

TARA GOLD RESOURCES CORP.
Form 10-Q
April 19, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009

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

FOR THE TRANSITION FROM _____ TO _____.

COMMISSION FILE NUMBER 000-29595

TARA GOLD RESOURCES CORP.

(Exact Name of Registrant as Specified in its Charter)

Nevada

90-0316566

(State or other
jurisdiction of

(I.R.S. Employer

incorporation or
organization)

Identification No.)

2162 Acorn Court

Wheaton, IL

60189

(Address of principal
executive office)

(Zip code)

Issuer's telephone
number: (630)
462-2079

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§233.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and

post such files). Yes ☐ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☐

As of April 18, 2011, the Company had 102,795,119 outstanding shares common stock.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR

THE THREE MONTHS ENDED MARCH 31, 2009

AND

THE PERIOD FROM INCEPTION (DECEMBER 5, 2000) THROUGH MARCH 31, 2009

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEETS

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

March 31, 2009

December 31, 2008

(Unaudited)

(Audited)

Assets

Current assets:

Cash

\$

58

\$

264

Other receivables,
net of \$237 and \$243
of allowance as of

March 31, 2009

and December
31, 2008, respectively

10,650

11,018

Marketable
securities

464

464

Other current
assets

163

167

Total current
assets

11,335

13,338

Property, equipment,
and mine
development, net of
accumulated
depreciation of

\$78 and \$71 as of
March 31, 2009 and
December 31, 2008,
respectively

13,104

13,092

Construction in
progress

689

665

Deposits

928

928

Deferred tax asset

1,425

1,425

Total assets

\$

27,481

\$

28,023

**Liabilities and
Stockholders Equity**

Current liabilities:

Accounts payable
and accrued expenses

\$

1,227

\$

1,378

Notes payable,
current portion net of
debt discount

3,766

3,099

Payments from
joint venture partners

250

250

Deferred tax
liability

1,802

1,802

Due to related
parties, net

35

18

Total current
liabilities

7,080

6,547

Long-term accrued
liabilities

862

940

Notes payable, long
term

5,286

5,894

Total liabilities

13,228

13,381

Commitments and
contingencies

-

-

Stockholders' equity:

Common stock;
\$0.001 par value
150,000,000 shares
authorized
101,995,119 issued
and outstanding at
March 31, 2009 and
December 31, 2008,
respectively

102

102

Additional paid-in
capital

11,135

11,135

Accumulated
deficit during
exploration stage

778

1,147

Other
comprehensive loss

(1,369)

(1,268)

Total Tara Gold
stockholders' equity

10,646

11,116

Non-controlling
interest

3,607

3,526

Total equity

14,253

14,642

Total
liabilities and equity

\$

27,481

\$

28,023

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(UNAUDITED)

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

**For the Three
Months Ended
March 31,**

**From inception
(December 5,
2000) to March
31,**

2009

2008

2009

Revenues:

Revenue from
website
development
and software

\$

	-
\$	
	-
\$	
	168
Sales	
	-
	77
	397
Total revenues	
	-
	77
	565
Cost of revenue	
	-
	95
	101
Gross (loss) profit	
	-
	(18)
	464

Exploration
expenses

27

805

3,964

Operating,
general, and
administrative
expenses

407

982

13,152

Operating loss

(434)

(1,805)

(16,652)

Other income
(expense):

Interest income

7

14

194

I n t e r e s t
expense

-

(26)

(693)

S e t t l e m e n t
expense

-

-

134

G a i n o n
extinguishment
of debt

-

-

331

G a i n o n
deconsolidation
of joint venture

-

-

8,661

Gain on sale of
joint venture
interest

-
-
3,112
G a i n o n dissolution of joint venture
-
-
8,913
Gain (loss) on disposal of assets
-
1
(399)
G a i n o n acquisition of m i n i n g concessions
-
-
100
Realized loss on the sale of marketable securities
-
(311)
(2,338)
Other income
24

	14
	229
	31
	(308)
	18,244
Non-controlling interest	
	34
	38
	727
Loss before income taxes	
	(369)
	(2,075)
	(2,319)
Income tax benefit, net	
	-
	14
	520
Loss from continuing operations	

(369)

(2,089)

(1,799)

Discontinued
operations:

Income from
operations of
discontinued oil
and gas

business
(including loss
on disposal of
\$7)

-

-

17

L o s s f r o m
operations of La
Escuadra

-

(30)

(1,038)

Net (loss)
income

(369)

(2,119)

778

Other
comprehensive
(loss) income:

Foreign
currency
translation loss

(101)

(248)

(751)

Unrealized gain
(loss), net on
marketable
securities

-

124

(618)

Comprehensive
loss

\$

(470)

\$

(2,243)

\$

(591)

Net loss per
share basic and
diluted

\$

(0.00)

\$

(0.00)

Weighted
Average
Number of
Common Shares

Outstanding
b a s i c a n d
diluted

101,995,119

97,128,681

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

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

**For the Three
Months Ended**

March 31,

From

inception

(December 5,

2000) to

March 31,

2009

2008

2009

**Cash flows from
operating activities:**

Net (loss) income

\$
(369)

\$
(2,119)

\$
778

Adjustments to
reconcile net (loss)
income to net cash
used in

operating activities:

Depreciation and
amortization

7

37

385

Allowance for
doubtful accounts

(6)

4

233

Allowance for
mining deposits
d e e m e d
uncollectible

-

-

28

29

Common stock
issued for services
and other expenses

-

32

1,559

Stock based
compensation and
stock bonuses

-

-

1,290

Gain on
deconsolidation of
joint venture

-

-

(8,661)

Non-cash
expense due to
deconsolidation of
joint venture

-

-

216

Gain on sale of
joint venture interest

-

-

(2,862)

29

G a i n o n
dissolution of joint
venture

-

-

(8,438)

G a i n o n
extinguishment of
debt, net

-

-

(351)

Loss on disposed
and discontinued
operations

-

-

1,001

Deferred tax
asset, net

-

-

377

Non-controlling
interest in net (loss)

(34)

(38)

(727)

Amortization of
b e n e f i c i a l
conversion

-
23
361
Loss (gain) on the disposal of assets
-
(1)
218
Realized loss on m a r k e t a b l e securities
-
311
2,338
Common stock of subsidiary issued and options valuations for services
-
-
750
L a w s u i t settlement payable in stock
-
-
315
Cancellation of common stock for settlement (Tara Minerals)

	-
	-
	(750)
Assets acquired from La Escudra	
	-
	-
	(330)
Gain on acquisition of mining concession	
	-
	-
	(100)
Changes in operating assets and liabilities:	
Other receivables	
	374
	(198)
	(94)
Prepaid expenses	
	-
	-
	2
	32

Other current
assets

4

(12)

(67)

A c c o u n t s
payable and accrued
expenses

(151)

209

1,499

Deferred joint
venture income

-

(10)

(33)

Net
c a s h u s e d i n
operating activities

(175)

(1,762)

(11,062)

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

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

(CONTINUED)

**For the Three
Months Ended**

March 31,

From

inception

(December 5,

2000) to

March 31,

2009

2008

2009

**Cash flows from
investing activities:**

Proceeds from
sales of oil & gas
properties

-

-

6

Purchase of mining
equipment and
furniture and
fixtures

(2)

(15)

(290)

Purchase of land
and office building

-

-

(415)

Proceeds from the
sale of marketable
securities

-

317

1,731

Proceeds from the
sale of assets

-

385

384

36

Purchase of mining
concession

(6)

(53)

851

Deposits

-

(220)

(738)

Payment for
construction in
progress

(24)

(423)

(689)

Proceeds from note
receivable payments

-

-

(7)

Proceeds from
disposal of assets

-

-

347

Loans to unrelated
third parties

-

-

37

(380)

Change in assets
held for disposal

-

28

-

C a s h i n
d i s c o n t i n u e d
operations

-

2

(3)

Net cash
(used) provided by
investing activities

(32)

21

797

**Cash flows from
financing activities:**

Payments toward
s h o r t t e r m
convertible debt

38

	-
	-
	(22)
Proceeds from short term convertible debt	
	-
	-
	72
Payments toward notes payable	
	(30)
	(516)
	(9,460)
Change in due to/from related parties, net	
	17
	(342)
	784
Non-controlling interest in net assets of consolidated subsidiaries	
	115
	500
	4,036
Payments from joint venture partners	
	-
	39

	506
	9,920
Stock offering costs	-
	-
	(13)
Cash acquired in reverse acquisition	-
	-
	4
Common stock issued for cash	-
	-
	5,753
Net cash provided by financing activities	102
	148
	11,074
Effect of exchange rate changes on cash	
	40

(101)

(248)

(751)

Cash and cash
equivalents:

Net (decrease)
increase for the
period

(206)

(1,841)

58

Beginning of
the period

264

2,606

-

End of period
\$
58
\$
765
\$
58

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

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

(CONTINUED)

**For the Three
Months Ended**

March 31,

From

Inception

(December 5,

2000) to

March 31,

2009

2008

2009

**SUPPLEMENT
DISCLOSURE OF
CASH FLOW
INFORMATION**

Interest paid	
\$	
	6
\$	
	50
\$	
	726
Income taxes paid	
\$	
	-
\$	
	-
\$	
	10

NON-CASH
TRANSACTIONS

Conversion of debt to common stock	
\$	-
\$	532
\$	782
Share receivable for debt	
\$	-
\$	-
\$	27
Issuance of common stock for assets	
	45

\$
-

\$
-

\$
304

Issuance of
common stock under
share

receivable for
services

\$
-

\$
-

\$
35

Purchase of
mining concession
paid by debt

and issuance of
stock and warrants

\$
46

	-
\$	
(430)	
\$	
18,609	
Beneficial conversion feature, convertible debt	
\$	
-	
\$	
-	
\$	
32	
Beneficial conversion feature, convertible related party debt	
\$	
-	
\$	
-	
\$	
359	
Recoverable value-added taxes	
\$	
-	
\$	
47	

	(61)
\$	
	2,624
Purchase of La Escuadra with debt	
\$	
	-
\$	
	-
\$	
	1,370
Receipt of stock for Joint Venture Payments and Fee Income	
\$	
	-
\$	
	-
\$	
	2,301
Equipment financed through debt	
\$	
	-
\$	
	-
\$	
	48

167

Unrealized loss
in investments,
available for sale

\$

-

\$

124

\$

2,125

Accrued and
capitalized interest

\$

67

\$

76

\$

236

Notes receivable
reclassified to Due
from Related Party

\$

-

\$

380

\$

-

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Basis of Presentation and Organization

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 years ended December 31, 2008, 2009 and 2010. Significant accounting policies disclosed therein have not changed except as noted below.

The accompanying Condensed Consolidated Financial Statements and the related footnote information are unaudited. In the opinion of management, they include all normal recurring adjustments necessary for a fair presentation of the condensed consolidated balance sheets of the Company as of March 31, 2009 and December 31, 2008, the condensed consolidated results of its operations for the three ended March 31, 2009 and 2008 and the condensed consolidated statements of cash flows for the three months ended March 31, 2009 and 2008. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

The Company is engaged in the acquisition, exploration and development of mineral resource properties in the United States of America and Mexico. The Company owns 100% of the common stock of Corporacion Amermin, S.A. de C.V. In May 2006, the Company established Tara Minerals Corp, which owns 99.9% of American Metal Mining (AMM). Corporacion Amermin and AMM are Mexican corporations. As of March 31, 2009 and December 31, 2008 the Company owned 79% and 80%, respectively, of the outstanding shares of Tara Minerals.

As used in these Notes to the Condensed Consolidated Financial Statements, the terms the Company, we, us, our similar terms refer to Tara Gold Resources, Corp. and, unless the context indicates otherwise its consolidated subsidiaries. The Company's subsidiaries include Corporacion Amermin, S.A. de C.V. (Amermin), which operates, in México and Tara Minerals Corp.

Unless otherwise indicated, all references to the Company include the operation of its subsidiaries.

The consolidated financial statements include the accounts of the Company, its subsidiaries and variable interest entities (VIE) over which control is achieved through means other than voting rights and we are considered the primary beneficiary. The primary beneficiary of the VIE consolidates the entity if control is achieved through means other than voting rights such as certain capital structures and contractual relationships. All significant intercompany transactions and accounts have been eliminated in consolidation. The consolidated financial statements of the Company have been prepared on the accrual basis of accounting and are in conformity with accounting principles generally accepted in the United States of America and prevailing industry practice. At March 31, 2009 and December 2008 the Company had one joint venture or VIE with Coeur d'Alene.

Amermin, AMM and ACM are Mexican corporations. 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 gain or loss is recorded as other comprehensive income (loss).

The financial results of the Mexican subsidiaries should not be construed as representations that Mexican pesos have been, could have been or may in the future be converted into U.S. dollars at such rates or any other rates. 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 of the subsidiaries are as follows for the three months ended March 31, 2009 and 2008 (denoted in Mexican pesos per one U.S. dollar):

2009

Current
exchange rate
at March 31,

Ps. 14.3855

Weighted
average
exchange rate
for the three
months ended
March 31,

Ps. 14.3725

2008

Current
exchange rate
at March 31,

Ps. 10.6987

Weighted
average
exchange rate
for the three
months ended
March 31,

Allowance for doubtful accounts

Each period the Company analyzes its receivables for collectability. When a receivable is determined to not be collectible the receivable is allowed for until there is assurance of its collection or that a write off is necessary. At March 31, 2009 and December 31, 2008 the Company had allowed \$237,172 and \$242,567, respectively, relating to other receivables, since it was determined that the Mexican government may not allow the complete refund of value added taxes (VAT) previously paid by the Company

Reclassification

Certain reclassifications reported in prior records, which have no effect on net loss, have been adjusted to conform to the current presentation. Specifically, certain items in the Operating Activities section of the Statement of Cash Flows have been reclassified between categories in the inception to date column for clearer presentation.

Fair Value Accounting

The Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard (SFAS) No.157 requires fair value to be measured based on a three-tier fair value hierarchy. The hierarchy 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).

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. Actual results could differ from those estimates.

Cash Equivalents and Marketable Securities

The Company considers all highly-liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents at March 31, 2009 and December 31, 2008.

All investments with stated maturities of greater than three months are classified as marketable securities. The Company had \$464,430 and \$463,931 in marketable securities at March 31, 2009 and December 31, 2008, respectively. These marketable securities had a cost basis of \$1,081,155 and \$1,081,703 as of March 31, 2009 and December 31, 2008, respectively. In accordance with the SFAS No. 130, Reporting Comprehensive Income, the Company has accounted for unrealized gain (loss) as a component of other comprehensive income. An unrealized loss of \$499 and \$123,803 was recorded in other comprehensive income for the three months ended March 31, 2009 and 2008, respectively.

Concentrations

The Company maintains cash balances at highly-rated financial institutions in the United States. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had no bank accounts in excess of \$250,000, as of March 31, 2009 and December 31, 2008, respectively. The Company has not experienced any losses in these accounts.

Recent Accounting Pronouncements

In January 2010, the FASB issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires a roll forward of activities on purchases, sales, issuances, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance will become effective for the Company with the reporting period beginning July 1, 2011. The adoption of this guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not have, or are not believed by management will have, a material impact on the Company's present or future consolidated financial statements.

Note 2.

Property, plant, equipment, mine development and land

March 31, 2009

December 31, 2008

(Unaudited)

(Audited)

Land

\$

19,590

\$

19,590

Mining concessions
(a):

La Currita

1,253,439

1,253,439

Las Minitas

2,249,638

2,290,907

Pilar

715,153

715,153

Don Roman

521,739

521,739

Las Nuvias

100,000

100,000

Picacho

5,590,332

5,537,554

Centenario

1,526,565

1,520,738

Las Brisas

3,134

3,134

Mezquite and Mariana

	163,700
	164,506
Auriferos	
	100,000
	100,000
Mining concessions	
	12,223,700
	12,207,170
Property, plant and equipment (b)	
	938,296
	936,100
	13,181,586
	13,162,860
Less accumulated depreciation	
	(77,821)
	(70,895)
\$	
	13,103,765
\$	
	13,091,965

a.

Mining Concessions

Mining concessions as of March 31, 2009 are as follows:

i)

On May 2005, the Company acquired the rights to four concessions, known as La Currita. The acquisition price of the property was \$1,200,000 plus value-added tax of \$180,000. The Company also included finder's fees of \$11,927 in the purchase price of the property, making the effective price of the property grouping \$1,211,927. As of May 2007, the note and the related value added tax had been paid in full and the Company received title in July 2008.

In May 2006, the Company entered into an agreement with Raven Gold Corp. (Raven), for the sale of an interest in a joint venture which includes the La Currita Groupings (La Currita joint venture). The agreement was ratified in August 2006, amended on March 30, 2007, and cancelled on May 3, 2007 primarily due to non-performance by Raven under the August 2006 agreement and subsequent modification. On May 3, 2007, the Company entered into a new agreement with Raven for the La Currita joint venture. Raven defaulted on its obligations required by the joint venture agreement and the agreement with Raven was terminated in 2008.

Due to the purchase of Amermin 3% non-controlling interest, the valuation of the mining concession increased by \$53,439.

In December 2008, the Company signed an option agreement with Coeur d'Alene Mines Corporation which allowed Coeur d'Alene Mines Corporation to acquire 100% interest in the concession. In 2009 the option was terminated.

ii)

In March 2006, the Company acquired the rights to 23 concessions, known as Las Minitas. In April 2007, the agreement was renegotiated, based on a geological study, to reduce the purchase price of the mining concessions and restructure the debt payments to \$2,750,000 plus value-added tax of \$412,500. In January 31, 2008 the agreement was amended to extend the payment date to 2012 and the amount of the note was reduced to \$2,150,000 plus value added-tax of \$322,500.

As of March 31, 2009, the resulting debt payment schedule, including applicable value added tax, is as follows:

2009	
\$	
	22,500
2010	
	-
2011	
	-
2012	
	1,834,736
\$	
	1,857,236

In accordance with Accounting Principles Board Opinion 21, *Interest on Receivables and Payables* (ABP 21), the future payments of the total payment amount of \$2,150,000 have been discounted using the incremental borrowing rate of 3.56%. As of March 31, 2009, the present value of future payments on the Las Minitas contract is as follows:

Debt
IVA
Total
Future payments

\$
1,750,000

\$
285,000

\$
2,035,000

Imputed interest
(177,764)

-

(177,764)

Present value of
debt
1,572,236

285,000

1,857,236

Less: current
portion
-

(22,500)

(22,500)

\$

1,572,236

\$

262,500

\$

1,834,736

In addition to the \$2,150,000 above, the Company capitalized \$173,913 in payments made toward the original agreement. Pursuant to the agreement signed in April 2007 this payment could not be applicable to the purchase price. Accordingly, the effective purchase price of the properties is \$2,646,413.

No payments were made after February 2008 and as of April 15, 2011, the Company was actively working with the note holder which may include the termination of this agreement and return of the property.

iii)

In October 2006, the Company acquired the rights to 13 concessions, known as Pilar De Moceribo for \$800,000 plus value-added tax of \$120,000

In January 2007, this property was assigned to the Company's subsidiary Tara Minerals, and is considered part of the Don Roman group of concessions.

Subsequent to March 31, 2009:

In June 2009, Tara Minerals and the note holder modified the agreement by returning one mining concession under this agreement and reducing the purchase by \$60,870 plus the related \$9,130 of value added tax. The resulting purchase price for the remaining concessions was \$739,130 plus \$110,870 of value added tax.

As of June 2009, the agreement was modified and the mining deposit for La Millionaria was applied to the Pilar De Moceribo debt and Centenario. As of December 31, 2009, the note was paid in full and the Company capitalized this prospect at \$728,313.

iv)

In January 2007, the Company acquired the rights to the six concessions, known as Picacho. Due to economic circumstances relating to the current recession, the Company failed to make a payment due in November 2008 and the concession was returned to the third party note holder on June 16, 2009.

Subsequent to March 31, 2009:

In July 2009 Tara Minerals agreed to acquire the Picacho claims from the third party, which then included the Dos Amigos and Unification Rey de Oro concessions, for \$4,800,000 plus value-added tax of \$720,000. Tara Minerals paid \$575,000 of the purchase price in June 2009. The \$575,000 paid in June 2009 was borrowed from the Company by Tara Minerals.

In July 2009 Tara Minerals transferred the Picacho prospect to Adit, a subsidiary of Tara Minerals. In connection with the transfer of the prospect, Adit issued Tara Minerals a promissory note in the principal amount of \$650,000 to compensate Tara Minerals for its down payment toward the purchase price of the property and to reimburse Tara Minerals for other amounts advanced on behalf of Adit. The note is unsecured, bears interest at 3.25% per year, and is due and payable on June 30, 2011. In January 2010, Adit paid \$200,000 towards this note. In December 2009 Adit paid an installment of \$278,500 (which included applicable value added taxes) toward the purchase.

In March 2010, Tara Minerals and the note holder agreed to reduce the purchase of the Picacho concession to \$1,250,000. Under the revised agreement, Tara Minerals paid the vendor \$500,000 in cash (plus applicable taxes) as final consideration for the mining concession. These changes resulted in the following: 1) decrease debt by \$3,324,485; and 2) decrease recoverable value-added taxes by \$527,000. The purchase price was paid in full in March 2010.

In March 2010, Tara Minerals purchased technical data pertaining to the Picacho Prospect from the prospect's former owner in consideration for the issuance to the former owner of 437,500 shares of Tara Minerals' common stock and 320,000 shares of Adit, a subsidiary of Tara Minerals, common stock. The technical data includes engineering reports, maps, assessment reports, exploration samples certificates, surveys, environmental studies and other miscellaneous information pertaining to the Picacho Prospect. The Picacho Prospect did not have any proven reserves when this transaction was consummated. As such, the information purchased was considered research and development pertaining to a developing mine and in accordance with the Financial Accounting Standard No. 2 Accounting for Research and Development Costs (R&D) - R&D is expensed when incurred. The parties agreed that the value of the stock for the technical data was \$2.25 per share for Adit stock and \$4.00 per share for the Tara Minerals' common stock. Tara Minerals has accounted for the shares at their fair market value as follows: 320,000 shares of Adit's common stock were valued at \$0.75 per share, and 437,500 shares of Tara Minerals' common stock were valued at \$2.25 per share. All fair market values were determined based on contemporaneous stock issuances for cash or if the stock was quoted on an exchange, it's closing stock price. All stock was issued April 2010.

v)

In November 2008, the Company executed an agreement to acquire eight mining concessions known as Centenario from an independent third party. The properties approximate 7,000 hectares and were purchased for a total of \$1,647,000 plus \$247,050 in value added taxes.

The original agreement did not specify that \$133,000 already paid as a deposit would be applied to the effective purchase price of this mining concession resulting in the final agreement being amended during the second quarter of 2009. This amendment includes the notation that the effective purchase price of this property, excluding value added taxes, is \$1,780,000, which includes the \$133,000 previously paid.

The debt payment schedule per the original agreement is as follows:

	2009
\$	
	264,000
	2010
	287,500
	2011
	575,000
	2012
	732,550
\$	
	1,859,050

In accordance with Accounting Principles Board Opinion 21, *Interest on Receivables and Payables* (ABP 21), the future payments of the total payment amount of \$1,647,000 has been discounted using the incremental borrowing rate of 2.97%. As of December 31, 2008, the present value of future payments on the Centenario contract was as follows:

Debt	
IVA	
Total	
Future payments	
\$	
	1,616,565
\$	
	242,485
\$	
	1,859,050
Imputed interest	
	(120,435)
	-
	(120,435)

Present value of debt	
	1,496,130
	242,485
	1,738,615
Less: current portion	
	(191,755)
	(34,435)
	(226,190)
\$	
	1,304,375
\$	
	208,050
\$	
	1,512,425

b) Other Fixed Assets

For the three months ended March 31, 2009, Tara Minerals and its subsidiaries purchased \$2,196 in equipment and other fixed assets in the normal course of business.

Note 3.**Notes Payable**

On July 30, 2008 a non-related party loaned the Company \$500,000. The note bore interest at 180% per year and, was due and payable on or before October 1, 2008. The loan was secured by two million shares of stock in Tara Minerals. The Company defaulted on the Note by failing to pay the face amount of the note of \$650,000 on or before October 1, 2008. The Company and the lender engaged in litigation and on May 28, 2009 reached a settlement agreement where the Company agreed to transfer ownership of 900,000 shares of Paramount Gold and Silver Mining Corp common stock (PZG) with a value of \$648,000. The Company recognized a \$2,000 gain, the Company and the non-related party dismissed the litigation, agreed to pay their own costs and fees, released all outstanding claims against each other party and the non-related party waived any claims relating to the note and pledged collateral.

Note 4.**Balances and transactions with related parties**

Balances with related parties are as follows:

	March 31,
	December 31,
	2009
	2008
Due from (to) related parties	
\$	
	(34,603)
\$	
	51,837

Loans from officers

-

(70,000)

Total Due from (to)
related parties

\$

(34,603)

\$

(18,163)

As of March 31, 2009, the following items occurred in the loans from officers and related beneficial conversion feature accounts:

§

Temporary loans from officers totaling \$70,000 were paid in cash.

The remaining change due to related parties is primarily due to officers of the Company and Amermin having reimbursable expenses payable by the Company that were not remitted to the officers and changed into a loan at period end or accrued compensation.

In January 2007, Amermin made the arrangements to purchase the Pilar, Don Roman and Las Nuvias properties listed in Note 2. These properties were assigned to the Company's subsidiary Tara Minerals as of January 2007. Tara Minerals makes payments to Amermin and Amermin makes payments related to the original purchase agreements. At March 31, 2009, Amermin has paid the original note holder in full but Tara Minerals has not paid Amermin. At March 31, 2009, this is an intercompany transaction that is eliminated during the consolidation of the Company's financials.

Note 5.

Stockholders' Equity

The authorized common stock of the Company consists of 150,000,000 shares of common shares with par value of \$0.001. For the three months ended March 31, 2009, the Company did not issue shares of common stock.

Net loss per common share

Net loss per share is calculated in accordance with SFAS No. 128, *Earnings Per Share*. The weighted average number of common shares outstanding during each period is used to compute basic loss per share. Diluted loss per share is computed using the weighted averaged number of shares and dilutive potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised, such as options, warrants and convertible debt.

At March 31, 2009, the Company had a net loss resulting in no dilution of any common stock equivalents.

Note 6.

Non-controlling Interest

Tara Minerals' stock payable at March 31, 2009 was \$115,000 for 575,000 shares. No shares were issued for the three months ended March 31, 2009. The following table documents the non-controlling interest activity:

March 31, 2009

(Unaudited)

December 31, 2008

(Audited)

Tara Minerals:

January 2007 private
placement

\$

2,540,500

\$

2,540,500

Equipment

600,000

600,000

Shares issued with warrants
and exercised warrants

773,500

773,500

Cumulative statement of
operations pickup through

December 31, 2008

(388,124)

(388,124)

Statement of operations
pickup 2009

(33,631)

-

Share subscriptions

115,000

-

Total non-controlling interest

\$

3,607,245

\$

3,525,876

Note 7.

Fair Value

The Company's financial assets and liabilities, measured at fair value by level within the fair value hierarchy, are shown below. 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
March 31,
2009**

Total

Level 1

Level 2

Level 3

Assets:

Marketable
securities

\$

464,430

\$

-

\$

-

\$

464,430

Total

\$

464,430

\$

-

\$

-

\$

464,430

Liabilities:

Total due to
related parties

\$

34,603

\$

34,603

\$

-

\$

-

Notes payable

9,052,500

9,052,500

-

-

Total

\$	
	9,087,103
\$	
	9,087,103
\$	
	-
\$	
	-

**Fair Value at
December
31, 2008**

Total

Level 1

Level 2

Level 3

Assets:

Marketable
securities

\$

463,931

\$

-

\$
-

\$
463,931

Total

\$
463,931

\$
-

\$
-

\$
463,931

Liabilities:

Total due to
related parties

\$

18,163

\$

18,163

\$

-

\$

-

Notes payable

8,992,151

8,992,151

-

-

Total

\$

9,010,314

\$

9,010,314

\$

-

\$

Note 8.

Subsequent Events

These 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 years ended December 31, 2008, 2009 and 2010.

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

Tara Gold was incorporated on May 12, 2006. During the period from its incorporation through December 31, 2010 Tara Gold generated revenue of approximately \$725,000 and incurred expenses of approximately \$759,000 in cost of sales; approximately \$6,351,000 in exploration expenses and approximately \$34,439,000 in operating and general administration expenses. Included in operating and general and administrative expenses is a non-cash charge of approximately \$7,649,000 pertaining to the issuance of stock options.

Tara Gold anticipates that its capital requirements during the twelve months ending March 31, 2012 will be:

Exploration and
Development
Centenario

\$ 250,000

Property payments
and taxes
Centenario

25,000

Exploration and
Development
Choix/Pilar

100,000

Property payments
and taxes
Choix/Pilar

30,500

Exploration and
Development La
Verde

500,000

Property Payments
and taxes La Verde

62,000

Exploration and
Development Don
Roman Groupings

650,000

Property payments
and taxes Don
Roman Groupings

3,500

Exploration and
Development -
Picacho Prospect

2,500,000

Property payments
and taxes Picacho
Prospect

40,000

General and
administrative

expenses

500,000

Total

\$ 4,661,000

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

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.

As of April 15, 2011 Tara Gold has sought to expand and advance the Don Roman Groupings project by acquiring additional highly prospective mineral claims; and by opening up the project to numerous parties that have expressed an interest in the possibility of becoming an operating partner in the further development of the Don Roman Groupings. Interest from various parties has also been expressed towards El Oro (a concession within the Don Roman Groupings), Tara Gold iron ore, gold, copper prospect. Based on this interest, Tara Gold has been investigating the economic merits surrounding the iron ore market, has found favorable results, and is now working on a number of development strategies relating to iron ore.

Tara Gold's future plans will be dependent upon the amount of capital available to Tara Gold, the amount of cash provided by its 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.

See Note 1 to the financial statements included as part of this report for a description of Tara Gold's accounting policies and recent accounting pronouncements.

ITEM 4T. CONTROLS AND PROCEDURES

Francis R. Biscan, Jr., the Company's President and Chief Executive Officer, and Lynda R. Keeton-Cardno, the Company's Chief Financial Officer, evaluated the effectiveness of the Company'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 the Company's disclosure controls and procedures were ineffective due to the untimely filing of this document.

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

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(j) 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. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a Petition for Review or a motion to correct a manifest error of fact, or unless the Commission determines on its own to review the Initial Decision.

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. The SEC's Enforcement Division subsequently filed a brief in opposition. Tara Gold then filed a reply to the Division's opposition.

The Commission will now decide if Tara Gold's registration pursuant to Section 12(j) of the Exchange Act should be revoked.

On September 13, 2010, Tara Gold announced that it had entered into a tentative agreement with Tara Minerals which provided Tara Minerals would acquire all of the common shares of Tara Gold by exchanging one share of Tara Mineral s common stock for two Tara Gold shares. In an effort to avoid any conflicts due to common directors, the transaction required the approval of non-affiliate shareholders owning a majority of the outstanding shares of Tara Minerals and Tara Gold.

On September 20, 2010 Chris Columbo filed a lawsuit in the District Court for Carson City Nevada, against Tara Gold, Tara Gold s officers and directors, and Tara Minerals. The essence of the lawsuit was to obtain the fairest price for Tara Gold, whether from Tara Minerals or a third party. On October 25, 2010 Mr. Columbo voluntarily dismissed his lawsuit against Tara Gold and other defendants.

On October 22, 2010 Patricia J. Root filed a lawsuit in the Circuit Court for Dupage County, Illinois, against Tara Gold, Tara Gold s officers and directors, and Tara Minerals. The essence of the lawsuit was to prevent Tara Mineral s proposed acquisition of Tara Gold.

Tara Gold believed the lawsuit filed by Ms. Root was premature since, as noted in the September 13, 2010 press release, the transaction was tentative and was subject to the approval of the shareholders of Tara Gold who are not officers or directors of Tara Gold. No binding agreement between Tara Gold and Tara Minerals has been ever signed.

On April 6, 2011 Ms. Root voluntarily dismissed her lawsuit against Tara Gold and all other defendants.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. [REMOVED AND RESERVED]

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.

Description of Exhibit

31.1

Rule 13a-14(a) Certifications - CEO

(1)

31.2

Rule 13a-14(a) Certifications - CFO

(1)

32

Section 1350 Certifications

(1)

(1)

Filed with this report.

SIGNATURES

In accordance with Section 13 or 15(a) of the Exchange Act, the Registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on the 18th day of April 2011.

TARA GOLD RESOURECES CORP.

By /s/ Francis R. Biscan, Jr.

Francis R. Biscan, Jr., President

Pursuant to the requirements of the Securities Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Title

Date

/s/ Francis R. Biscan, Jr.

Francis R. Biscan, Jr.

Director and Principal Executive
Officer

April 18, 2011

/s/ Lynda R. Keeton-Cardno

Lynda R. Keeton-Cardno

Principal Financial and Accounting
Officer

April 18, 2011

/s/ Clifford A. Brown

Clifford A. Brown

Director

April 18, 2011

