012 |
|--------------------------|--------------------------------|-------------------|
|                          | (In thousands of U.S. Dollars) |                   |
| Due to related parties   | \$ (1,100)                     | \$ (980)          |
| Due from related parties | 1,195                          | 1,069             |
| Total                    | \$ 95                          | \$ 89             |

All transactions with related parties have occurred in the normal course of operations and Mexico based related party transactions are measured at the appropriate foreign exchange amount.

The following are intercompany transactions that eliminate during the consolidation of these financial statements:

In January 2007, Corporacion Amermin S.A. de C.V. ("Amermin"), a subsidiary of Tara Gold, made arrangements to purchase the Pilar, Don Roman and Las Nuvias properties listed in Note 2 (part of the Don Roman Groupings) and subsequently sold the concessions to Tara Minerals. At December 31, 2013 Amermin has paid the original note holder in full and Tara Minerals owes Amermin \$535,659 for the Pilar mining concession and \$211,826 for the Don Roman mining concession.

As of December 31, 2013, Amermin had loaned a total of \$991,722 to AMM at 0% interest, due on demand.

As of December 31, 2013, Tara Gold owed Tara Minerals a total of \$111,782 at 0% interest, due on demand. During the year ended December 31, 2013, Tara Gold made a payment in the amount of \$995,976 to Tara Minerals for

amounts previously borrowed.

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During 2012, Tara Minerals issued Adit six promissory notes for \$4,286,663. During 2013, Tara Minerals issued Adit one promissory note for \$610,000. Notes due between May 2013 and January 2014 were extended for one year. These notes are unsecured, bear interest at U.S. prime rate plus 3.25% per year and are due and payable between May 2014 and January 2015. As of December 31, 2013 Tara Minerals owed Adit \$5,334,934 in interest and principal.

Note 8. Iron Ore Properties and Related Financial Instrument

The Company raised \$750,000 (2011) and \$50,000 (2012), for a total of \$800,000 through a financial instrument to fund potential iron ore properties. The financial instrument has no repayment requirement, except if the iron ore properties generate revenue. As the Company's common stock had not been issued and this is not a debt instrument, the amount raised was treated as a temporary financing instrument until such time as changes that require debt or permanent equity treatment. The beneficial conversion feature of this instrument was determined to be \$180,000 (2011) and \$20,000 (2012), for a total of \$200,000.

In January 2013, the Company entered into conversion agreements to convert the instruments to 1,600,000 shares of Tara Minerals' common stock. All shares were issued as of December 31, 2013.

Note 9. Stockholders' Equity

The authorized common stock of Tara Gold consists of 150,000,000 shares with par value of \$0.001.

During the years ended December 31, 2013 and 2012, respectively, Tara Gold did not have any stock transactions.

As of December 31, 2013 and 2012, respectively, the Company had 102,795,119 shares of common stock issued and outstanding.

Note 10. Non-Controlling Interest

All non-controlling interest of the Company is a result of the Company's subsidiaries stock movement and results of operations. Cumulative results of these activities results in:

|                                                              | December 31, 2013              |    | December 31, 2012 |
|--------------------------------------------------------------|--------------------------------|----|-------------------|
|                                                              | (In thousands of U.S. Dollars) |    |                   |
| Common stock for cash                                        | \$ 16,165                      | \$ | 15,241            |
| Common stock for services                                    | 5,846                          |    | 5,626             |
| Stock based compensation                                     | 5,615                          |    | 5,556             |
| Loan conversion plus accrued interest                        | 2,142                          |    | 1,342             |
| Exploration expenses paid for in subsidiary common stock     | 4,146                          |    | 4,146             |
| Cumulative net loss attributable to non-controlling interest | (12,826)                       |    | (8,521)           |
| Treasury stock                                               | (500)                          |    | (500)             |
| Other non-controlling interests                              | 442                            |    | 171               |
| Total non-controlling interest                               | \$ 21,030                      | \$ | 23,061            |



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A summary of activity as of December 31, 2013 and changes during the period then ended is presented below (in thousands of U.S. dollars):

|                                                                                    |          |         |
|------------------------------------------------------------------------------------|----------|---------|
| Non-controlling interest at December 31, 2011                                      | \$21,742 |         |
| Common stock for cash                                                              |          | 457     |
| Common stock for services                                                          |          | 54      |
| Stock based compensation                                                           |          | 675     |
| Exploration expenses paid for in subsidiary common stock                           |          | 430     |
| Stock payable for prepaid services                                                 |          | 50      |
| Other                                                                              |          | 30      |
| Net income attributable to non-controlling interest                                |          | 123     |
| Treasury stock                                                                     |          | (500)   |
| Non-controlling interest at December 31, 2012                                      | \$23,061 |         |
| Common stock for cash                                                              |          | 924     |
| Common stock for services                                                          |          | 220     |
| Stock based compensation                                                           |          | 59      |
| Conversion of debt and Iron Ore Financial instrument to common stock, plus accrued |          | 800     |
| Other                                                                              |          | 271     |
| Net income attributable to non-controlling interest                                |          | (4,305) |
| Non-controlling interest at December 31, 2013                                      | \$21,030 |         |

Note 11. Options and Warrants

Tara Gold Resources does not have any stock option or bonus plans.

Tara Minerals has the following stock option plans which are registered under a Form S-8:

- Incentive Stock Option Plan
- Nonqualified Stock Option Plan
- Stock Bonus Plan

In May 2011, under its Incentive Stock Option Plan Tara Minerals granted two of its officers options for the purchase of 750,000 shares of common stock. In April 2013, the options were cancelled and Tara Minerals concurrently granted new Incentive Stock Options to the officers; under this new grant the officers have the option to purchase 750,000 shares of common stock, exercisable at a price of \$0.25 per share and vest at various dates until April 2015. The options expire at various dates beginning April 2020. In accordance with the Stock Compensation Topic, FASB ASC 718-20-35, Tara Minerals has analyzed the cancellation of the award accompanied by the concurrent grant of a replacement award and determined that there was no further incremental compensation cost. The options that vested during the year ended December 31, 2013 associated with this transaction were valued at \$59,645.

In January 2010, Tara Minerals' granted options to three of its officers under its Nonqualified Stock Option Plan. The options allow for the purchase of 1,250,000 shares of common stock at an exercise price of \$0.05 per share. These options vested immediately, expire in January 2015 and were valued at \$2,334,201.



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In September 2010, Tara Minerals' granted options for 200,000 shares of common stock to an unrelated third party for investor relations services. The options have an exercise price of \$1.00 per share, vest between September 2010 and March 2011, and expire two years from the date of vesting. In September 2012, the options' were extended to expire 5 years from the date of vesting, expiring between September 2015 and March 2016. In accordance with the Stock Compensation Topic of the FASB ASC, Tara Minerals' has analyzed the extension of the award and determined that there was no further incremental compensation cost. The options that vested in 2011 associated with this transaction were valued at \$36,353; 2010 vesting was valued at \$145,412.

In March 2012, Tara Minerals sold 594,000 units in a private offering for \$297,000 in cash, or \$0.50 per unit. Each unit consisted of one share of Tara Minerals' common stock, and one warrant. Each warrant entitles the holder to purchase one share of Tara Minerals' common stock at a price of \$1.00 per share at or any time before December 31, 2012. The shares and warrants were issued in April 2012. No warrants were exercised prior to expiration.

In June 2012, Tara Minerals granted options for 200,000 shares of common stock to an unrelated third party for corporate development consulting services. The options had an exercise price of \$0.05 per share, vested immediately and were exercised by June 30, 2012. The option valuation for this transaction was \$110,000.

On October 28, 2009, Adit adopted the following stock option plans which have not been registered:

- Incentive Stock Option Plan
- Nonqualified Stock Option Plan
- Stock Bonus Plan

In October 2009, Adit granted four of its officer's options under its Nonqualified Stock Option Plan for the purchase of 1,000,000 shares of common stock. The options have an exercise price of \$0.05 per share; the options will vest at a rate of 20% per year; the first set of options vested on October 28, 2010 and is scheduled to expire on November 15, 2015. The options that vested in 2011 and 2010 were valued at \$134,979 each year. In October 2012, all remaining options under the October 2009 grant were cancelled due to the sale of the sole mining concession of Adit. Due to the cancellation, the Company immediately recognized a \$429,924 stock compensation expense.

There were no issuances of instruments under the Adit plans in 2013 or 2012.

The fair value of each option/warrant award discussed above is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on volatilities from Tara Minerals' traded common stock. The expected term of options granted is estimated at half of the contractual term as noted in the individual option/warrant agreements and represents the period of time that management anticipates option/warrants granted are expected to be outstanding. The risk-free rate for the periods within the contractual life of the option is based on the U.S. Treasury bond rate in effect at the time of the grant for bonds with maturity dates at the estimated term of the options. Historically Tara Minerals has had no forfeitures of options or warrants, therefore, Tara Minerals uses a zero forfeiture rate.

|                             | December 31,<br>2013 | December 31, 2012    |
|-----------------------------|----------------------|----------------------|
| Expected volatility         | 218.84%              | 104.82% -<br>131.10% |
| Weighted-average volatility | 218.84%              | 117.96%              |

|                          |       |               |
|--------------------------|-------|---------------|
| Expected dividends       | 0     | 0             |
| Expected term (in years) | 2.00  | 1.00          |
| Risk-free rate           | 0.22% | 0.05% - 0.14% |

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| Options                          | Shares    | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|-----------|---------------------------------|---------------------------------------------|---------------------------|
| Outstanding at December 31, 2011 | 3,350,000 | \$ 0.69                         | 3.0                                         | \$ 1,409                  |
| Granted                          | 200,000   | 0.05                            |                                             |                           |
| Exercised                        | (200,000) | 0.05                            |                                             |                           |
| Forfeited, expired or cancelled  | (600,000) | -                               |                                             |                           |
| Outstanding at December 31, 2012 | 2,750,000 | \$ 0.34                         | 3.0                                         | \$ 1,000                  |
| Granted                          | 750,000   | 0.25                            |                                             |                           |
| Exercised                        | -         | -                               |                                             |                           |
| Forfeited, expired or cancelled  | (750,000) | 0.48                            |                                             |                           |
| Outstanding at December 31, 2013 | 2,750,000 | \$ 0.24                         | 3.0                                         | \$ 210,000                |
| Exercisable at December 31, 2013 | 2,340,000 | \$ 0.30                         | 3.0                                         | \$ 210,000                |

| Non-vested Options              | Options   | Weighted-Average Grant-Date Fair Value |
|---------------------------------|-----------|----------------------------------------|
| Non-vested at December 31, 2011 | 1,010,000 | \$ 1.08                                |
| Granted                         | 200,000   | 0.05                                   |
| Vested                          | (450,000) | 0.32                                   |
| Forfeited, expired or cancelled | (600,000) | -                                      |
| Non-vested at December 31, 2012 | 160,000   | \$ 0.48                                |
| Granted                         | 750,000   | 0.25                                   |
| Vested                          | (340,000) | 0.25                                   |
| Forfeited, expired or cancelled | (160,000) | 0.48                                   |
| Non-vested at December 31, 2013 | 410,000   | \$ 0.37                                |

A summary of warrant activity as of December 31, 2013 and 2012, and changes during the period then ended is presented below (in thousands of U.S. dollars, except for per share amounts):

| Warrants                         | Shares      | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|-------------|---------------------------------|---------------------------------------------|---------------------------|
| Outstanding at December 31, 2011 | 7,393,081   | \$ 0.89                         |                                             |                           |
| Granted                          | 594,000     | 1.00                            |                                             |                           |
| Exercised                        | (125,000 )  | 0.40                            |                                             |                           |
| Forfeited, expired or cancelled  | (5,073,748) | 0.51                            |                                             |                           |
| Outstanding at December 31, 2012 | 2,788,333   | \$ 1.38                         | 1.0                                         | \$ -                      |
| Granted                          | -           | -                               |                                             |                           |
| Exercised                        | -           | -                               |                                             |                           |
| Forfeited, expired or cancelled  | (2,788,333) | (1.38)                          |                                             |                           |
| Outstanding at December 31, 2013 | -           | \$ -                            | -                                           | \$ -                      |

|                                  |   |    |   |   |    |   |
|----------------------------------|---|----|---|---|----|---|
| Exercisable at December 31, 2013 | - | \$ | - | - | \$ | - |
|----------------------------------|---|----|---|---|----|---|

All warrants vest upon issuance.

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Note 12. Fair Value

In accordance with authoritative guidance, the table below sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

|                                                    | Fair Value at December 31, 2013<br>(in thousands of U.S. dollars) |         |         |          |
|----------------------------------------------------|-------------------------------------------------------------------|---------|---------|----------|
|                                                    | Total                                                             | Level 1 | Level 2 | Level 3  |
| Assets:                                            |                                                                   |         |         |          |
| Fair market value of ACM's net identifiable assets |                                                                   |         |         |          |
| acquired (See Note 13)                             | \$ 1,589                                                          | \$ -    | \$ -    | \$ 1,589 |

|                                                            |         |         |      |      |
|------------------------------------------------------------|---------|---------|------|------|
| <b>Liabilities:</b>                                        |         |         |      |      |
| Beneficial conversion feature of note payable (See Note 6) | \$ (76) | \$ (76) | \$ - | \$ - |

|         |       | Fair Value at December 31, 2012<br>(in thousands of U.S. dollars) |         |         |  |
|---------|-------|-------------------------------------------------------------------|---------|---------|--|
|         | Total | Level 1                                                           | Level 2 | Level 3 |  |
| Assets: |       |                                                                   |         |         |  |
| None    | \$ -  | \$ -                                                              | \$ -    | \$ -    |  |

|                                                            |        |      |          |        |
|------------------------------------------------------------|--------|------|----------|--------|
| <b>Liabilities:</b>                                        |        |      |          |        |
| Iron Ore Properties financial instrument, net (See Note 8) | \$ 600 | \$ - | \$ (200) | \$ 800 |

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2013:

|                                                                                                     | Iron Ore Properties<br>Financial<br>Instrument<br>(in thousands of<br>U.S. dollars) |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Beginning balance                                                                                   | \$ 800                                                                              |
| Additions                                                                                           | 1,589                                                                               |
| Reductions (conversion of Iron Ore Instrument)                                                      | (800)                                                                               |
| Ending balance                                                                                      | \$ 1,589                                                                            |
| The amount of total gains or losses for the year included in earnings attributable to the change in |                                                                                     |
| unrealized gains or losses relating to liabilities still held at reporting date                     | \$ -                                                                                |

Note 13. Re-acquisition of ACM

On April 4, 2012, the Company sold its 99.99% owned subsidiary, ACM to Yamana Mexico Holdings B.V. (“Yamana”). ACM’s primary asset is the Picacho Groupings located in Sonora, Mexico. The Property does not have any proven reserves.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As consideration for the sale of ACM, Yamana paid \$7.5 million, minus approximately \$780,000 (the amount required to pay the Mexican government to release its tax lien on the Property). In addition, Yamana surrendered 500,000 Adit's common shares, and warrants to purchase an additional 250,000 Adit's common shares, upon the execution of the sale agreement.

Yamana had the option to terminate the Agreement within ten business days prior to May 7, 2013 for any reason. If the Agreement was terminated, Yamana would be required to return ownership of ACM and the underlying property to the Company in good standing. If this occurred, the first cash payment made by Yamana would be retained by the Company.

On May 7, 2013, the Company received notice that Yamana was terminating the purchase agreement.

The Company calculated the fair value of the assets purchased and liabilities assumed as follows (in thousands of U.S. dollars):

|                                                                             |             |
|-----------------------------------------------------------------------------|-------------|
| Assets:                                                                     | May 8, 2013 |
| Picacho Groupings                                                           | \$ 1,571    |
| Improvements (Mine site warehouse)                                          | 18          |
| Liabilities:                                                                |             |
| None                                                                        | -           |
| Fair market value of net identifiable assets acquired                       | 1,589       |
| Less: Fair value of the consideration transferred for ACM                   | -           |
| Add: Release of Adit's tax liability due to the termination of the purchase | 1,901       |
| Value of assigned gain on bargain acquisition of ACM                        | \$ 3,490    |

## Note 14.

## Subsequent Events

- On January 9, 2014, Tara Minerals Corp. entered into an Investment Agreement with Panormus Trust and Investments Ltd. and Mediterranean Trust Ltd., collectively referred to as MTI.

The Agreement grants MTI the right to invest in Tara Minerals through the purchase of up to \$2,025,000 in restricted common stock of Tara Minerals at \$0.30 per share and a targeted loan of \$4,725,000 for the development of the Don Roman project (the "Don Roman Project Loan"). The investment is structured as a combination of an equity private placement and a loan for tax efficiency.

The targeted Don Roman Project Loan will be used to advance the Don Roman Project to commercial production and is payable from 49% of the net income realized from the minerals recovered from the concession area of the Don Roman Project. Initially, MTI's 49% net income interest will be designated as loan repayment. Once the loan has been repaid, MTI will continue to receive 49% of the net income realized from the Don Roman Project.

Tara Minerals and MTI formed a Management Committee which oversees operations based on a committee approved Business Plan. The loan proceeds will be released from a segregated account based on approved expenditures. Although the Management Committee has been active in the beginning stages of planning, the funds have not yet been received from MTI.

2. AMM received refunds of IVA taxes during January and February for a total refund of \$40,489.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Francis Richard Biscan, Jr., Tara Gold's Principal Executive Officer and Lynda R. Keeton-Cardno, Tara Gold's Principal Financial Officer, have evaluated the effectiveness of Tara Gold's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report and in their opinion Tara Gold's disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

Tara Gold's management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, Tara Gold's principal executive officer and principal financial officer and implemented by Tara Gold's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Tara Gold's financial statements in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the U.S. of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Tara Gold's management evaluated the effectiveness of its internal control over financial reporting as of December 31, 2013 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework. Management's assessment included an evaluation of the design of Tara Gold's internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on this evaluation, Tara Gold's management concluded that Tara Gold's internal control over financial reporting was effective as of December 31, 2013.

There was no change in Tara Gold's internal control over financial reporting that occurred during the quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, Tara Gold's internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

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## Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth the names of our directors, executive officers and certain significant employees and their ages, positions and biographical information as of the date of this report. Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. Our directors hold office for one-year terms or until their successors have been elected and qualified. There are no family relationships between any of our directors, executive officers or other key personnel and any other of our directors, executive officers or key personnel. There are no arrangements or understandings between any of our directors or executive officers and any other persons pursuant to which such director or executive officer was selected in that capacity.

| Name                   | Age | Position                                         |
|------------------------|-----|--------------------------------------------------|
| Francis R. Biscan, Jr. | 53  | President, Chief Executive Officer and Director  |
| David Barefoot         | 49  | Chief Operating Officer and a Director           |
| Lynda R. Keeton-Cardno | 42  | Chief Financial Officer, Secretary and Treasurer |

Francis R. Biscan, Jr., Chief Executive Officer. Mr. Biscan has been an officer and director of Tara Gold since May 2003. Between 1997 and August 2003 Mr. Biscan was an independent financial consultant, providing advice to public and private companies in the areas of capital formation and mergers and acquisitions. Mr. Biscan has also been an officer and director of Tara Minerals' since May 2006 and an officer and director of Adit since June 2009.

David Barefoot, Director and Chief Operating Officer. Mr. Barefoot has been an officer of Tara Gold and Tara Minerals since August 2011, and a director of Tara Gold and Tara Minerals since February 2013. On August 9, 2011, David Barefoot was appointed as the Company's Chief Operating Officer. Since becoming the Company's Chief Operating Officer, Mr. Barefoot has been an integral part of streamlining the Company and overall strategy development with regards to advancing the Company's portfolio of properties. Working closely with the CEO, he continues to build and manage the strengths of the Company's team in the U.S. and Mexico. For the past 26 years, Mr. Barefoot has been a consultant (as a sole proprietor) to various public and private businesses focusing on business development, expanding market share presence and building leadership teams; including 16 years of hiring, training and developing leadership in the financial services industry throughout the Southeast and Chicago areas. In the past 5 years Mr. Barefoot has continued consulting (as a sole proprietor) and sits as the President and Board Member of Vision Sky, a company that focuses on software for the home health care industry. Mr. Barefoot has also been a director of Adit Resources since May 2011.

Lynda R. Keeton-Cardno, CPA, Chief Financial Officer, Secretary and Treasurer. Ms. Keeton-Cardno has been an officer of Tara Gold and Tara Minerals since January 2011. Since 2004, Ms. Keeton-Cardno has been the CEO/Managing Member of Lynda R. Keeton CPA, LLC, a PCAOB registered firm that provides audit and consulting services to public and private companies. Between 1996 and 2002, Ms. Keeton-Cardno worked for Arthur Andersen LLP in Phoenix, AZ and Las Vegas, NV in both the Audit and Advisory group and Technology Risk Consulting group. Ms. Keeton-Cardno is a licensed Certified Public Accountant in Nevada, a member of the American Institute of Certified Public Accountants, a graduate of Arizona State University's School of Business and Honors College, and has held the Certified Information Systems Auditor designation. Ms. Keeton-Cardno is also the secretary and treasurer for Tara Gold, Tara Minerals, and Adit Resources.

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### Key Employees

Ramiro Trevizo. Mr. Trevizo has been a director of Tara Minerals since May 2008 and President/sole administrator for American Metal Mining, S.A. de C.V, its Mexican subsidiary since inception in 1995. Mr. Trevizo has also been the President of Corporacion Amermin, S.A. de C.V., the Mexican subsidiary of Tara Gold Resources Corp., since 2005. Between 2003 and 2005 Mr. Trevizo was the President of Grupo Constructor del Desierto, S.A., an engineering company based in Chihuahua, Mexico. Between 2002 and 2004 Mr. Trevizo was a regional manager for D&B Engineering of Phoenix, Arizona. Mr. Trevizo was a project manager for Concord, California based OSP Consultants from 1999 to 2002.

Steve Eady. Mr. Eady was appointed Chief Geologist for Tara Minerals in December 2011. He is an accomplished geologist and has been working in mining since 1973. His past experience includes mineralogy, geology, ore reserve development, leach testing, feasibility studies and geological related development research. He has worked in the past for Inspiration Consolidated Copper Company, and on numerous exploration and development projects at Phelps Dodge Mining / Freeport-McMoRan Copper & Gold Inc.

Tom Claridge. Mr. Claridge was appointed Senior Mining and Plant Engineer for Tara Minerals in December 2011 and is an accomplished project manager with over 20 years of experience in mine operations, plant design, and water treatment all over the world. His experience includes mineral resource evaluations, conceptual and feasibility reports, metallurgical test programs, economic evaluations and mine and process development of engineering projects for major and junior mining companies. His past employers include Hanlon Engineering & Architecture Inc. and Phelps Dodge Mining / Freeport-McMoRan Copper & Gold Inc.

### Corporate Governance

We currently have no standing audit, compensation or nominating committees or committees performing similar functions, nor do we have written audit, compensation or nominating committee charters. Our Board of Directors believes it unnecessary to have such committees at this time because our Board of Directors can perform the functions of such committees adequately.

We do not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. The Board of Directors believes that, given the stage of our development, a specific nominating policy would be premature until our business operations develop to a more advanced level. We currently do not have any specific or minimum criteria for the election of nominees to the Board of Directors and we do not have any specific process or procedure for evaluating such nominees. The Board of Directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment. A shareholder who wishes to communicate with our Board of Directors may do so by directing a written request addressed to our directors at the address on the cover of this report.

None of Tara Gold' directors are independent as that term is defined in section 803 of listing standards of the NYSE Amex. Tara Gold believes all of its directors are qualified to act as such due to their longstanding relationship with Tara Gold.

### Code of Ethics

Tara Gold has adopted a Code of Ethics applicable to its principal executive, financial, and accounting officers and persons performing similar functions.



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## Item 11. Executive Compensation.

As a “smaller reporting company,” we have elected to follow the scaled disclosure requirements for smaller reporting companies with respect to the disclosures required by Item 402 of Regulation S-K. Under such scaled disclosure, we are not required to provide a Compensation Discussion and Analysis, Compensation Committee Report and certain other tabular and narrative disclosures relating to executive compensation.

The following table shows the compensation paid or accrued during the three years ended December 31, 2013 to the executive officers of Tara Gold.

| Name and Principal Position                                              | Fiscal Year | Salary (1) | Bonus (2) | Stock Awards (3) | Option Awards (4) | All Other Annual Compensation (5) | Total (6)  |
|--------------------------------------------------------------------------|-------------|------------|-----------|------------------|-------------------|-----------------------------------|------------|
| Francis R. Biscan, President and Chief Executive Officer                 | 2013        | \$ 276,000 | \$ -      | \$ -             | \$ -              | \$ -                              | \$ 276,000 |
|                                                                          | 2012        | 276,000    | -         | -                | -                 | -                                 | 276,000    |
|                                                                          | 2011        | 276,000    | -         | -                | -                 | -                                 | 276,000    |
| Dave Barefoot, Chief Operating Officer                                   | 2013        | 204,000    | -         | -                | -                 | -                                 | 204,000    |
|                                                                          | 2012        | 204,000    | -         | -                | -                 | 54,000                            | 258,000    |
|                                                                          | 2011        | 204,000    | -         | -                | -                 | -                                 | 204,000    |
| Lynda R. Keeton-Cardno, Chief Financial Officer, Secretary and Treasurer | 2013        | 48,000     | -         | -                | -                 | -                                 | 48,000     |
|                                                                          | 2012        | 48,000     | -         | -                | -                 | -                                 | 48,000     |
|                                                                          | 2011        | 48,000     | -         | -                | -                 | -                                 | 48,000     |

(1) The dollar value of base salary (cash and non-cash) earned.

(2) The dollar value of bonus (cash and non-cash) earned.

(3) During the periods covered by the table, the value of Tara Gold or Tara Mineral’s shares issued as compensation for services to the persons listed in the table, if applicable.

(4) The value of all stock options granted during the periods covered by the table.

(5) All other compensation received that Tara Gold could not properly report in any other column of the table.

(6) The total represents all compensation on a consolidated basis of Tara Gold and its subsidiaries as defined in Item 1 above.

In January 2011, Tara Gold and Tara Minerals entered into employment agreements with Mr. Biscan for three years.

The employment agreements provide that Tara Gold and Tara Minerals will collectively pay Mr. Biscan a base salary of \$276,000 per year (as amended) and requires Tara Gold to pay for Mr. Biscan’s medical, dental, optical, life and disability insurance. In the event there is a material reduction in Mr. Biscan’s authority, duties or activities, in the event Mr. Biscan’s offices are moved to a location which is not conducive to operating in North America, or in the event there is a change in the control of Tara Gold, then Mr. Biscan may resign from his position at Tara Gold and receive the remainder of his salary. For purposes of the employment agreement, a change in control includes the acquisition of more than 50% of the outstanding shares of Tara Gold’s common stock by a third party or a change in a majority of Tara Gold’s directors.

Mr. Biscan's employment agreements will also terminate upon the death or physical or mental disability of Mr. Biscan, in which case Mr. Biscan, or his legal representative, as the case may be, will be paid the salary provided by the employment agreements for a period of one year following Mr. Biscan's death or disability.

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In January 2011, Tara Gold and Tara Minerals entered into employment agreements with Mr. Barefoot for three years.

The employment agreements provide that Tara Gold and Tara Minerals will collectively pay Mr. Barefoot a base salary of \$204,000 per year and requires Tara Gold to pay for Mr. Barefoot's medical, dental, optical, life and disability insurance. In the event there is a material reduction in Mr. Barefoot's authority, duties or activities, in the event Mr. Barefoot's offices are moved to a location which is not conducive to operating in North America, or in the event there is a change in the control of Tara Gold, then Mr. Barefoot may resign from his position at Tara Gold and receive the remainder of his salary. For purposes of the employment agreements, a change in control includes the acquisition of more than 50% of the outstanding shares of Tara Gold's common stock by a third party or a change in a majority of Tara Gold's directors.

Mr. Barefoot's employment agreements will also terminate upon the death or physical or mental disability of Mr. Barefoot, in which case Mr. Barefoot, or his legal representative, as the case may be, will be paid the salary provided by the employment agreement for a period of one year following Mr. Barefoot's death or disability.

In January 2011, Tara Gold and Tara Minerals entered into employment agreements with Ms. Lynda R. Keeton-Cardno for one year and was continued during 2012 and 2013. The employment agreements provide that Tara Gold and Tara Minerals will collectively pay Ms. Keeton-Cardno a base salary of \$48,000.

The following shows the amounts that Tara Gold expects to pay to its officers during the twelve month period ending December 31, 2014, and the time these persons plan to devote to Tara Gold's business. Amounts include payments to be made by, and time to be spent on, the affairs of Tara Minerals.

| Name                        | Proposed<br>Compensation | Time to be Devoted to<br>Tara Gold and Subsidiaries Business |
|-----------------------------|--------------------------|--------------------------------------------------------------|
| Francis Richard Biscan, Jr. | \$ 276,000               | 40 hours / week                                              |
| David Barefoot              | \$ 204,000               | 40 hours / week                                              |
| Lynda R. Keeton-Cardno      | \$ 48,000                | 20 hours / week                                              |

**Long-Term Incentive Plans.** Tara Gold does not provide its officers or employees with pension, stock appreciation rights, long-term incentive or other plans and has no intention of implementing any of these plans for the foreseeable future.

**Employee Pension, Profit Sharing or other Retirement Plans.** Tara Gold does not have a defined benefit, pension plan, profit sharing or other retirement plan, although it may adopt one or more of such plans in the future.

**Compensation of Directors.** Tara Gold's directors did not receive any compensation for their services as directors during the fiscal year ended December 31, 2013, 2012 or 2011.

**Compensation Committee, Interlocks and Insider Participation.** Our directors, Francis R. Biscan Jr., and David Barefoot act as our compensation committee. Other than the foregoing, during the year ended December 31, 2013, none of our officers was a member of the compensation committee or a director of another entity, which other entity had one of its executive officers serving as one of our directors or as a member of our compensation committee.

**Stock Option and Bonus Plans.** Tara Gold's subsidiary Tara Minerals, has adopted stock option and stock bonus plans. A summary description of these plans follows. In some cases these Plans are collectively referred to as the "Plans".



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**Incentive Stock Option Plan.** Tara Minerals' Incentive Stock Option Plan authorizes the issuance of shares of Tara Minerals' common stock to persons that exercise options granted pursuant to the Plan. Only Tara Minerals employees may be granted options pursuant to the Incentive Stock Option Plan. The option exercise price is determined by Tara Minerals' directors but cannot be less than the market price of Tara Minerals' common stock on the date the option is granted.

**Non-Qualified Stock Option Plan.** Tara Minerals' Non-Qualified Stock Option Plan authorizes the issuance of shares of Tara Minerals' common stock to persons that exercise options granted pursuant to the Plan. Tara Minerals' employees, directors, officers, consultants and advisors are eligible to be granted options pursuant to the Plan, provided, however, that bona fide services must be rendered by such consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction or promoting the price of Tara Mineral's common stock.

**Stock Bonus Plan.** Tara Minerals' Stock Bonus Plan allows for the issuance of shares of common stock to its employees, directors, officers, consultants and advisors. However, bona fide services must be rendered by the consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction or promoting the price of Tara Mineral's common stock.

**Summary.** The following lists, as of April 14, 2014, the options granted and the bonus shares issued pursuant to the Plans. Each option represents the right to purchase one share of Tara Minerals' common stock.

| Name of Plan                    | Total Shares Reserved Under Plans | Shares Reserved for Outstanding Options | Shares Issued as Stock Bonus | Remaining Options/Shares Under Plans |
|---------------------------------|-----------------------------------|-----------------------------------------|------------------------------|--------------------------------------|
| Incentive Stock Option Plan     | 1,000,000                         | 750,000                                 | N/A                          | 250,000                              |
| Non-Qualified Stock Option Plan | 3,000,000                         | 1,600,000                               | N/A                          | 1,400,000                            |
| Stock Bonus Plan                | 750,000                           | N/A                                     | 750,000                      | -                                    |

Tara Minerals' stock option and bonus plans have not been approved by its shareholders.

The following table shows the weighted average exercise price of the outstanding options granted pursuant to Tara Minerals' Stock Option Plans as of December 31, 2013.

| Plan category                   | Number of Securities to be Issued Upon Exercise of Outstanding Options | Weighted-Average Exercise Price Of Outstanding Options | Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column of This Table) |
|---------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Incentive Stock Option Plan     | 750,000                                                                | \$ 0.25                                                | 250,000                                                                                                                                                         |
| Non-Qualified Stock Option Plan | 1,600,000                                                              | \$ 0.24                                                | 1,400,000                                                                                                                                                       |



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The following lists the unexercised options which were outstanding as of April 14, 2014, and held by the Tara Minerals' officers and directors.

| Name                   | Date of Grant | Shares underlying unexercised options which are |               | Exercise Price | Expiration Date |
|------------------------|---------------|-------------------------------------------------|---------------|----------------|-----------------|
|                        |               | Exercisable                                     | Unexercisable |                |                 |
| Francis R. Biscan, Jr. | 5/5/12        | 340,000                                         | 160,000       | \$0.58         | 2016-2018       |
| Francis R. Biscan, Jr. | 1/5/10        | 750,000                                         |               | \$0.05         | 1/5/15          |
| Ramiro Trevizo         | 1/5/10        | 250,000                                         |               | \$0.05         | 1/5/15          |
| David Barefoot         | 9/30/10       | 200,000                                         |               | \$1.00         | 2015-2016       |

The following lists the shares issued pursuant to Tara Minerals' Stock Bonus Plan:

| Name                   | Date    | Shares Issued |
|------------------------|---------|---------------|
| Francis R. Biscan, Jr. | 4/23/09 | 250,000       |
| Francis R. Biscan, Jr. | 1/05/10 | 50,000        |
| Ramiro Trevizo         | 4/23/09 | 200,000       |
| Ramiro Trevizo         | 1/05/10 | 25,000        |

Tara Gold may adopt stock option and bonus plans in the future. However, as of April 14, 2014, Tara Gold did not have any intentions in this regard.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management.

The following sets forth information as of April 14, 2014, regarding the number of shares of our common stock beneficially owned by (i) each person that we know beneficially owns more than 5% of our outstanding common stock, (ii) each of our directors and named executive officers and (iii) all of our directors and named executive officers as a group.

As of April 14, 2014, there were 102,795,119 shares of our common stock issued and outstanding.

| Name and Address                                                     | Number of Shares | Percent of Class |   |
|----------------------------------------------------------------------|------------------|------------------|---|
| Francis R. Biscan, Jr. (1)<br>2162 Acorn Court<br>Wheaton, IL 60189  | 11,994,729       | 11.7             | % |
| David Barefoot (1)<br>240 Columbus Circle<br>Longwood, FL 32750      | -                | 0                | % |
| Lynda R. Keeton-Cardno (1)<br>185 Bethany St.<br>Henderson, NV 89074 | 10,000           | 0                | % |

|                                                   |            |      |   |
|---------------------------------------------------|------------|------|---|
| All officers and directors as a group (3 persons) | 12,004,729 | 11.7 | % |
|---------------------------------------------------|------------|------|---|

(1)Mr. Biscan, Mr. Barefoot, and Ms. Keeton-Cardno control Tara Gold Resources Corp. and Tara Minerals Corp.

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## Item 13. Certain Relationships and Related Transactions, and Director Independence.

There were no transactions with any related persons (as that term is defined in Item 404 in Regulation S-K) during 2013 or 2012, or any currently proposed transaction, in which Tara Gold was or are to be a participant and the amount involved was in excess of \$120,000 and in which any related person had a direct or indirect material interest. We do not have a written policy regarding related party transactions.

During the year ended December 31, 2013 there have been no issuances of Tara Gold's stock to officers, directors or affiliates.

## Item 14. Principal Accountant Fees and Services.

Wilson Morgan LLP performed the Tara Gold interim reviews for 2012. StarkSchenkein, LLP, audited the financials statement for 2012 and 2013 and performed the interim reviews for 2013. The following table shows the aggregate fees billed to Tara Gold for these periods.

|                                | Year ended<br>December 31,<br>2013 | Year ended<br>December 31,<br>2012 |
|--------------------------------|------------------------------------|------------------------------------|
| Audit Fees                     | \$ 51,777                          | \$ 66,477                          |
| Audit-Related Fees             | -                                  | -                                  |
| Financial Information Systems  | -                                  | -                                  |
| Design and Implementation Fees | -                                  | -                                  |
| Tax Fees                       | -                                  | -                                  |
| All Other Fees                 | -                                  | -                                  |

In the above table, "audit fees" are fees billed for services provided related to the audit of Tara Gold's annual financial statements, quarterly reviews of Tara Gold's interim financial statements and services normally provided by the independent accountant in connection with statutory and regulatory filings or engagements for those fiscal periods. "Audit-related fees" are fees not included in audit fees that are billed by the independent accountant for assurance and related services that are reasonably related to the performance of the audit or review of Tara Gold's financial statements. "Tax fees" are fees billed by the independent accountant for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the independent accountant for products and services not included in the foregoing categories.

Audit fees represent amounts billed for professional services rendered for the audit of Tara Gold's annual financial statements and the review of Tara Gold's interim financial statements. Stark Schenkein LLP was engaged in 2013 to audit the period ending December 31, 2012 and to audit the period ending December 31, 2013 and that engagement was approved by Tara Gold's Directors.

Our Board of Directors pre-approves all services provided by our independent accountants. Our Board of Directors reviewed and approved all of the above services and fees.

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## Item 15. Financial Statements and Exhibits.

- a) See Item 13  
b) Exhibits

| Exhibit No. | Description of Exhibit                                                                     |     |
|-------------|--------------------------------------------------------------------------------------------|-----|
| 3.1.1       | Articles of Incorporation                                                                  | (1) |
| 3.1.2       | Amendment to Articles of Incorporation for Name Change To MerchantPark Communications      | (1) |
| 3.1.3       | Amendment to Articles of Incorporation for name change to American Stellar Energy, Inc.    | (1) |
| 3.1.4       | Amendment to Articles of Incorporation for name change to Tara Gold Resources Corp         | (1) |
| 3.2         | Bylaws                                                                                     | (1) |
| 10.1        | Modified Agreement – Centenario                                                            | (1) |
| 10.2        | Acquisition Agreement – Centenario’s technical data                                        | (1) |
| 10.3        | Acquisition Agreement – La Palma                                                           | (1) |
| 10.4        | Acquisition Agreement – La Palma’s technical data                                          | (1) |
| 10.5        | Acquisition Agreement – La Verde                                                           | (1) |
| 10.6        | Acquisition Agreement – La Verde’s technical data                                          | (1) |
| 10.7        | Acquisition Agreement – Tania Iron Ore Property                                            | (1) |
| 10.8        | Modified Agreement – Picacho                                                               | (1) |
| 10.9        | Acquisition Agreement – Picacho’s technical data                                           | (1) |
| 10.10       | Adit Incentive Stock Option Plan                                                           | (1) |
| 10.11       | Adit’s Non-Qualified Stock Option Plan                                                     | (1) |
| 10.12       | Adit’s Stock Bonus Plan                                                                    | (1) |
| 10.13       | Tara Minerals Convertible Note with Adit 4-1-10                                            | (1) |
| 10.14       | Tara Minerals Convertible Note with Adit                                                   | (1) |
| 10.15       | Acquisition Agreement – LE to CAM – Picacho Fracciones                                     | (1) |
| 10.16       | Joint Venture Agreement – Tania Property                                                   | (1) |
| 10.17       | Subcontractor Agreement – Tania Property                                                   | (1) |
| 10.18       | Transfer Agreement – CAM to ACM – Picacho Fracciones                                       | (1) |
| 10.19       | Tara Gold Employment Agreement – CFO                                                       | (1) |
| 10.20       | Tara Minerals Employment Agreement – CFO                                                   | (1) |
| 10.21       | Tara Gold Employment Agreement – CEO                                                       | (1) |
| 10.22       | Tara Minerals Employment Agreement – CEO                                                   | (1) |
| 10.23       | Projecto Godinez – Project/Joint Venture                                                   | (1) |
| 10.24       | Tara Minerals Consulting Agreement                                                         | (1) |
| 10.25       | Amended Tara Gold Employment Agreement – CEO                                               | (2) |
| 10.26       | Amended Tara Minerals Employment Agreement – CEO                                           | (2) |
| 10.27       | Acquisition Agreement – Pilar de Moceribo property                                         | (3) |
| 10.28       | Acquisition Agreement – Don Roman property                                                 | (3) |
| 10.29       | Acquisition Agreement – Las Nuvias property                                                | (3) |
| 10.30       | Acquisition Agreement – El Champinon                                                       | (4) |
| 10.31       | Acquisition Agreement – El Champinon’s technical data                                      | (4) |
| 10.32       | Purchase Agreement among Adit Resources Corp., ACM and Yamana Mexico Holdings B.V.         | (4) |
| 10.33       | Amended Purchase Agreement among Adit Resources Corp., ACM and Yamana Mexico Holdings B.V. | (5) |

|       |                                                       |     |
|-------|-------------------------------------------------------|-----|
| 10.34 | Settlement Agreement and Mutual Release with Carnegie | (6) |
| 10.35 | Identifying Numbers for Mining Claims                 | (7) |
| 21    | Subsidiaries                                          | (2) |

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|         |                                                                                                                                                                           |     |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 31.1    | Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | (7) |
| 31.2    | Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | (7) |
| 32.1    | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by the Chief Executive Officer          | (7) |
| 32.2    | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by the Chief Financial Officer          | (7) |
| 95      | Mine Safety Disclosures                                                                                                                                                   | (7) |
| 101.INS | XBRL Instance Document                                                                                                                                                    | (7) |
| 101.SCH | XBRL Taxonomy Extension Schema Document                                                                                                                                   | (7) |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document                                                                                                                               | (7) |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                      | (7) |
| 101.LAB | XBRL Taxonomy Label Linkbase Document                                                                                                                                     | (7) |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document                                                                                                                              | (7) |

- (1) Filed on August 4, 2011 as part of the Company's report on Form 10.
- (2) Filed with Amendment No. 1 to this Registration Statement.
- (3) Incorporated by reference to the exhibits filed by Tara Minerals Corp. in its Form 10-K report for the year ended December 31, 2010.
- (4) Incorporated by reference to the exhibits filed with the Company's report on Form 10-Q for the quarter ended June 30, 2012
- (5) Incorporated by reference to the exhibits filed with the Company's report on Form 10-Q for the quarter ended September 30, 2012
- (6) Filed with Form 10-K report for the year ended December 31, 2012.
- (7) Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TARA GOLD RESOURCES CORP.  
(Registrant)

Dated: April 14, 2014

By: /s/ Francis Richard Biscan, Jr.  
Francis R. Biscan, Jr., President,  
Chief Executive Officer and Director

Dated: April 14, 2014

By: /s/ Lynda R. Keeton-Cardno  
Lynda R. Keeton-Cardno, CPA  
Principal Financial and Accounting  
Officer

Dated: April 14, 2014

By: /s/ David Barefoot  
David Barefoot  
Director