

TARA GOLD RESOURCES CORP.  
Form 10-Q  
May 14, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION FROM \_\_\_\_\_ TO \_\_\_\_\_.

COMMISSION FILE NUMBER 000-29595

TARA GOLD RESOURCES CORP.  
(Exact Name of Registrant as Specified in its Charter)

Nevada (State or other jurisdiction of incorporation or organization)	90-0316566 (I.R.S. Employer Identification No.)
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375 N. Stephanie St., Bldg. 2 Ste. #211 Henderson, NV (Address of principal executive office)	89014 (Zip code)
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(888) 901-4550  
(Registrant's telephone  
number, including area  
code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§233.405 of

this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No

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

Accelerated filer   
Smaller reporting company R

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

As of May 13, 2013, the Company had 102,795,119 outstanding shares of common stock.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF MARCH 31, 2013 AND FOR  
THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012  
AND  
THE PERIOD FROM INCEPTION (OCTOBER 14, 1999) THROUGH MARCH 31, 2013

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES  
(An Exploration Stage Company)  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands of U.S. Dollars)

	March 31, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash	\$ 488	\$ 957
Other receivables, net	74	304
Due from related parties, net of due to	90	89
Deferred tax asset, current portion	3,323	3,323
Other current assets	67	54
Assets held for disposal, net	132	132
Mining deposits, current portion	220	-
Total current assets	4,394	4,859
Property, plant, equipment, mine development, land and construction in progress, net		
	6,694	8,878
Mining deposits, non-current portion	28	27
Deferred tax asset, non-current portion	2,961	2,961
Other assets	26	25
Total assets	\$ 14,103	\$ 16,750
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,676	\$ 3,460
Notes payable, current portion	184	1,114
Total current liabilities	3,860	4,574
Notes payable, non-current portion	24	722
Total liabilities	3,884	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	(23,871)	(22,720)
Accumulated other comprehensive loss	(445)	(377)
Total Tara Gold stockholders' deficit	(13,426)	(12,207)
Non-controlling interest	23,645	23,061
Total stockholders' equity	10,219	10,854
Total liabilities and stockholders' equity	\$ 14,103	\$ 16,750

See Accompanying Notes to these Condensed Consolidated Financial Statements.



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

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012	From Inception October 14, 1999 to March 31, 2013
<b>Revenues</b>			
Revenue from website development and software	\$ -	\$ -	\$ 168
Mining revenues	-	-	557
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>725</b>
Cost of revenue	-	-	759
<b>Gross margin</b>	<b>-</b>	<b>-</b>	<b>(34 )</b>
Exploration expenses	242	145	10,935
Operating, general, and administrative expenses	943	776	46,047
<b>Net operating loss</b>	<b>(1,185 )</b>	<b>(921 )</b>	<b>(57,016 )</b>
<b>Non-operating income (loss):</b>			
Interest income	13	7	388
Interest expense	(202 )	(5 )	(1,457 )
Settlement loss, net	(862 )	-	(728 )
Loss on extinguishment of debt, net	-	-	(2,186 )
Gain on deconsolidation, dissolution and sale of joint venture interest	-	-	21,036
Loss on disposal of assets	-	-	(405 )
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	-	-	(171 )
Other income	-	-	1,347
<b>Total non-operating (loss) income</b>	<b>(1,051 )</b>	<b>2</b>	<b>14,050</b>
Loss before income taxes	(2,236 )	(919 )	(42,966 )
Income tax benefit	-	-	6,629
<b>Loss from continuing operations</b>	<b>(2,236 )</b>	<b>(919 )</b>	<b>(36,337 )</b>
<b>Discontinued operations:</b>			
Loss from operations of oil properties and La Esquadra	-	-	(1,021 )
Gain from discontinued operations, net of tax	-	(55 )	3,576
<b>Net loss</b>	<b>(2,236 )</b>	<b>(974 )</b>	<b>(33,782 )</b>
<b>Net loss attributable to non-controlling interest</b>	<b>1,085</b>	<b>376</b>	<b>9,911</b>
<b>Net loss attributable to Tara Gold's shareholders</b>	<b>(1,151 )</b>	<b>(598 )</b>	<b>(23,871 )</b>

Other comprehensive gain (loss):							
Foreign currency translation gain (loss)	(68	)	(184	)	(445	)	
Total comprehensive loss	\$ (1,219	)	\$ (782	)	\$ (24,316	)	
Net loss per share, basic and diluted				\$ (0.02	)	\$ (0.01	)
Weighted average number of shares, basic and diluted				102,795,119		102,795,119	

See Accompanying Notes to these Condensed Consolidated Financial Statements.



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

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012	From Inception October 14, 1999 to March 31, 2013
Cash flows from operating activities:			
Net loss attributable to Tara Gold shareholders	\$ (1,151)	\$ (598)	\$ (23,871)
Adjustments to reconcile net loss to net cash:			
Depreciation and amortization	77	74	1,349
Allowance for doubtful accounts	183	230	4,182
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	-	-	1,383
Gain from discontinued operations, net of tax	-	55	(2,575)
Deferred tax asset, net	-	-	(7,243)
Non-controlling interest in net loss of consolidated subsidiaries	(1,085)	(376)	(9,911)
Amortization of beneficial conversion	200	-	850
Loss on the disposal of assets	-	-	222
Realized loss on the sale of marketable securities	-	-	4,993
Common stock of subsidiary issued and option valuation for services	18	-	6,645
Subsidiaries' stock based compensation and stock bonuses	-	-	9,140
Exploration expenses paid with stock of subsidiaries	-	-	4,146
Settlement loss, net	862	-	427
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	-	-	171
Other	-	12	153
Changes in current operating assets and liabilities:			
Other receivables	(180)	(290)	(1,855)
Other assets	(14)	(54)	(888)
Accounts payable and accrued expenses	217	442	2,373
Deferred joint venture income	-	-	(33)
Net cash used in operating activities	(873)	(505)	(28,584)
Cash flows from investing activities:			
	-	-	(3,812)

Acquisition of property, plant, equipment, mine development,  
land and  
construction in progress

Proceeds from the sale of marketable securities	-	-	6,322
Proceeds from the sale or disposal of assets	-	-	731
Purchase of mining concession	-	-	159
Mining deposits	(221)	2	(400)
Loans to unrelated third parties	-	-	(380)
Proceeds from the sale of American Copper Mining	-	-	7,500
Investment in American Copper Mining in 2012	-	(30)	(33)
Other	-	-	(6)
Net cash (used in) provided by investing activities	(221)	(28)	10,081

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

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012	From Inception October 14, 1999 to March 31, 2013
<b>Cash flows from financing activities:</b>			
Proceeds from short term debt	-	-	72
Proceeds from notes payable, related party	-	-	150
Proceeds from notes payable	-	18	480
Payments toward short term debt	-	-	(22 )
Payments toward notes payable	(6 )	-	(11,660 )
Payments toward notes payable, related party	-	-	(100 )
Change in due to/from related parties, net	(1 )	55	22
Non-controlling interest – cash from sale of common stock of subsidiaries	700	347	13,526
Payments from joint venture partners	-	-	10,020
Cash from the sale of common stock	-	-	5,753
Iron Ore Properties financial instrument	-	-	800
Other	-	-	(9 )
Net cash provided by financing activities	693	420	19,032
Effect of exchange rate changes on cash	(68 )	(184 )	(41 )
Net (decrease) increase	(469 )	(297 )	488
Cash, beginning of period	957	419	-
Cash, end of period	\$ 488	\$ 122	\$ 488
<b>Supplemental Information:</b>			
Interest paid	\$ 2	\$ 15	\$ 963
Income taxes paid	\$ -	\$ -	\$ 10
<b>Non-cash Investing and Financing Transactions:</b>			
Conversion of debt and Iron Ore Financial instrument to common stock, plus accrued interest	\$ 800	\$ -	\$ 2,092
Issuance of common stock for assets	\$ -	\$ -	\$ 304
Purchase of or (reduction) in purchase of concession notes payable, stock and warrants plus capitalized interest	\$ -	\$ -	\$ 20,333
Beneficial conversion feature, convertible debt, related and nonrelated party and financial instruments	\$ -	\$ -	\$ 591

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Recoverable value-added taxes incurred through additional debt and due to related party, net of mining concession modification	\$ -	\$ -	\$ 1,564
Purchase of property, equipment and assets with debt	\$ -	\$ -	\$ 1,833
Receipt of stock for joint venture payments and fee income	\$ -	\$ -	\$ 2,301
Accrued and capitalized interest	\$ -	\$ 15	\$ 433
Reclassification of mining deposit to mining concession paid by debt	\$ -	\$ -	\$ 175
Reclassification of assets held for disposal, net	\$ -	\$ -	\$ 132
American Copper Mining assets, net of liabilities reclassified to assets available for sale	\$ -	\$ 1,532	\$ -
Construction in progress reclassified to property, plant and equipment	\$ 113	\$ -	\$ 113
Other	\$ -	\$ -	\$ 90

See Accompanying Notes to these Condensed Consolidated Financial Statements.

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

Note 1. Nature of Business and Significant Accounting Policies

Nature of business and principles of consolidation:

The accompanying Condensed Consolidated Financial Statements of Tara Gold Resources Corp. (the "Company") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2012. Significant accounting policies disclosed therein have not changed except as noted below.

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, the Company 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"). 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. As of March 31, 2013, Tara Gold owned approximately 48% of the outstanding common stock of Tara Minerals. The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. As of March 31, 2013 we continue to consolidate Tara Minerals and its subsidiaries even though Tara Gold's ownership is below 50% due to control of Tara Minerals via a common Board of Directors and management.

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

On May 25, 2011, Tara Gold commenced distributing shares of Tara Minerals to its shareholders. Tara Gold distributed 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 the Tara Gold has distributed all of Tara Minerals' shares, Tara Gold will not have any interest in the properties owned by Tara Minerals, AMM or Adit.

After the Tara Gold has distributed all of Tara Minerals' shares, both Tara Gold and Tara Minerals will 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.

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.

In these financial statements, references to "Company," "we," "our," and/or "us," refer to Tara Gold Resources Corp. and, unless the context indicates otherwise, its consolidated subsidiaries.

The accompanying condensed consolidated financial statements and the related footnote information are unaudited. In the opinion of management, they include all normal recurring adjustments necessary for a fair

presentation of the condensed consolidated balance sheets of the Company as of March 31, 2013 and December 31, 2012, the condensed consolidated results of its operations for the three months ended March 31, 2013 and 2012 and the condensed consolidated statements of cash flows for the three months ended March 31, 2013 and 2012. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

All amounts are in U.S. dollars unless otherwise indicated. All significant inter-company balances and transactions have been eliminated in consolidation.

The reporting currency of the Company, Tara Minerals and Adit is the U.S. dollar. The functional currency of Amermin and AMM 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).

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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 and AMM are as follows for the three months ended March 31, 2013 and 2012. Mexican pesos per one U.S. dollar:

		March 31, 2013
Current exchange rate	Ps.	12.3546
Weighted average exchange rate for the three months ended	Ps.	12.6468
		March 31, 2012
Current exchange rate	Ps.	12.8489
Weighted average exchange rate for the three months ended	Ps.	13.0087

The Company's significant accounting policies are:

#### 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.

#### Reclassifications

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

#### 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 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. 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.

	March 31, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Allowance – recoverable value-added taxes	\$ 2,994	\$ 2,829
Allowance – other receivables	382	364
Total	\$ 3,376	\$ 3,193

#### Recently Adopted and Recently Issued Accounting Guidance

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, 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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Note 2. Property, plant, equipment, mine development, land and construction in progress, net

	March 31, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Land	\$ 20	\$ 20
La Currita	1,253	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)	203	2,154
Mining concessions	3,582	5,533
Construction in progress	-	269
Property, plant and equipment	4,095	3,982
	7,697	9,804
Less – accumulated depreciation	(1,003)	(926)
	\$ 6,694	\$ 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.

a. In September 2011, the Company leased the Mina El Championon Iron Ore Project (“Championon”) 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 Championon 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 May 2012, the Company purchased technical data pertaining to Championon from the former owner for 500,000 shares of Tara Minerals’ common stock, valued at \$430,000.

On March 15, 2013, a Settlement Agreement and Release (“Agreement”) was entered into by and among Tara Minerals, AMM, 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 property further described below, AMM assigned its Championon mining rights purchase contract, including all related obligations and acquisition payments, to Plathio Trading Mexico, SA de CV, Carnegie’s Mexican subsidiary, and Tara Minerals agreed to issue to Carnegie 500,000 restricted shares of the Tara Minerals’ common stock, which may not be sold until the earlier of: (i) Tara Minerals’ 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 Championon property, AMM retains mining and beneficial rights to a known silver, zinc, and led vein structure present on the Championon

concession. On March 22, 2013, the 500,000 restricted shares were issued. The Agreement confirms Carnegie's acknowledgement of Tara Minerals' 100% ownership of the Don Roman property. The Company recognized a loss of \$861,996 on the settlement agreement mentioned above.

At March 31, 2013, the Company retains ownership of 14 hectares of the Champinon mining concession valued at \$203,000.

Note 3. Mining Deposits, current portion

January 2013, the Company entered into an agreement to purchase the Dixie Mining District, located in Idaho, for \$400,000. The transaction is expected to close in May 2013. As of March 31, 2013, the Company has a mining deposit of \$220,000 that will be applied to the purchase price of the Dixie Mining District.

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## Note 4. Notes Payable

The following table represents the outstanding balance of notes payable.

	March 31, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Mining concessions	\$ 150	\$ 1,772
Auto loans	58	64
Related party	-	-
	208	1,836
Less – current portion	(184 )	(1,114 )
Non-current portion	\$ 24	\$ 722

In March 2008, Pershimco Resources transferred its mineral claims and obligations linked to Mariana and Mezquite prospect to Tara Gold. The obligations transferred to Tara Gold 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, Tara Gold could not determine whether the note holder or Tara Gold held title to this property, and, as a result, has impaired the property. As of March 31, 2013, Tara Gold was negotiating to amend its agreements with this vendor regarding Mariana and Mesquite Prospect and remove the related notes payable of \$150,000, including applicable value added tax.

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

	2013	2014	2015	2016	2017	Total
Mining concessions	\$ 150	\$-	\$-	\$-	\$-	\$ 150
Auto loans	34	21	3	-	-	58
Total	\$ 184	\$ 21	\$ 3	\$-	\$-	\$ 208

## Note 5. Related Party Transactions

	March 31, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Due to related parties	\$ (1,038 )	\$ (980 )
Due from related parties	1,128	1,069
	\$ 90	\$ 89

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

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

Tara Minerals is a subsidiary of Tara Gold Resources Corp. 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, 2012 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 March 31, 2013, Amermin has loaned a total of \$1,015,664 to AMM at 0% interest, due on demand.

As of March 31, 2013, Tara Minerals has loaned a total of \$979,087 to Tara Gold at 0% interest, due on demand.

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. These notes are unsecured, bear interest at U.S. prime rate plus 3.25% per year and are due and payable between May and December 2013. As of March 31, 2013 Tara Minerals owed Adit \$5,095,131 in interest and principal.

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Note 6. 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 has not been issued and this is not a debt instrument, the amount raised has been treated as a temporary financing instrument until such time as changes 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. Once a triggering event takes place the beneficial conversion feature accounting will follow the treatment of debt or equity.

In January 2013, Tara Minerals entered into conversion agreements on the above referenced financial instruments to convert the financial instruments to a total of 1,600,000 shares of Tara Minerals' common stock. In February 2013, the Company issued 300,000 shares of common stock and 1,300,000 additional shares are to be issued as of March 31, 2013.

Note 7. Stockholders' Equity

For the three months ended March 31, 2013, Tara Gold did not issue any shares of its common stock.

Note 8. Non-controlling Interest

Cumulative results of these activities results in:

March 31,  
2013

December 31, 2012

(In thousands of U.S. Dollars)