

ROYAL BANK OF CANADA
Form FWP
December 05, 2017

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Dated December 5, 2017

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STRUCTURED INVESTMENTS

Opportunities in International Equities

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

The Dual Directional Trigger Jump Securities (the “securities”) are senior unsecured obligations of Royal Bank of Canada, do not pay interest, do not guarantee any return of principal at maturity and have the terms described in the accompanying prospectus supplement and prospectus, as supplemented or modified by this document. At maturity, if the level of the underlying index has not decreased, investors will receive the stated principal amount of their investment plus positive return equal to the digital return. If the level of the underlying index has decreased, but not by more than 20%, investors will receive the stated principal amount plus an unleveraged positive return equal to the absolute value of the percentage decrease, which will effectively be limited to a positive return of 20%. However, if the level of the underlying index has decreased by more than 20%, investors will lose 1% of the stated principal amount for every 1% decrease in the final index level from the initial index level. These securities are for investors who seek an equity index-based return and who are willing to risk their principal and forgo current income in exchange for the potential benefit of the digital return and the unleveraged absolute return feature, which applies to a limited range of negative performance of the underlying index. Investors may lose their entire initial investment in the securities. The securities are senior notes issued as part of Royal Bank of Canada’s Global Medium-Term Notes, Series G program. All payments on the securities are subject to the credit risk of Royal Bank of Canada.

SUMMARY TERMS

Issuer:	Royal Bank of Canada
Underlying index:	EURO STOXX 50 [®] Index (the “SX5E”)
Aggregate principal amount:	\$
Stated principal amount:	\$10 per security
Issue price:	\$10 per security (see “Commissions and issue price” below)
Pricing date:	December 6, 2017
Issue date:	December 11, 2017 (three business days after the pricing date)
Maturity date:	June 11, 2020
Payment at maturity:	<ul style="list-style-type: none">· If the final index level is greater than or equal to the initial index level, \$10 + the product of (a) \$10 and (b) the digital return· If the final index level is less than the initial index level but is greater than or equal to the trigger level, \$10 + (\$10 × absolute index return) In this scenario, you will receive a 1% positive return on the securities for each 1% decrease in the level of the underlying index. In no event will this amount exceed the stated principal amount plus \$2.00. <ul style="list-style-type: none">· If the final index level is less than the trigger level,

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\$10 + (\$10 × underlying index return)

Under these circumstances, the payment at maturity will be less than \$8.00. You will lose at least 20% and possibly all of the stated principal amount if the final index level is less than the trigger level.

Digital return:	24.45%
Underlying index return:	(final index level – initial index level) / initial index level
Absolute index return:	The absolute value of the underlying index return. For example, a -5% underlying index return will result in a +5% absolute index return
Trigger level:	80% of the initial index level
Initial index level:	The closing level of the underlying index on the pricing date
Final index level:	The closing level of the underlying index on the valuation date
Valuation date:	June 8, 2020, subject to adjustment for non-trading days and certain market disruption events
CUSIP / ISIN:	78013F818 / US78013F8187
Listing:	The securities will not be listed on any securities exchange.
Agent:	RBC Capital Markets, LLC (“RBCCM”). See “Supplemental Information Regarding Plan of Distribution; Conflicts of Interest.”
Commissions and issue price:	Price to public Agent’s commissions Proceeds to issuer
Per security	\$10.00 \$0.25 ⁽¹⁾ \$9.70
	\$0.05 ⁽²⁾
Total	\$ \$ \$

RBCCM, acting as agent for Royal Bank of Canada, will receive a fee of \$0.30 per \$10 stated principal amount and (1) will pay to Morgan Stanley Wealth Management (“MSWM”) a fixed sales commission of \$0.25 for each security that MSWM sells. See “Supplemental Information Regarding Plan of Distribution; Conflicts of Interest.”

(2) Of the amount per \$10 stated principal amount received by RBCCM, acting as agent for Royal Bank of Canada, RBCCM will pay MSWM a structuring fee of \$0.05 for each security.

The pricing date, the issue date and other dates set forth above are subject to change, and will be set forth in the pricing supplement relating to the securities.

The initial estimated value of the securities as of the date of this document is \$9.6798 per \$10.00 security, which is less than the price to public. The final pricing supplement relating to the securities will set forth our estimate of the initial value of the securities as of the pricing date, which will not be more than \$0.30 less than this amount. The market value of the securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount.

An investment in the securities involves certain risks. See “Risk Factors” beginning on page 6 of this document, page S-1 of the accompanying prospectus supplement and page 1 of the prospectus.

You should read this document together with the related prospectus supplement and prospectus, each of which can be accessed via the hyperlinks below, before you decide to invest.

Please also see “Additional Terms of the Securities” in this document.

[Prospectus Supplement dated January 8, 2016](#)

[Prospectus dated January 8, 2016](#)

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of the securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense. The securities will not constitute deposits insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other Canadian or U.S.

government agency or instrumentality.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Investment Summary

Dual Directional Trigger Jump Securities

Principal at Risk Securities

The Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020 (the “securities”) can be used:

§ As an alternative to direct exposure to the underlying index that provides a fixed positive return of 24.45% if the underlying index has not decreased from the pricing date to the valuation date.

§ To obtain an unleveraged positive return for a limited range of negative performance of the underlying index.

§ To enhance returns and potentially outperform the underlying index in a moderately bullish or moderately bearish scenario.

The securities are exposed on a 1:1 basis to the full negative performance of the underlying index if the final index level is less than the trigger level.

Maturity: Approximately two and a half years

Digital return: 24.45%

Trigger level: 80% of the initial index level

Minimum payment at maturity: None. Investors may lose their entire initial investment in the securities.

Coupon: None

December 2017 Page 2

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Key Investment Rationale

The securities offer the potential for a positive fixed return if the level of the underlying index does not decrease and an unleveraged positive return equal to the absolute value of a limited range of negative performance of the underlying index. At maturity, if the level of the underlying index has not decreased, investors will receive the stated principal amount plus a positive return equal to the digital return. If the level of the underlying index has decreased, but by no more than 20%, investors will receive the stated principal amount plus an unleveraged positive return equal to the absolute value of the percentage decrease, which will effectively be limited to a positive return of 20%. However, if the level of the underlying index has decreased by more than 20%, investors will lose 1% of the principal amount for every 1% decrease in the final index level from the initial index level. Investors may lose their entire initial investment in the securities.

Digital
Return
Scenario

The final index level is equal to the initial index level or is greater than the initial index level. In this case, the securities offer the digital return of 24.45%.

Absolute
Return
Scenario

The final index level is less than the initial index level but is greater than or equal to the trigger level, which is 80% of the initial index level. In this case, you receive a 1% positive return on the securities for each 1% decrease in the level of the underlying index. For example, if the final index level is 10% less than the initial index level, the securities will provide a total positive return of 10% at maturity. The maximum return you may receive in this scenario is a positive 20% return at maturity.

Downside
Scenario

The final index level is less than the trigger level, and, at maturity, we will pay less than the stated principal amount by an amount that is proportionate to the percentage decrease in the level of the underlying index from the initial index level. Under these circumstances, the payment at maturity will be less than \$8.00 per security. For example, if the final index level is 70% less than the initial index level, you will lose 70% of the principal amount and receive only \$3.00 per security at maturity. There is no minimum payment at maturity on the securities, and you could lose your entire investment.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50® Index, due June 11, 2020

Principal at Risk Securities

Additional Information

You should read this document together with the prospectus dated January 8, 2016, as supplemented by the prospectus supplement dated January 8, 2016, relating to our Senior Global Medium-Term Notes, Series G, of which the securities are a part. This document, together with these documents, contains the terms of the securities and supersedes all other prior or contemporaneous oral statements as well as any other written materials, including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours.

You should rely only on the information provided or incorporated by reference in this document, the prospectus and the prospectus supplement. We have not authorized anyone else to provide you with different information, and we take no responsibility for any other information that others may give you. We and Morgan Stanley Wealth Management are offering to sell the securities and seeking offers to buy the securities only in jurisdictions where it is lawful to do so. The information contained in this document and the accompanying prospectus supplement and prospectus is current only as of their respective dates.

If the information in this document differs from the information contained in the prospectus supplement or the prospectus, you should rely on the information in this document.

You should carefully consider, among other things, the matters set forth in “Risk Factors” in this document and the accompanying prospectus supplement, as the securities involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the securities. You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

·Prospectus dated January 8, 2016:

<http://www.sec.gov/Archives/edgar/data/1000275/000121465916008810/j18160424b3.htm>

·Prospectus Supplement dated January 8, 2016:

<http://www.sec.gov/Archives/edgar/data/1000275/000121465916008811/p14150424b3.htm>

Our Central Index Key, or CIK, on the SEC website is 1000275.

Please see the section “Documents Incorporated by Reference” on page i of the above prospectus for a description of our filings with the SEC that are incorporated by reference therein.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in this offering will arrange to send you the prospectus if you request it by calling toll-free 1-800-584-6837.

December 2017 Page 4

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

How the Dual Directional Trigger Jump Securities Work

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the securities for a range of hypothetical percentage changes in the closing level of the underlying index. The graph is based on the following terms:

Stated principal amount:	\$10 per security
Digital return:	24.45%
Trigger level:	80% of the initial index level
Minimum payment at maturity:	None

Dual Directional Trigger Jump Securities Payoff Diagram

How it works

§ Upside Scenario. If the final index level is greater than or equal to the initial index level, then investors would receive the \$10 stated principal amount plus a return equal to the digital return.

§ Absolute Return Scenario. If the final index level is less than the initial index level but is greater than or equal to the trigger level of 80% of the initial index level, the investor would receive a 1% positive return on the securities for each 1% decrease in the level of the underlying index.

§ For example, if the level of the underlying index decreases by 10%, the investor would receive a 10% return, or \$11.00 per security. The maximum return you may receive in this scenario is a positive 20% return at maturity.

§ Downside Scenario. If the final index level is less than the trigger level, the investor would receive an amount less than the \$10 stated principal amount, based on a 1% loss of principal for each 1% decrease in the level of the underlying index. Under these circumstances, the payment at maturity will be less than \$8.00 per security. There is no minimum payment at maturity on the securities.

§ For example, if the level of the underlying index decreases by 70%, the investor would lose 70% of the principal amount and receive only \$3.00 per security at maturity, or 30% of the stated principal amount.

December 2017 Page 5

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Risk Factors

An investment in the securities is subject to the risks described below, as well as the risks described under “Risk Factors” in the accompanying prospectus supplement and prospectus. Investors in the securities are also exposed to further risks related to the issuer of the securities, Royal Bank of Canada, which are described in Royal Bank of Canada’s annual report on Form 40-F for its most recently completed fiscal year, filed with the SEC and incorporated by reference herein. See the categories of risks, identified and disclosed in the management’s discussion and analysis of financial condition and results of operations included in the annual report on Form 40-F. This section (and the management’s discussion and analysis section of the annual report on Form 40-F) describes the most significant risks relating to the securities. You should carefully consider whether the securities are suited to your particular circumstances.

The securities do not pay interest or guarantee return of any principal. The terms of the securities differ from those of ordinary debt securities in that the securities do not pay interest or guarantee the payment of any principal amount at maturity. If the final index level is less than the trigger level (which is 80% of the initial index level), the absolute return feature will not apply and the payout at maturity will be an amount in cash that is at least 20% less than the § \$10 stated principal amount of each security. In this case, you will lose a significant portion of your principal amount equal to the full percentage decrease in the level of the underlying index from the initial index level to the final index level. There is no minimum payment at maturity on the securities, and, accordingly, you could lose your entire initial investment in the securities.

The appreciation potential of the securities is limited. The appreciation potential of the securities is limited by the § digital payment at maturity of \$12.445 per security, or 124.45% of the stated principal amount. Accordingly, if the § underlying index increases by more than 124.45%, an investment in the securities will return less than percentage increase of the underlying index.

The market price of the securities will be influenced by many unpredictable factors. Several factors will influence § the value of the securities in the secondary market and the price at which RBCCM may be willing to purchase or sell the securities in the secondary market, including:

§ the trading price and volatility (frequency and magnitude of changes in value) of the securities represented by the § underlying index;

§ dividend yields on the securities represented by the underlying index;

§ market interest rates;

§ our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market;

§ time remaining to maturity;

§ geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlying § index; and

§ the exchange rate between the U.S. dollar and the euro.

Generally, the longer the time remaining to maturity, the more the market price of the securities will be affected by the other factors described above. The level of the underlying index may be volatile, and you should not take the historical levels of the underlying index as an indication of future performance. See “Information About the Underlying Index” below. You may receive less, and possibly significantly less, than the stated principal amount per security if you sell your securities prior to maturity.

The securities are subject to the credit risk of Royal Bank of Canada, and any actual or anticipated changes to its credit ratings or credit spreads may adversely affect the market value of the securities. You are dependent on Royal § Bank of Canada’s ability to pay all amounts due on the securities at maturity and therefore you are subject to the credit risk of Royal Bank of Canada. If Royal Bank of Canada defaults on its obligations under the securities, your investment would be at risk and you could lose some or all of your investment. As a result, the

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50® Index, due June 11, 2020

Principal at Risk Securities

market value of the securities prior to maturity will be affected by changes in the market's view of Royal Bank of Canada's creditworthiness. Any actual or anticipated decline in Royal Bank of Canada's credit ratings or increase in the credit spreads charged by the market for taking Royal Bank of Canada credit risk is likely to adversely affect the market value of the securities.

The amount payable on the securities is not linked to the level of the underlying index at any time other than the valuation date. The final index level will be based on the closing level of the underlying index on the valuation date, subject to adjustment for non-trading days and certain market disruption events. Even if the level of the underlying index increases prior to the valuation date but then decreases by the valuation date to a level that is less than the § trigger level, the payment at maturity will be significantly less than it would have been had the payment at maturity been linked to the level of the underlying index prior to that decrease. Although the actual level of the underlying index on the maturity date or at other times during the term of the securities may be higher than the final index level, the payment at maturity will be based solely on the closing level of the underlying index on the valuation date. Investing in the securities is not equivalent to investing in the underlying index. Investing in the securities is not § equivalent to investing in the underlying index or its component stocks. Investors in the securities will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying index.

The initial estimated value of the securities will be less than the price to the public. The initial estimated value that is set forth on the cover page of this document, and that will be set forth in the final pricing supplement for the securities, does not represent a minimum price at which we, RBCCM or any of our affiliates would be willing to purchase the securities in any secondary market (if any exists) at any time. If you attempt to sell the securities prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the level of the underlying index, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the agent's commissions and the estimated costs relating to our hedging of the securities. These factors, together with various credit, market and economic factors § over the term of the securities, are expected to reduce the price at which you may be able to sell the securities in any secondary market and will affect the value of the securities in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your securities prior to maturity may be less than your original purchase price, as any such sale price would not be expected to include the agent's commissions and the hedging costs relating to the securities. In addition to bid-ask spreads, the value of the securities determined for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the securities and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding rate was used. The securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your securities to maturity.

Our initial estimated value of the securities is an estimate only, calculated as of the time the terms of the securities are set. The initial estimated value of the securities is based on the value of our obligation to make the payments on the securities, together with the mid-market value of the derivative embedded in the terms of the securities. See § "Structuring the Securities" below. Our estimate is based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the securities. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the securities or similar securities at a price that is significantly different than we do.

The value of the securities at any time after the pricing date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the securities in any secondary market, if any, should be expected to differ materially from the initial estimated value of your securities.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Adjustments to the underlying index could adversely affect the value of the securities. The sponsor of the underlying index (the “index sponsor”) may add, delete or substitute the stocks constituting the underlying index, or make other § methodological changes. Further, the index sponsor may discontinue or suspend calculation or publication of the underlying index at any time. Any of these actions could affect the value of and the return on the securities.

We have no affiliation with the index sponsor and will not be responsible for any actions taken by the index sponsor. The index sponsor is not an affiliate of ours and will not be involved in the offering of the securities in any way. Consequently, we have no control over the actions of the index sponsor, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. The index sponsor has no obligation of any sort with respect to the securities. Thus, the index sponsor has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the securities. None of our proceeds from the issuance of the securities will be delivered to the index sponsor.

The securities will not be listed on any securities exchange and secondary trading may be limited. The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. RBCCM may, but is not obligated to, make a market in the securities, and, if it chooses to do so at any time, it may cease doing so. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimated of the current value of the securities, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related § hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily. Because we do not expect that other broker-dealers will participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which RBCCM is willing to transact. If, at any time, RBCCM were not to make a market in the securities, it is likely that there would be no secondary market for the securities. Accordingly, you should be willing to hold your securities to maturity.

Historical levels of the underlying index should not be taken as an indication of its future levels during the term of the securities. The trading prices of the equity securities comprising the underlying index will determine the level of § the underlying index at any given time. As a result, it is impossible to predict whether the level of the underlying index will rise or fall. Trading prices of the equity securities comprising the underlying index will be influenced by complex and interrelated political, economic, financial and other factors.

Hedging and trading activity by us and our subsidiaries could potentially adversely affect the value of the securities. One or more of our subsidiaries and or third party dealers expect to carry out hedging activities related to the securities (and possibly to other instruments linked to the underlying index or the securities it represents), including trading in those securities as well as in other related instruments. Some of our subsidiaries also may conduct trading activities relating to the underlying index on a regular basis as part of their general broker-dealer and other § businesses. Any of these hedging or trading activities on or prior to the pricing date could potentially affect the initial index level and, therefore, could increase the level above which the underlying index must close on the valuation date so that investors do not suffer a significant loss on their initial investment in the securities.

Additionally, such hedging or trading activities during the term of the securities, including on the valuation date, could adversely affect the closing level of the underlying index on the valuation date and, accordingly, the amount of cash an investor will receive at maturity, if any.

Our business activities may create conflicts of interest. We and our affiliates may engage in trading activities related to the underlying index or the securities represented by the underlying index that are not for the account of holders of the securities or on their behalf. These trading activities may present a conflict between the holders’ interest in the § securities and the interests we and our affiliates will have in proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for our customers and in accounts under our management. These trading activities could be adverse to the interests of the holders of the securities.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50® Index, due June 11, 2020

Principal at Risk Securities

We and our affiliates may presently or from time to time engage in business with one or more of the issuers of the securities represented by the underlying index. This business may include extending loans to, or making equity investments in, such companies or providing advisory services to such companies, including merger and acquisition advisory services. In the course of business, we and our affiliates may acquire non-public information relating to these companies, which we have no obligation to disclose to you, and, in addition, one or more of our affiliates may publish research reports about these companies. Neither we nor the agent have made any independent investigation regarding any matters whatsoever relating to the issuers of the securities represented by the underlying index. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the underlying index or the securities which it represents. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. Any of these activities by us or one or more of our affiliates may affect the level of the underlying index and, therefore, the market value of the securities.

The calculation agent, which is a subsidiary of the issuer, will make determinations with respect to the securities, which may create a conflict of interest. Our wholly owned subsidiary, RBCCM, will serve as the calculation agent. As calculation agent, RBCCM will determine the initial index level, the final index level and the underlying index return, and calculate the amount of cash, if any, you will receive at maturity. Moreover, certain determinations made by RBCCM, in its capacity as calculation agent, may require it to exercise discretion and make subjective § judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or the calculation of the final index level in the event of a market disruption event or discontinuance of the underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity, if any. For further information regarding these types of determinations, see “Additional Terms of the Securities” below.

An investment in securities linked to the SX5E Is subject to risks associated with foreign securities markets. The SX5E tracks the value of certain foreign equity securities. You should be aware that investments in securities linked to the value of foreign equity securities involve particular risks. The foreign securities markets comprising the SX5E may have less liquidity and may be more volatile than U.S. or other securities markets and market developments § may affect foreign markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in foreign countries are subject to political, economic, financial and social factors that apply in those geographical regions. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in a foreign government’s economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, foreign economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

Securities linked to the SX5E are subject to foreign currency exchange rate risk — The level of the SX5E will fluctuate based upon changes in the value of the currency in which the stock represented by this underlying index is traded. § Accordingly, investors in securities linked to this underlying index will be exposed to currency exchange rate risk with respect to each of the currencies in which those stocks are traded. An investor’s net exposure will

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

depend in part on the extent to which these currencies strengthen or weaken against the U.S. dollar. We will make no adjustment to the terms of the securities based on changes in these exchange rates.

Significant aspects of the tax treatment of the securities are uncertain. The tax treatment of an investment in the securities is uncertain. We do not plan to request a ruling from the Internal Revenue Service (the “IRS”) or from the § Canada Revenue Agency regarding the tax treatment of an investment in the securities, and the IRS, the Canada Revenue Agency or a court may not agree with the tax treatment described in this document.

The IRS has issued a notice indicating that it and the U.S. Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the securities even though that holder will not receive any payments with respect to the securities until maturity and whether all or part of the gain a holder may recognize upon sale, exchange or maturity of an instrument such as the securities should be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis. Please read carefully the sections entitled “Canadian Federal Income Tax Consequences” and “Supplemental Discussion of U.S. Federal Income Tax Consequences” in this document, the section entitled “Tax Consequences” in the accompanying prospectus and the section entitled “Certain Income Tax Consequences” in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

December 2017 Page 10

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Additional Terms of the Securities

Please read this information in conjunction with the summary terms on the front cover of this document.

Additional Provisions

If the valuation date occurs on a day that is not a trading day or on a day on which the calculation agent has determined that a market disruption event (as defined below) has occurred or is continuing, then the valuation date will be postponed until the next succeeding trading day on which the calculation agent determines that a market disruption event does not occur or is not continuing;

Postponement of the valuation date: provided that in no event will the valuation date be postponed by more than five trading days. If the valuation date is postponed by five trading days, and a market disruption event occurs or is continuing on that fifth trading day, then the calculation agent may determine, in its good faith and reasonable judgment, what the closing level of the underlying index would have been in the absence of the market disruption event. If the valuation date is postponed, then the maturity date will be postponed by an equal number of business days. No interest shall accrue or be payable as a result of such postponement.

With respect to the underlying index and any relevant successor index, a “market disruption event” means:

- a suspension, absence or material limitation of trading of equity securities then constituting 20% or more of the level of the underlying index (or the relevant successor index) on the relevant exchanges (as defined below) for such securities for more than two hours of trading during, or during the one hour period preceding the close of, the principal trading session on such relevant exchange; or
- a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for equity securities then constituting 20% or more of the level of the underlying index (or the relevant successor index) during the one hour preceding the close of the principal trading session on such relevant exchange are materially inaccurate; or
- a suspension, absence or material limitation of trading on the primary exchange or market for trading in futures or options contracts related to the underlying index (or the relevant successor index) for more than two hours of trading during, or during the one hour period preceding the close of, the principal trading session on such exchange or market; or
- a decision to permanently discontinue trading in the relevant futures or options contracts; in each case as determined by the calculation agent in its sole discretion; and
- a determination by the calculation agent in its sole discretion that the event described above materially interfered with our ability or the ability of any of our affiliates to adjust or unwind all or a material portion of any hedge with respect to the securities.

Market disruption events:

For purposes of determining whether a market disruption event with respect to the underlying index (or the relevant successor index) exists at any time, if trading in a security included in the underlying index (or the relevant successor index) is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the underlying index (or the relevant successor index) will be based on a comparison of (a) the portion of the level of the underlying index (or the relevant successor index) attributable to that security relative to (b) the overall level of the underlying index (or the relevant successor index), in each case immediately before that suspension or limitation.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

For purposes of determining whether a market disruption event with respect to the underlying index (or the relevant successor index) has occurred:

- a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange, or the primary exchange or market for trading in futures or options contracts related to the underlying index (or the relevant successor index);
- limitations pursuant to the rules of any relevant exchange similar to NYSE Rule 80B (or any applicable rule or regulation enacted or promulgated by any other self-regulatory organization or any government agency of scope similar to NYSE Rule 80B as determined by the calculation agent) on trading during significant market fluctuations will constitute a suspension, absence or material limitation of trading;
- a suspension of trading in futures or options contracts on the underlying index (or the relevant successor index) by the primary exchange or market trading in such contracts by reason of:
 - a price change exceeding limits set by such exchange or market,
 - an imbalance of orders relating to such contracts, or
 - a disparity in bid and ask quotes relating to such contracts,will, in each such case, constitute a suspension, absence or material limitation of trading in futures or options contracts related to the underlying index (or the relevant successor index); and
- a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary exchange or market on which futures or options contracts related to the underlying index (or the relevant successor index) are traded will not include any time when such exchange or market is itself closed for trading under ordinary circumstances.

“Relevant exchange” means the primary exchange or market of trading for any security (or any combination thereof) then included in the underlying index or such successor index, as applicable. If the index sponsor discontinues publication of the underlying index and the index sponsor or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued index (such index being referred to herein as a “successor index”), then the closing level of the underlying index on the valuation date will be determined by reference to the level of such successor index at the close of trading on the relevant exchange for the successor index on such day.

Upon any selection by the calculation agent of a successor index, the calculation agent will cause written notice to be promptly furnished to the trustee, to us and to the holders of the securities.

Discontinuation of/adjustments to the underlying index:

If the index sponsor discontinues publication of the underlying index prior to, and that discontinuation is continuing on the valuation date, and the calculation agent determines, in its sole discretion, that no successor index is available at that time or the calculation agent has previously selected a successor index and publication of that successor index is discontinued prior to, and that discontinuation is continuing on, the valuation date, then the calculation agent will determine the closing level of the underlying index for that date. The closing level of the underlying index will be computed by the calculation agent in accordance with the formula for and method of calculating the underlying index or successor index, as applicable, last in effect prior to the discontinuation, using the closing price (or, if trading in the relevant securities has been materially suspended or materially limited, the calculation agent’s good faith estimate of the closing price that would have prevailed but for the suspension or limitation) at the close of the principal trading session on that date of each security most recently included in the underlying index or successor index, as applicable.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

If at any time the method of calculating the underlying index or a successor index, or the level thereof, is changed in a material respect, or if the underlying index or a successor index is in any other way modified so that the underlying index or successor index does not, in the opinion of the calculation agent, fairly represent the level of the underlying index or successor index had those changes or modifications not been made, then the calculation agent will, at the close of business in New York City on the date on which the closing level of the underlying index is to be determined, make any calculations and adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a level of a stock index comparable to the underlying index or successor index, as the case may be, as if those changes or modifications had not been made, and calculate the closing level of the underlying index with reference to the underlying index or such successor index, as adjusted. Accordingly, if the method of calculating the underlying index or a successor index is modified so that the level of the underlying index or such successor index is a fraction of what it would have been if there had been no such modification (e.g., due to a split in the underlying index), then the calculation agent will adjust its calculation of the underlying index or such successor index in order to arrive at a level of the underlying index or such successor index as if there had been no such modification (e.g., as if such split had not occurred).

Notwithstanding these alternative arrangements, discontinuation the publication of or modification of the underlying index or successor index, as applicable, may adversely affect the value of the securities. A business day means a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which

Business day: banking institutions in The City of New York generally are authorized or obligated by law, regulation or executive order to close.

A trading day means a day, as determined by the calculation agent, on which trading is generally conducted on (i) the relevant exchanges for securities comprising the underlying index or the successor index and (ii) the exchanges on which futures or options contracts related to the underlying index or the successor index are traded, other than a day on which trading on such relevant exchange or exchange on which such futures or options contracts are traded is scheduled to close prior to its regular weekday closing time.

Trading day:

In the event we fail to make a payment on the maturity date, any overdue payment in respect of such payment on the securities will bear interest until the date upon which all sums due are received by or on behalf of the relevant holder, at a rate per annum which is the rate for deposits in U.S. dollars for a period of six months which appears on the Reuters Screen LIBOR page as of 11:00 a.m. (London time) on the first business day following such failure to pay. Such rate shall be determined by the calculation agent. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of the actual number of days in the period.

Default interest upon acceleration:

If the maturity of the securities is accelerated upon an event of default under the Indenture, the amount payable upon acceleration will be determined by the calculation agent. Such amount will be the payment at maturity, calculated as if the date of declaration of acceleration were the valuation date.

Events of default and acceleration:

Minimum ticketing size: \$1,000 / 100 securities

Additional amounts: We will pay any amounts to be paid by us on the securities without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings (“taxes”) now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of Canada or any Canadian political subdivision or authority that has the power to tax, unless the deduction or withholding is required by law or by the interpretation or administration thereof by the relevant governmental authority. At any time a Canadian taxing jurisdiction requires us to deduct or withhold for or on account of taxes from any payment made under or in respect of the securities, we will pay such additional amounts (“Additional Amounts”) as may be

necessary so that the net amounts received by each holder (including Additional Amounts), after such deduction or withholding, shall not be less than the amount the holder would have received had no such deduction or

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

withholding been required.

However, no Additional Amounts will be payable with respect to a payment made to a holder of a security or of a right to receive payments in respect thereto (a "Payment Recipient"), which we refer to as an "Excluded Holder," in respect of any taxes imposed because the beneficial owner or Payment Recipient:

- (i) is someone with whom we do not deal at arm's length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment;
- (ii) is subject to such taxes by reason of its being connected presently or formerly with Canada or any province or territory thereof otherwise than by reason of the holder's activity in connection with purchasing the securities, the holding of the securities or the receipt of payments thereunder;
- (iii) is, or does not deal at arm's length with a person who is, a "specified shareholder" (within the meaning of subsection 18(5) of the Income Tax Act (Canada)) of Royal Bank of Canada (generally a person will be a "specified shareholder" for this purpose if that person, either alone or together with persons with whom the person does not deal at arm's length, owns 25% or more of (a) our voting shares, or (b) the fair market value of all of our issued and outstanding shares);
- (iv) presents such security for payment (where presentation is required) more than 30 days after the relevant date (except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting a security for payment on the last day of such 30 day period); for this purpose, the "relevant date" in relation to any payments on any security means:
 - a. the due date for payment thereof, or
 - b. if the full amount of the monies payable on such date has not been received by the trustee on or prior to such due date, the date on which the full amount of such monies has been received and notice to that effect is given to holders of the securities in accordance with the Indenture;
- (v) could lawfully avoid (but has not so avoided) such withholding or deduction by complying, or requiring that any agent comply with, any statutory requirements necessary to establish qualification for an exemption from withholding or by making, or requiring that any agent make, a declaration of non-residence or other similar claim for exemption to any relevant tax authority; or
- (vi) is subject to deduction or withholding on account of any tax, assessment, or other governmental charge that is imposed or withheld by reason of the application of Section 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code") (or any successor provisions), any regulation, pronouncement, or agreement thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, whether currently in effect or as published and amended from time to time.

For the avoidance of doubt, we will not have any obligation to pay any holders Additional Amounts on any tax which is payable otherwise than by deduction or withholding from payments made under or in respect of the securities at maturity.

We will also make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. We will furnish to the trustee, within 30 days after the date the payment of any taxes is due pursuant to applicable law, certified copies of tax receipts evidencing that such payment has been made or other evidence of such payment satisfactory to the trustee. We will indemnify and hold harmless

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

each holder of the securities (other than an Excluded Holder) and upon written request reimburse each such holder for the amount of (x) any taxes so levied or imposed and paid by such holder as a result of payments made under or with respect to the securities, and (y) any taxes levied or imposed and paid by such holder with respect to any reimbursement under (x) above, but excluding any such taxes on such holder's net income or capital.

For additional information, see the section entitled "Tax Consequences—Canadian Taxation" in the accompanying prospectus.

Form of the securities:

Book-entry

Trustee:

The Bank of New York Mellon

Calculation agent:

RBCCM. The calculation agent will make all determinations regarding the securities. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of the above determinations or confirmations by the calculation agent.

Contact:

Morgan Stanley Wealth Management clients may contact their local Morgan Stanley Wealth Management branch office or our principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number 1-(866)-477-4776). All other clients may contact their local brokerage representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at 1-(800)-233-1087.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Information About the Underlying Index

All disclosures contained in this document regarding the underlying index, including, without limitation, its make-up, method of calculation, and changes in its components, have been derived from publicly available sources. The information reflects the policies of, and is subject to change by, STOXX Limited, as the sponsor of the underlying index (the “index sponsor”). The index sponsor, which owns the copyright and all other rights to the underlying index, has no obligation to continue to publish, and may discontinue publication of, the underlying index. The consequences of the index sponsor discontinuing publication of the underlying index are discussed above in the section entitled “Additional Terms of the Securities—Discontinuation of/adjustments to the underlying index.” Neither we nor RBCCM accepts any responsibility for the calculation, maintenance or publication of the underlying index or any successor index.

EURO STOXX 50[®] Index (“SX5E”)

The SX5E was created by STOXX Limited, a subsidiary of Deutsche Börse AG. Publication of the SX5E began in February 1998, based on an initial index level of 1,000 at December 31, 1991.

Composition and Maintenance

The SX5E is composed of 50 component stocks of market sector leaders from within the 19 EURO STOXX[®] Supersector indices, which represent the Eurozone portion of the STOXX Europe 600[®] Supersector indices. The composition of the SX5E is reviewed annually, based on the closing stock data on the last trading day in August. The component stocks are announced on the first trading day in September. Changes to the component stocks are implemented on the third Friday in September and are effective the following trading day. Changes in the composition of the SX5E are made to ensure that the SX5E includes the 50 market sector leaders from within the SX5E. The free float factors for each component stock used to calculate the SX5E, as described below, are reviewed, calculated, and implemented on a quarterly basis and are fixed until the next quarterly review. The SX5E is also reviewed on an ongoing basis. Corporate actions (including initial public offerings, mergers and takeovers, spin-offs, delistings, and bankruptcy) that affect the SX5E composition are announced immediately, implemented two trading days later, and become effective on the next trading day after implementation.

Calculation of the SX5E

The SX5E is calculated with the “Laspeyres formula,” which measures the aggregate price changes in the component stocks against a fixed base quantity weight. The formula for calculating the SX5E value can be expressed as follows:

$$\text{SX5E} = \frac{\text{Free float market capitalization of the SX5E}}{\text{Divisor}} \times 1,000$$

The “free float market capitalization of the SX5E” is equal to the sum of the products of the closing price, market capitalization, the number of shares, the free float factor and weighing cap factor for each component stock as of the time the SX5E is being calculated.

The SX5E is also subject to a divisor, which is adjusted to maintain the continuity of the SX5E values across changes due to corporate actions, such as the deletion and addition of stocks, the substitution of stocks, stock dividends, and stock splits.

License Agreement

We have entered into a non-exclusive license agreement with STOXX providing for the license to us and certain of our affiliated or subsidiary companies, in exchange for a fee, of the right to use indices owned and published by STOXX (including the SX5E) in connection with certain securities, including the securities offered hereby.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

The license agreement between us and STOXX requires that the following language be stated in this document: STOXX has no relationship to us, other than the licensing of the SX5E and the related trademarks for use in connection with the securities. STOXX does not:

- sponsor, endorse, sell, or promote the securities;
- recommend that any person invest in the securities offered hereby or any other securities;
- have any responsibility or liability for or make any decisions about the timing, amount, or pricing of the securities;
- have any responsibility or liability for the administration, management, or marketing of the securities; or
- consider the needs of the securities or the holders of the securities in determining, composing, or calculating the SX5E, or have any obligation to do so.

STOXX will not have any liability in connection with the securities. Specifically:

- STOXX does not make any warranty, express or implied, and disclaims any and all warranty concerning: the results to be obtained by the securities, the holders of the securities or any other person in connection with the use of the SX5E and the data included in the SX5E;
- the accuracy or completeness of the SX5E and its data;
- the merchantability and the fitness for a particular purpose or use of the SX5E and its data;
- STOXX will have no liability for any errors, omissions, or interruptions in the SX5E or its data; and

Under no circumstances will STOXX be liable for any lost profits or indirect, punitive, special, or consequential damages or losses, even if STOXX knows that they might occur.

The licensing agreement between us and STOXX is solely for their benefit and our benefit, and not for the benefit of the holders of the securities or any other third parties.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Historical Information

The graph below sets forth the daily official closing levels of the underlying index for the period from January 1, 2012 through December 1, 2017. The table below the graph sets forth the published high and low official closing levels, as well as the end-of-quarter official closing levels, of the underlying index for the same period.

We obtained the information below from Bloomberg Financial Markets, without independent verification.

You should not take the historical levels of the underlying index as an indication of future performance, and no assurance can be given as to the level of the underlying index on the valuation date.

EURO STOXX 50[®] Index

Information as of market close on December 1, 2017:

Bloomberg Index Symbol: SX5E 52 Week High (on 11/1/2017): 3,697.40

Current Index Level: 3,527.55 52 Week Low (on 12/2/2016): 3,015.13

52 Weeks Ago: 3,030.98

December 2017 Page 18

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

	High	Low	Period End
2012			
First Quarter	2,608.42	2,286.45	2,477.28
Second Quarter	2,501.18	2,068.66	2,264.72
Third Quarter	2,594.56	2,151.54	2,454.26
Fourth Quarter	2,659.95	2,427.32	2,635.93
2013			
First Quarter	2,749.27	2,570.52	2,624.02
Second Quarter	2,835.87	2,511.83	2,602.59
Third Quarter	2,936.20	2,570.76	2,893.15
Fourth Quarter	3,111.37	2,902.12	3,109.00
2014			
First Quarter	3,172.43	2,962.49	3,161.60
Second Quarter	3,314.80	3,091.52	3,228.24
Third Quarter	3,289.75	3,006.83	3,225.93
Fourth Quarter	3,277.38	2,874.65	3,146.43
2015			
First Quarter	3,731.35	3,007.91	3,697.38
Second Quarter	3,828.78	3,424.30	3,424.30
Third Quarter	3,686.58	3,019.34	3,100.67
Fourth Quarter	3,506.45	3,069.05	3,267.52
2016			
First Quarter	3,178.01	2,680.35	3,004.93
Second Quarter	3,151.69	2,697.44	2,864.74
Third Quarter	3,091.66	2,761.37	3,002.24
Fourth Quarter	3,290.52	2,954.53	3,290.52
2017			
First Quarter	3,500.93	3,230.68	3,500.93
Second Quarter	3,658.79	3,409.78	3,441.88
Third Quarter	3,594.85	3,388.22	3,594.85
Fourth Quarter (through December 1, 2017)	3,697.40	3,527.55	3,527.55

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Canadian Federal Income Tax Consequences

An investor should read carefully the description of material Canadian federal income tax considerations relevant to a Non-resident Holder owning debt securities under “Tax Consequences—Canadian Taxation” in the accompanying prospectus.

Supplemental Discussion of U.S. Federal Income Tax Consequences

The following, together with the discussion of U.S. federal income taxation in the accompanying prospectus and prospectus supplement, is a general description of the material U.S. tax considerations relating to the securities. It does not purport to be a complete analysis of all tax considerations relating to the securities. Prospective purchasers of the securities should consult their tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Canada and the U.S. of acquiring, holding and disposing of the securities and receiving payments under the securities. This summary is based upon the law as in effect on the date of this document and is subject to any change in law that may take effect after such date.

Supplemental U.S. Tax Considerations

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus and prospectus supplement. It applies only to those initial holders who are not excluded from the discussion of U.S. federal income taxation in the accompanying prospectus.

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE SECURITIES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES. AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES ARE UNCERTAIN. BECAUSE OF THE UNCERTAINTY, YOU SHOULD CONSULT YOUR TAX ADVISOR IN DETERMINING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES OF YOUR INVESTMENT IN THE SECURITIES, INCLUDING THE APPLICATION OF STATE, LOCAL OR OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

We will not attempt to ascertain whether any of the entities whose stock is included in the underlying index would be treated as a “passive foreign investment company” within the meaning of Section 1297 of the Code, or a “U.S. real property holding corporation” within the meaning of Section 897 of the Code. If any of the entities whose stock is included in the underlying index were so treated, certain adverse U.S. federal income tax consequences could possibly apply to U.S. and non-U.S. holders, respectively. You should refer to any available information filed with the SEC and other authorities by the entities whose stock is included in the underlying index and consult your tax advisor regarding the possible consequences to you in this regard.

In the opinion of our counsel, Morrison & Foerster LLP, it would generally be reasonable to treat a security as a pre-paid cash-settled derivative contract in respect of the underlying index for U.S. federal income tax purposes, and the terms of the securities require a holder and us (in the absence of a change in law or an administrative or judicial ruling to the contrary) to treat the securities for all tax purposes in accordance with such characterization. If the securities are so treated, a U.S. holder should generally recognize capital gain or loss upon the sale, exchange or maturity of the securities in an amount equal to the difference between the amount a holder receives at such time and the holder’s tax basis in the securities. In general, a U.S. holder’s tax basis in the securities will be equal to the price the holder paid for the securities. Capital gain recognized by an individual U.S. holder is generally taxed at preferential rates where the property is held for more than one year and is generally taxed at ordinary income rates where the property is held for one year or less. The deductibility of capital losses is subject to limitations.

Alternative Treatments. Alternative tax treatments of the securities are also possible and the IRS might assert that a treatment other than that described above is more appropriate. For example, it is possible to treat the securities, and the IRS might assert that a security should be treated, as a single debt instrument. Pursuant to such characterization, since the securities have a term that exceeds one year, such a debt instrument would be subject to the special tax rules governing contingent payment debt instruments. If the securities are so treated, a holder would generally be required to accrue interest income over the term of the securities based upon the yield at which we would issue a non-contingent fixed-rate debt instrument with terms and conditions similar to the securities. In addition, any gain a

holder might recognize upon the sale, exchange or maturity of the securities would generally be ordinary income and any loss recognized by a holder at such time would generally be ordinary loss to the extent of interest that same holder included in income in the current or previous taxable years in respect of the securities, and thereafter, would be capital loss.

Because of the absence of authority regarding the appropriate tax characterization of the securities, it is also possible that the IRS could seek to characterize the securities in a manner that results in tax consequences that are different from those described above. For example, the IRS could possibly assert that any gain or loss that a holder may recognize upon the sale, exchange or maturity of the securities should be treated as ordinary gain or loss.

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

The IRS has released a notice that may affect the taxation of holders of the securities. According to the notice, the IRS and the U.S. Treasury Department are actively considering whether the holder of an instrument such as the securities should be required to accrue ordinary income on a current basis. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the securities will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the U.S. Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the constructive ownership rules of Section 1260 of the Code, which very generally can operate to recharacterize certain long-term capital gains as ordinary income and impose an interest charge, might be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations. We intend to treat the securities for U.S. federal income tax purposes in accordance with the treatment described in this document unless and until such time as the U.S. Treasury Department and IRS determine that some other treatment is more appropriate.

Backup Withholding and Information Reporting. Payments made with respect to the securities and proceeds from the sale or exchange of the securities may be subject to a backup withholding tax unless, in general, the holder complies with certain procedures or is an exempt recipient. Any amounts so withheld generally will be refunded by the IRS or allowed as a credit against the holder's U.S. federal income tax liability, provided the holder makes a timely filing of an appropriate tax return or refund claim to the IRS.

Reports will be made to the IRS and to holders that are not exempted from the reporting requirements.

Non-U.S. Holders. The following discussion applies to non-U.S. holders of the securities. A non-U.S. holder is a beneficial owner of a security that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, or a foreign estate or trust.

Except as described below, a non-U.S. holder will generally not be subject to U.S. federal income or withholding tax for amounts paid in respect of the securities, provided that (i) the holder complies with any applicable certification requirements, (ii) the payment is not effectively connected with the conduct by the holder of a U.S. trade or business, and (iii) if the holder is a non-resident alien individual, such holder is not present in the U.S. for 183 days or more during the taxable year of the sale, exchange or maturity of the securities. In the case of (ii) above, the holder generally would be subject to U.S. federal income tax with respect to any income or gain in the same manner as if the holder were a U.S. holder and, in the case of a holder that is a corporation, the holder may also be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable U.S. income tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a U.S. trade or business, subject to certain adjustments. Payments made to a non-U.S. holder may be subject to information reporting and to backup withholding unless the holder complies with applicable certification and identification requirements as to its foreign status.

Under Section 871(m) of the Code, a "dividend equivalent" payment is treated as a dividend from sources within the United States. Such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments ("ELIs") that are "specified ELIs" may be treated as dividend equivalents if such specified ELIs reference an interest in an "underlying security," which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, the IRS has issued guidance that states that the U.S. Treasury Department and the IRS intend to amend the effective dates of the U.S. Treasury Department regulations to provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2019. Based on our determination that the securities are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the securities. However, it is possible that the securities could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the underlying index or the securities (for example, upon an underlying index rebalancing), and following such occurrence the securities could be treated as subject to withholding on dividend equivalent payments. Non-U.S.

holders that enter, or have entered, into other transactions in respect of the underlying index or the securities should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the securities and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

As discussed above, alternative characterizations of the securities for U.S. federal income tax purposes are possible. Should an alternative characterization, by reason of change or clarification of the law, by regulation or otherwise, cause payments as to the securities to become subject to withholding tax, we will withhold tax at the applicable statutory rate. The IRS has also indicated that it is considering whether income in respect of instruments such as the securities should be subject to withholding tax. We will not be required to pay any additional amounts in respect of such withholding. Prospective investors should consult their own tax advisors in this regard.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% U.S. withholding tax on certain U.S.-source payments, including interest (and OID), dividends, other fixed or determinable annual or periodical gain,

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends (“Withholdable Payments”), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the U.S. Treasury Department certain information regarding U.S. financial account holders, including certain account holders that are foreign entities with U.S. owners, with such institution or otherwise complies with FATCA. In addition, the securities may constitute a “financial account” for these purposes and thus, be subject to information reporting requirements pursuant to FATCA. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

The U.S. Treasury Department and the IRS have announced that withholding on payments of gross proceeds from a sale or redemption of the securities will only apply to payments made after December 31, 2018. If we determine withholding is appropriate with respect to the securities, we will withhold tax at the applicable statutory rate, and we will not pay any additional amounts in respect of such withholding. Therefore, if such withholding applies, any payments on the securities will be significantly less than what you would have otherwise received. Depending on your circumstances, these amounts withheld may be creditable or refundable to you. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Prospective investors are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the securities.

December 2017 Page 22

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Use of Proceeds and Hedging

The net proceeds from the sale of the securities will be used as described under “Use of Proceeds” in the accompanying prospectus supplement and prospectus and to hedge market risks of Royal Bank of Canada associated with its obligation to make the payment at maturity on the securities. The initial public offering price of the securities includes the underwriting discount and commission and the estimated cost of hedging our obligations under the securities.

Supplemental Information Regarding Plan of Distribution;

Conflicts of Interest

Pursuant to the terms of a distribution agreement, RBCCM, an affiliate of Royal Bank of Canada, will purchase the securities from Royal Bank of Canada for distribution to Morgan Stanley Wealth Management. RBCCM will act as agent for the securities and will receive a fee of \$0.30 per \$10 stated principal amount and will pay to Morgan Stanley Wealth Management a fixed sales commission of \$0.25 for each of the securities they sell. Of the amount per \$10 stated principal amount received by RBCCM, RBCCM will pay Morgan Stanley Wealth Management a structuring fee of \$0.05 for each security.

Morgan Stanley Wealth Management may reclaim selling concessions allowed to individual brokers within Morgan Stanley Wealth Management in connection with the offering if, within 30 days of the offering, Royal Bank of Canada repurchases the securities distributed by such brokers.

We expect that delivery of the securities will be made against payment for the securities on or about December 11, 2017, which is the third business day following the pricing date (this settlement cycle being referred to as “T+3”). We expect to deliver the securities on a date that is greater than two business days following the pricing date. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the securities more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

In addition, RBCCM or another of its affiliates or agents may use this document in market-making transactions after the initial sale of the securities, but is under no obligation to do so and may discontinue any market-making activities at any time without notice.

For additional information as to the relationship between us and RBCCM, please see the section “Plan of Distribution—Conflicts of Interest” in the accompanying prospectus.

The value of the securities shown on your account statement may be based on RBCCM’s estimate of the value of the securities if RBCCM or another of our affiliates were to make a market in the securities (which it is not obligated to do). That estimate will be based on the price that RBCCM may pay for the securities in light of then prevailing market conditions, our creditworthiness and transaction costs. For an initial period of approximately 15 months, the value of the securities that may be shown on your account statement is expected to be higher than RBCCM’s estimated value of the securities at that time. This is because the estimated value of the securities will not include the agent’s commission and our hedging costs and profits; however, the value of the securities shown on your account statement during that period is initially expected to be a higher amount, reflecting the addition of the agent’s commission and our estimated costs and profits from hedging the securities. This excess is expected to decrease over time until the end of this period, and we reserve the right to shorten this period. After this period, if RBCCM repurchases your securities, it expects to do so at prices that reflect its estimated value.

December 2017 Page 23

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Structuring the Securities

The securities are our debt securities, the return on which is linked to the performance of the underlying index. As is the case for all of our debt securities, including our structured notes, the economic terms of the securities reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these securities at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate, rather than the secondary market rate, along with the fees and expenses associated with structured notes, typically reduces the initial estimated value of the securities at the time their terms are set. Unlike the estimated value included in this document, any value of the securities determined for purposes of a secondary market transaction may be based on a different funding rate, which may result in a lower value for the securities than if our initial internal funding rate were used.

In order to satisfy our payment obligations under the securities, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the underlying index, and the tenor of the securities. The economic terms of the securities and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate, the underwriting commission and the hedging-related costs relating to the securities reduce the economic terms of the securities to you and result in the initial estimated value for the securities on the pricing date being less than their public offering price. See “Risk Factors—The initial estimated value of the securities will be less than the price to the public” above.

December 2017 Page 24

Dual Directional Trigger Jump Securities Based on the Performance of the EURO STOXX 50[®] Index, due June 11, 2020

Principal at Risk Securities

Employee Retirement Income Security Act

This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the securities.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Each fiduciary of an ERISA Plan should consider the fiduciary standards of ERISA in the context of the ERISA Plan’s particular circumstances before authorizing an investment in the securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

In addition, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Internal Revenue Code, such as individual retirement accounts, including entities whose underlying assets include the assets of such plans (together with ERISA Plans, “Plans”) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. Governmental plans may be subject to similar prohibitions. Therefore, a plan fiduciary considering purchasing securities should consider whether the purchase or holding of such instruments might constitute a “prohibited transaction”.

Royal Bank of Canada and certain of its affiliates each may be considered a “party in interest” or a “disqualified person” with respect to many employee benefit plans by reason of, for example, Royal Bank of Canada (or its affiliate) providing services to such plans. Prohibited transactions within the meaning of ERISA or the Internal Revenue Code may arise, for example, if securities are acquired by or with the assets of a Plan, and with respect to which Royal Bank of Canada or any of its affiliates is a “party in interest” or a “disqualified person”, unless those securities are acquired under an exemption for transactions effected on behalf of that Plan by a “qualified professional asset manager” or an “in-house asset manager”, for transactions involving insurance company general accounts, for transactions involving insurance company pooled separate accounts, for transactions involving bank collective investment funds, or under another available exemption. Section 408(b)(17) provides an additional exemption for the purchase and sale of securities and related lending transactions where neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and the Plan pays no more than “adequate consideration” in connection with the transaction. The person making the decision on behalf of a Plan or a governmental plan shall be deemed, on behalf of itself and any such plan, by purchasing and holding the securities, or exercising any rights related thereto, to represent that (a) such purchase, holding and exercise of the securities will not result in a non-exempt prohibited transaction under ERISA or the Internal Revenue Code (or, with respect to a governmental plan, under any similar applicable law or regulation) and (b) neither Royal Bank of Canada nor any of its affiliates is a “fiduciary” (within the meaning of Section 3(21) of ERISA) with respect to the purchaser or holder in connection with such person’s acquisition, disposition or holding of the securities, or any exercise related thereto or as a result of any exercise by Royal Bank of Canada or any of its affiliates of any rights in connection with the securities, and no advice provided by Royal Bank of Canada or any of its affiliates has formed a primary basis for any investment decision by or on behalf of such purchaser or holder in connection with the securities and the transactions contemplated with respect to the securities.

If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan, and propose to invest in the securities, you should consult your legal counsel.

December 2017 Page 25

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Table of Contents

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 Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012	From Inception October 14, 1999 to September 30, 2013
Cash flows from operating activities:			
Net loss attributable to Tara Gold shareholders	\$ (3,004)	\$ (1,287)	\$ (25,724)
Adjustments to reconcile net loss to net cash:			
Depreciation and amortization	242	202	1,514
Allowance for doubtful accounts	(277)	470	3,722
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, net	-	-	1,383
Gain from discontinued operations, net of tax	-	(3,576)	(2,575)
Deferred tax asset, net	6,284	-	(959)
Non-controlling interest in net loss of consolidated subsidiaries	(3,776)	321	(12,602)
Amortization of beneficial conversion	200	-	850
Loss on the disposal of assets	(1,019)	-	(797)
Realized loss on the sale of marketable securities	-	-	4,993
Common stock of subsidiary issued and option valuation for services	187	164	6,814
Subsidiaries' stock based compensation and stock bonuses	60	245	9,199
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	-	-	171
Gain on bargain acquisition of ACM	(3,490)	-	(3,490)

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Other	-	38	153
Changes in current operating assets and liabilities:			
Other receivables	279	(445)	(1,398)
Other assets	(75)	(29)	(949)
Accounts payable and accrued expenses	288	(1,116)	2,447
Deferred joint venture income	-	-	(33)
Net cash used in operating activities	(3,036)	(4,583)	(30,747)
Cash flows from investing activities:			
Acquisition of property, plant, equipment, mine development, land and construction in progress			
	(217)	(532)	(4,029)
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 American Copper Mining	-	7,500	7,500
Investment in American Copper Mining in 2012	-	(33)	(33)
Other	-	-	(6)
Net cash provided by investing activities	1,333	6,937	11,635

See accompanying notes to these Condensed Consolidated Financial Statements.

Table of Contents

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

	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012	From Inception October 14, 1999 to September 30, 2013
Cash flows from financing activities:			
Proceeds from short term debt	-	-	72
Proceeds from notes payable, related party	-	-	150
Proceeds from notes payable	-	-	480
Payments toward short term debt	-	-	(22)
Payments toward notes payable	(22)	(698)	(11,676)
Payments toward notes payable, related party	-	(100)	(100)
Change in due to/from related parties, net	(6)	(257)	17
Non-controlling interest – cash from sale of common stock of subsidiaries	800	357	13,626
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	772	(648)	19,111
Effect of exchange rate changes on cash	221	(96)	248
Net (decrease) increase in cash	(710)	1,610	247
Beginning of period cash balance	957	419	-
End of period cash balance	\$ 247	\$ 2,029	\$ 247
Supplemental Information:			
Interest paid	\$ 7	\$ 16	\$ 968
Income taxes paid	\$ -	\$ -	\$ 10
Non-cash Investing and Financing Transactions:			
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 concession paid with notes payable or mining deposit plus capitalized interest	\$ -	\$ 2,147	\$ 20,333
Beneficial conversion feature, convertible debt, related party and financial instruments	\$ -	\$ 20	\$ 591

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Recoverable value-added taxes incurred through additional debt and due to related party, net of mining concession modification	\$	-	\$	348	\$	1,564
Purchase of property and equipment through debt and common stock	\$	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	\$	(175)	\$	113
Reclassification of assets held for disposal, net	\$	-	\$	-	\$	132
Sale of mining concession on credit	\$	200	\$	-	\$	200
Other	\$	-	\$	-	\$	90

See accompanying notes to these Condensed Consolidated Financial Statements.

Table of Contents

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"). Adit in turn owns 99.99% of American Copper Mining, S.A. de C.V. ("ACM") (See Note 11). 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 September 30, 2013, 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 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 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.

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 September 30, 2013 and December

31, 2012, the condensed consolidated results of its operations for the three and nine months ended September 30, 2013 and 2012 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2013 and 2012. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

The condensed 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.

Table of Contents

The reporting currency of the Company, 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 nine months ended September 30, 2013 and 2012. Mexican pesos per one U.S. dollar:

	September 30, 2013	
Current exchange rate	Ps.	13.1450
Weighted average exchange rate for the nine months ended	Ps.	12.6796
	September 30, 2012	
Current exchange rate	Ps.	12.8521
Weighted average exchange rate for the nine months ended	Ps.	13.2391

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 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.

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.

	September 30, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Allowance – recoverable value-added taxes	\$ 2,556	\$ 2,829
Allowance – other receivables	360	364
Total	\$ 2,916	\$ 3,193

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.

Table of Contents

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.

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. 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, we continually assess the carrying value of our net deferred tax assets.

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).

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.

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.

Table of Contents

Note 2. Assets held for disposal, net

Auriferos

In March 2008 Tara Gold obtained the Auriferos V Fraccion 1 and 2 Prospects (“Auriferos”) 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 Tara Gold.

As of September 30, 2013 the Company, through its subsidiary, Amermin, sold its Auriferos mining concessions for \$200,000, including the corresponding value added tax, on credit. Per the sale agreement the first cash payment is due on February 2014.

Note 3. Property, plant, equipment, mine development, land and construction in progress, net

	September 30, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Land	\$ 20	\$ 20
La Currita (a)	-	1,253
Pilar	728	728
Don Roman	522	522
Las Nuvias	100	100
Centenario	636	636
La Verde	60	60
La Palma	80	80
Champinon (b)	-	2,154
Dixie Mining District (c)	650	-
Picacho Groupings (See Note 11)	1,571	-
Mining concessions	4,347	5,533
Construction in progress	-	269
Property, plant and equipment	4,359	3,982
	8,726	9,804
Less – accumulated depreciation	(1,168)	(926)
	\$ 7,558	\$ 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. On April 22, 2013, the Company, through its subsidiary, Amermin, sold its La Currita mining concessions for \$2,250,000, plus the corresponding value added tax, for a total of \$2,610,000.

As of September 30, 2013, the Company received \$2,200,000, plus the corresponding value added tax. The Company recorded a gain of \$946,560 on the sale of the mining concession.

b. 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 Iron Ore Project 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 Champinon from the former owner for 500,000 shares of Tara Minerals' common stock, valued at \$430,000.

Table of Contents

On March 15, 2013, a Settlement Agreement and Release (“Agreement”) was entered into by and among the Company, 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 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 the Company’s common stock, which may not be sold until the earlier of: (i) the Company’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 led vein structure present on the Champinon concession. On March 22, 2013, the 500,000 restricted shares were issued. The Agreement confirms Carnegie’s acknowledgement of the Company’s 100% ownership of the Don Roman property.

Per the Agreement dated March 15, 2013, the Company retained ownership of 14 hectares of the Champinon mining concession which the Company valued at \$203,000. As of September 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 Agreement.

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

c. In May 2013, the Company acquired the Dixie Mining District, located in Idaho, from an independent third party for \$400,000. The purchase price was paid in full in 2013. In September 2013 the Company exercised its option to acquire 20 additional acres of unpatented mining claims to add to the Dixie Mining District, for an effective purchase price of \$250,000. To date, the land package consists of 6,741 acres consisting of both patented and unpatented mining claims.

The independent third party shall receive royalties upon all ores, 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 shall terminate upon the independent third party receiving \$558,160. If that amount is not paid as of December 31, 2014, the Company is required to pay the difference. No royalty shall be owed to the independent third party if mining on the property is not economically feasible. As of September 30, 2013, no royalty payments have been paid.

Note 4.

Income Taxes

The Company files income tax returns in the United States (“U.S.”) and Mexican jurisdictions. In the U.S., Tara Gold files a standalone return; Tara Minerals and Adit file a consolidated tax return. In Mexico, Amermin and AMM file standalone tax returns, which were filed March 27, 2013. The U.S. returns for 2012 were filed on June 27, 2013. 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.

The provision for federal and state income taxes for the nine months ended September 30, 2013 includes elements of Tara Gold as a separate filing entity, Tara Minerals and Adit as a consolidated filing entity, and AMM and Amermin (Mexico Companies) as separate filing entities.

The September 30, 2013, and since inception income tax benefit, net of tax associated with discontinued operations, is as follows

(in thousands of U.S. dollars):

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	Tara Gold	Tara Minerals	Mexico Companies	Total
Current asset (liability) - total	\$-	\$ -	\$ -	\$-
Deferred asset (liability) - total	927	7,367	3,275	11,472
Valuation allowance	(927)	(7,367)	(3,275)	(11,472)
Income tax benefit, since inception	\$-	\$ -	\$ -	\$-

As further discussed in Note 11, the Company sold 100% of its interest in ACM in April 2012 and re-acquired it on May 9, 2013.

Table of Contents

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 U.S. federal income tax purposes.
- A carry forward of a net operating loss.

At September 30, 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	\$ 927	\$ 276	\$ -	\$ 1,203
Deferred tax asset – non-current	-	7,091	3,275	10,269
Total deferred tax asset	927	7,367	3,275	11,472
Deferred tax liability – current	-	-	-	-
Deferred tax liability – non-current	-	-	-	-
Total deferred tax liability	-	-	-	-
Valuation allowance	(927)	(7,367)	(3,275)	(11,472)
Net deferred tax asset (liability)	\$ -	\$ -	\$ -	\$ -

Tara Minerals' U.S. deferred tax asset 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 \$1,742,000 and a remaining estimated deferred tax benefit of \$523,000. AMM has a net operating loss in Mexico of approximately \$1,055,000 with an estimated deferred tax benefit of \$317,000. 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 September 30, 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	6,810	4,169	11,249
December 31, 2031	657	2,330	1,775	4,762
December 31, 2032	674	-	1,468	2,142
December 31, 2033	-	-	2,797	2,797
Total net operating loss	\$2,480	\$ 9,140	\$ 10,209	\$21,829

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.

Table of Contents

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	\$(174)	(35 %)
Temporary differences		
Exploration cost - current	9	1.8 %
Exploration cost – non-current	333	67.1 %
Stock based compensation	21	4.2 %
Net operating loss	161	32.5 %
Net operating loss carryforward	829	167.1 %
Decrease in deferred tax asset due to net operating losses reduced by profits	(2,900)	(584.4 %)
Valuation allowance for U.S. Companies	7,367	1,484.6 %
Valuation allowance for Mexico	638	128.6 %
Tax benefit at effective rate	\$6,284	1,266.5 %

Note 5.

Notes Payable

The following table represents the outstanding balance of notes payable.

	September	December 31,
	30, 2013	2012
(In thousands of U.S. Dollars)		
(Unaudited)		
Mining concessions	\$ 150	\$ 1,772
Auto loans	71	64
	221	1,836
Less – current portion	(189)	(1,114)
Non-current portion	\$ 32	\$ 722

In March 2008, Pershimco Resources transferred its mineral claims and obligations linked to the 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, impaired the property. As of September 30, 2013, Tara Gold 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.

During the quarter ended September 30, 2013, Tara Minerals purchased a vehicle to be used in operations for \$31,038. Tara Minerals paid \$2,000 as a down payment and financed the remainder amount of \$29,038 by issuing a note payable. The note carries interest at 3.74% and matures in August 2018. As of September 30, 2013 the outstanding balance on the loan was \$28,157.

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

2013	2014	2015	2016	2017	Total
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Mining concessions	\$ 150	\$-	\$-	\$-	\$-	\$ 150
Auto loans	39	15	6	6	5	71
Total	\$ 189	\$ 15	\$ 6	\$ 6	\$ 5	\$ 221

14

Table of Contents

Note 6. Related Party Transactions

	September 30, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Due to related parties	\$ (1,075)	\$ (980)
Due from related parties	1,170	1,069
	\$ 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 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 September 30, 2013, Amermin has loaned a total of \$989,195 to AMM at 0% interest, due on demand.

As of September 30, 2013, Tara Gold owed Tara Minerals a total of \$190,148 at 0% interest, due on demand. During the nine months ended September 30, 2013, Tara Gold made a payment in the amount of \$995,976 to Tara Minerals for amounts previously borrowed.

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 May 2013 and August 2013 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 October 2013 (see Note 12) and August 2014. As of September 30, 2013 Tara Minerals owed Adit \$5,254,709 in interest and principal.

Note 7. 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, 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 Tara Minerals’ common stock and 1,300,000 additional shares were issued October 2013.

Note 8. Stockholders’ Equity

For the nine months ended September 30, 2013, Tara Gold did not issue any shares of its common stock.

Table of Contents

Note 9. Non-controlling Interest

Cumulative results of these activities results in:

	September 30, 2013	December 31, 2012
	(In thousands of U.S. Dollars)	
	(Unaudited)	
Common stock for cash	\$ 16,041	\$ 15,241
Common stock for services	5,813	5,626
Stock based compensation	5,615	5,556
Conversion of debt and Iron Ore Financial instrument to common stock, 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	(12,298)	(8,521)
Treasury stock	(500)	(500)
Other non-controlling interests	323	171
Total non-controlling interest	\$ 21,282	\$ 23,061

A summary of activity as of September 30, 2013 and changes during the period then ended is presented below (in thousands of U.S. dollars):

Non-controlling interest at December 31, 2012	\$23,061
Common stock for cash	800
Common stock for services	187
Stock based compensation	59
Conversion of debt and Iron Ore Financial instrument to common stock, plus accrued interest	800
Other	151
Net loss attributable to non-controlling interest	(3,776)
Non-controlling interest at September 30, 2013	\$21,282

Note 10. Options and Warrants

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

Tara Minerals has the following incentive 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 nine months ended September 30, 2013 associated with this transaction were valued at \$59,645.

On October 28, 2009, Adit, the Company's subsidiary, adopted the following incentive plans which have not been registered:

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

There have been no issuances under the Adit plans in 2013.

Table of Contents

The fair value of awards issued is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities are based on volatilities from the Company's traded common stock. The expected term of the award granted is usually estimated at half of the contractual term as noted in the individual agreements, unless the life is one year or less based upon management's assessment of known factors, and represents the period of time that management anticipates awards granted 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 the Company has had no forfeitures of options or warrants; therefore, the Company uses a zero forfeiture rate.

	September 30, 2013	December 31, 2012
Expected volatility	218.84%	104.82% - 131.10%
Weighted-average volatility	0%	117.96%
Expected dividends	0	0
Expected term (in years)	2.00	1.00
Risk-free rate	0.22%	0.05% - 0.14%

A summary of option activity under the Plans as of September 30, 2013 (unaudited) and changes during the period then ended is presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2012	2,750,000	\$ 0.34		
Granted	750,000	0.25		
Exercised	-	-		
Forfeited, expired or cancelled	(750,000)	0.48		
Outstanding at September 30, 2013	2,750,000	\$ 0.24	3.0	\$ 273,000
Exercisable at September 30, 2013	2,340,000	\$ 0.30	3.0	\$ 273,000

Non-vested Options	Options	Weighted-Average Grant-Date Fair Value
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 September 30, 2013	410,000	\$ 0.25

A summary of warrant activity as of September 30, 2013 (unaudited) and changes during the period then ended is presented below:

Warrants	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2012	2,788,333	\$ 1.38		
Granted	-	-		
Exercised	-	-		
Forfeited, cancelled or expired	(2,788,333)	(1.38)		

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Outstanding at September 30, 2013	-	\$	-	0.0	\$	-
Exercisable at September 30, 2013	-	\$	-	0.0	\$	-

All warrants vest upon issuance.

Table of Contents

Note 11. 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 September 30, 2013 (in thousands of U.S. dollars) (Unaudited)			
	Total	Level 1	Level 2	Level 3
Assets:				
Fair market value of ACM's net identifiable assets acquired (See Note 12)	\$ 1,589	\$ -	\$ -	\$ 1,589
Liabilities:				
None	\$ -	\$ -	\$ -	\$ -

	Fair Value at December 31, 2012 (in thousands of U.S. dollars)			
	Total	Level 1	Level 2	Level 3
Assets:				
None	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Iron Ore Properties financial instrument, net	\$ 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 nine months ended September 30, 2013:

	Iron Ore Properties Financial Instrument
Beginning balance	\$ 800
Additions	1,596
Reductions (conversion of Iron Ore Instrument)	(807)
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 12. Re-acquisition of American Copper Mining, S.A. de C.V.

On April 4, 2012 Adit, sold its 99.99% owned subsidiary, ACM to Yamana. ACM's primary asset is the Picacho group of concessions (the "Property") located in Sonora, Mexico. The Property does not have any proven reserves.

Yamana had the option to terminate the Agreement within ten business days prior to the First Year Anniversary Date of escrow release 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, Adit received notice that Yamana was terminating the purchase agreement for the sale of Adit's subsidiary, ACM. Under the terms of Yamana's notice to Adit, the termination became effective May 9, 2013. At this

time, per the amended agreement, the cancellation resulted in reverting ACM to Adit “as if the sale of ACM never took place”.

Table of Contents

The Company has initially 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

The Company is finalizing this transaction but did not identify any intangible items which qualify for separate disclosure or accounting apart from goodwill.

Note 13.

Subsequent Events

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

- a) In October 2013, Tara Gold loaned Tara Minerals \$120,000 at 0% interest, due on demand.
- b) In October 2013, three promissory notes for \$775,000 plus interest, due in October 2013 between Adit and Tara Minerals were extended one year, bearing interest at U.S. prime rate plus 3.25% per year (see Note 6). This is an intercompany transaction that eliminates during the consolidation of financial statements.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

Tara Gold was incorporated in October 1999. During the period from its incorporation through September 30, 2013, Tara Gold generated revenue of approximately \$725,000 and incurred expenses of approximately \$759,000 in cost of sales, \$11,910,000 in exploration expenses and \$47,659,000 in operating and general administration expenses. Included in operating and general and administrative expenses are non-cash charges of approximately \$9,325,000 pertaining to the issuance of stock based compensation and stock bonuses of Tara Minerals and Tara Gold.

RESULTS OF OPERATIONS

Material changes of certain items in Tara Gold's Statement of Operations for the three months ended September 30, 2013, as compared to the three months ended September 30, 2012, are discussed below.

Three Months Ended (In thousands of U.S. Dollars)	September 30, 2013	September 30, 2012
Revenue	\$ -	\$ -
Cost of revenue	-	-
Exploration expenses	663	345
Operating, general and administrative expenses	427	858
Net operating loss	\$ (1,090)	\$ (1,203)

For the three months ended September 30, 2013, exploration expenses increased due to work performed at the Dixie Mining District, and no work performed at Don Roman; compared to the three months ended September 30, 2012, when the Company focused primarily on the Champinon mining concession. Additionally, expenses for the Dixie Mining District were the highest in the three months ended September 30, 2013 due to the Company's exploitation schedule, whereas the majority of exploration at the Champinon mining concession in 2012 occurred earlier in the year. In both periods exploration expenses included expenses for preproduction activities, geology consulting, assaying, field supplies and other mine expenses.

Material changes of certain items in Tara Gold's operating, general and administrative expenses for the three months ended September 30, 2013, as compared to the three months ended September 30, 2012, are discussed below.

Three Months Ended (In thousands of U.S. Dollars)	September 30, 2013	September 30, 2012
Bad debt expense	\$ (61)	\$ 157
Compensation, officer employment contracts and bonuses	197	233
Professional fees	60	140

Generally, operating, general and administrative expenses were the same in the three months ended September 30, 2013 compared to September 30, 2012 as the Company focused on exploration in the Dixie Mining District.

Our allowance in association with our receivables from IVA from our Mexico subsidiaries is based on our determination that the Mexican government may not allow the complete refund of these taxes. The decrease in bad debt expense for the three months ended September 30, 2013 was due to the allowance in IVA receivables; offset by bad debt recovery due to the sale of La Currita and the ability to use the IVA receivable against the related IVA payable; compared to the three months ended September 30, 2012, when bad debt was only due to the allowance in

IVA receivables.

The decrease in compensation, officer employment contracts and bonuses was due to the U.S. controller position being outsourced starting in 2012, offset by additional personnel hired during March 2013.

Professional fees for the three months ended September 30, 2013, consisted of legal services related to the acquisition of the Dixie Mining District, the settlement agreement reached with Carnegie related to the Champinon mining concession and the re-acquisition of ACM in addition to accounting and auditing services performed in the normal course of business. During the three months ended September 30, 2012, professional services were due to legal and consulting services used in the negotiations of the agreement for the sale of ACM and services used for the Champinon property.

Table of Contents

Material changes of certain items in Tara Gold's Statement of Operations for the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012, are discussed below.

Nine Months Ended (In thousands of U.S. Dollars)	September 30, 2013	September 30, 2012
Revenue	\$ -	\$ -
Cost of revenue	-	-
Exploration expenses	1,217	1,205
Operating, general and administrative expenses	2,555	3,339
Net operating loss	\$ (3,772)	\$ (4,544)

For the nine months ended September 30, 2013, exploration expenses increased slightly due to work performed at the Dixie Mining District, and no work performed at Don Roman; compared to the nine months ended September 30, 2012, when the Company focused primarily on the Champinon mining concession, including \$680,000 for the purchase of Champinon's technical data (\$430,000 paid with stock and \$250,000 with cash). In both periods exploration expenses included expenses for preproduction activities, 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 nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012, are discussed below.

Nine Months Ended (In thousands of U.S. Dollars)	September 30, 2013	September 30, 2012
Bad debt expense	\$ 48	\$ 268
Investment banking and investor relations expense	324	291
Compensation, officer employment contracts and bonuses	679	941
Professional fees	820	961

Our allowance in association with our receivables from IVA from our Mexico subsidiaries is based on our determination that the Mexican government may not allow the complete refund of these taxes. The decrease in bad debt expense for the nine months ended September 30, 2013 was due to the allowance in IVA receivables; offset by bad debt recovery due to the sale of La Currita and the ability to use the IVA receivable against the related IVA payable; compared to the nine months ended September 30, 2012, when bad debt was only due to the allowance in IVA receivables.

The increase in investment banking and investor relations expense for the nine months ended September 30, 2013, was due to the Company's efforts to obtain equity financing during 2013; compared to the nine months ended September 30, 2012, when the Company focused on obtaining funds through the sale of ACM.

The decrease in compensation, officer employment contracts and bonuses was due to the U.S. controller position being outsourced starting in 2012, offset by additional personnel hired during March 2013. Additionally, options vested/awarded decreased for the nine months ended September 30, 2013 (valued at \$59,645) when compared to the nine months ended September 30, 2012 (\$244,865).

Professional fees for the nine months ended September 30, 2013, were due to the payment for legal services related to the acquisition of the Dixie Mining District, the acquisition of additional acres to be added 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 nine months ended September 30, 2012, professional services were due to legal and consulting services used in the negotiations of the agreement for the sale of ACM and services used for the Champinon property.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

The following is an explanation of Tara Gold's material sources and (uses) of cash during the nine months ended September 30, 2013 and 2012:

	September 30, 2013	September 30, 2012
(In thousands of U.S. Dollars)		
Net cash used in operating activities	\$(3,036)	\$ (4,583)
Acquisition of property, plant, equipment, mine development, land and construction in progress	(217)	(268)
Proceeds from the sale or disposal of assets	2,200	-
Purchase of mining concession	(650)	-
Mining deposits	-	2
Proceeds from the sale of American Copper Mining	-	7,500
Investment in American Copper Mining	-	(33)
Payments toward notes payable	(22)	(698)
Payments toward notes payable, related party	-	(100)
Change in due to/from related parties, net	(6)	(257)
Iron Ore Property Financial Instrument	-	50
Non-controlling interest – cash from the sale of common stock of subsidiaries	800	357
Cash, beginning of period	957	419

Tara Gold anticipates that its capital requirements during the twelve months ending September 30, 2014 will be:

Tara Minerals	
Exploration and Development – Don Roman Groupings	\$3,557,000
Exploration and Development - Dixie Mining District, Idaho	260,000
Property taxes	110,000
General and administrative expenses	1,066,000
Tara Gold	
General and administrative expenses	375,000
Total	\$5,268,000

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

As of September 30, 2013, Tara Minerals expanded its holdings in its U.S. based mining district, referred to as the Dixie Mining District, by executing its option to purchase the Ontario Mine. 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.

Tara Minerals has completed bulk sampling for 2013 at the Dixie Mining District, and will be reviewing and using the incoming data to update its plans for the district. The data will include the final results of the milling and the total yield of the bulk sample. In addition, ongoing preproduction planning for the Don Roman District in Mexico has resulted in the identification of additional potential start-up mill feed, material for processing, being identified.

As the Dixie project is being winterized (shutting down for winter due to snow), operational management is also preparing for the advancement of the Don Roman Project. The production plans for Don Roman are being updated according to the most recent surface discoveries, and some mill reconditioning has commenced.

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.

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. As a result of the SEC's stop trading order, Tara Gold's common stock was removed from the Pink Sheets and until July 18, 2011 traded only on an unsolicited basis. As a result of the Commission's ruling on July 18, 2011 (see Item 3 above), all trading in Tara Gold's stock ceased. In 2012, Tara Gold successfully filed a Form 10 which cleared SEC comments November 30, 2012. To begin trading once again Tara Gold is working with a third market maker in attempts to complete the 15C2-11 process.

Table of Contents

On May 25, 2011, Tara Gold distributed one share of Tara Minerals for every 20 issued and 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. Once this is complete, Tara Gold will not have any interest in the properties owned by Tara Minerals or Adit.

As of the date of this filing, the Company is 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. Tara Gold and Tara Minerals are 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 resources except for the possible future payments related to the sale of American Copper Mining which are disclosed in the financial statements below.

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. 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 September 30, 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 United States 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 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.

Property, plant, equipment, mine development and land

Mining concessions and acquisitions, exploration and development costs relating to mineral properties 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.

Table of Contents

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 group's assets 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 a triggering event of any such instruments happens that removes the temporary element the Company appropriately reclassifies the instrument to debt or equity.

We periodically assess our 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.

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.

Table of Contents

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. 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, we continually assess the carrying value of our net deferred tax assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Francis Richard Biscan, Jr., Tara Gold's Principal Executive Officer and Lynda R. Keeton-Cardno, Tara Gold's Principal Financial and Accounting 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.

There were no changes in Tara Gold's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, Tara Gold's internal control over financial reporting.

Table of Contents

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On May 6, 2010, the Securities and Exchange Commission temporarily suspended trading in Tara Gold's securities due to the failure of Tara Gold to file its 10-Q and 10-K reports pursuant to Section 13 of the Securities and Exchange Act of 1934.

On the same day the Commission issued an Order Instituting Proceedings whereby the Commission sought to revoke Tara Gold's registration of its common stock pursuant to Section 12(g) of the Exchange Act.

On September 7, 2010, an administrative law judge issued an Initial Decision revoking Tara Gold's registration of its common stock. On September 24, 2010 Tara Gold filed a Petition to Review the decision of the administrative law judge. On September 30, 2010, the Commission granted Tara Gold's Petition for Review. On November 1, 2010, Tara Gold filed a brief in support of its petition with the Commission. On July 18, 2011, the Commission revoked the registration of Tara Gold's securities pursuant to Section 12(j) of the Securities Act of 1934. Tara Gold has appealed the Commission's decision to the U.S. 7th Circuit Court of Appeals. In May 2012 the 7th Circuit Court of Appeals dismissed Tara Gold's appeal on the basis that:

- Tara Gold filed a Registration Statement on August 4, 2011,
- The Registration Statement automatically became effective on October 3, 2011,
- Upon the effectiveness of the Registration Statement, Tara Gold's common stock was registered pursuant to Section 12(g) of the 1934 Act,
- Since Tara Gold's stock had become registered under the 1934 Act, there was no point in reversing the Commission decision, and therefore the issue was moot.

There is no assurance that Tara Gold will be able to continue to file reports required by the Securities and Exchange Commission in a timely manner.

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 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.

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 seeks 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. The motion is premised upon the facts that: 1) the option agreement includes an express consent to jurisdiction and venue in Nevada; 2) Tara Minerals filed its lawsuit first in Nevada; 3) the cases involve common issues of fact and law; and 4) transfer is cost-efficient and more convenient for the key witnesses in both matters. In July 2012, the Texas Court granted Tara Minerals motion and transferred the case to Nevada.

Table of Contents

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 the Company's common stock, which may not be sold until the earlier of: (i) the Company'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 led 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 does not know of any legal proceedings which are threatened or contemplated.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

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 Quarterly Report on Form 10-Q.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit	
10.35	Assignment of Rights Agreement for the Title Rights of Mining Rights for the La Currita Prospect, dated April 22, 2013	(2)
31.1	Rule 13a-14(a) Certifications – CEO	(1)
31.2	Rule 13a-14(a) Certifications - CFO	(1)
32.1	Section 1350 Certifications	(1)
95.1	Mine Safety Disclosures	(1)
101.INS	XBRL Instance Document	(1)
101.SCH	XBRL Taxonomy Extension Schema Document	(1)
101.CAL	XBRL Taxonomy Calculation Linkbase Document	(1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	(1)
101.LAB	XBRL Taxonomy Label Linkbase Document	(1)
101.PRE		(1)

XBRL Taxonomy Presentation Linkbase
Document

- (1) Filed with this report.
- (2) Incorporated by reference to exhibit filed with Tara Gold on Form 8-K filed on April 29, 2013.

Table of Contents

SIGNATURES

Pursuant to the requirements 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.

Dated: November 19, 2013

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

Dated: November 19, 2013

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