

TARA GOLD RESOURCES CORP.
Form 10-Q/A
December 02, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q /A

(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

E 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 incorporation or organization) | (I.R.S. Employer 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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

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 15, 2011, the Company had 102,795,119 outstanding shares common stock.

1

Explanatory Note

The purpose of this amendment is to add Footnote 8 Supplementary financial information, to include the condensed consolidated balance sheet as of March 31, 2008.

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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

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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 (Unaudited) | December 31, 2008 (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 |

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| | | |
|------------------------------|-----------|-----------|
| 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.

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

| | For the Three Months Ended March 31, | | 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 | | | |
| 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 |
| Interest expense | - | (26) | (693) |
| Settlement expense | - | - | 134 |
| Gain on extinguishment of debt | - | - | 331 |
| Gain on deconsolidation of joint venture | - | - | 8,661 |
| Gain on sale of joint venture interest | - | - | 3,112 |
| Gain on dissolution of joint venture | - | - | 8,913 |
| Gain (loss) on disposal of assets | - | 1 | (399) |
| Gain on acquisition of mining concessions | - | - | 100 |
| Realized loss on the sale of marketable securities | - | (311) | (2,338) |
| Other income | 24 | 14 | 229 |
| Non-controlling interest | 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 |
| Loss from operations of La Escudra | - | (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 – basic and diluted | 101,995,119 | 97,128,681 | |

See Accompanying Notes to these Condensed Consolidated Financial Statements.

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

| | For the Three Months Ended March 31, | | From inception (December 5, 2000) to March 31, 2009 |
|--|---|-------------|--|
| | 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 deemed uncollectible | - | - | 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) |
| Gain on dissolution of joint venture | - | - | (8,438) |
| Gain on 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 beneficial conversion | - | 23 | 361 |
| Loss (gain) on the disposal of assets | - | (1) | 218 |
| Realized loss on marketable securities | - | 311 | 2,338 |
| Common stock of subsidiary issued and options valuations for services | - | - | 750 |
| Lawsuit settlement payable in stock | - | - | 315 |
| Cancellation of common stock for settlement (Tara Minerals) | - | - | (750) |
| Assets acquired from La Escuadra | - | - | (330) |
| Gain on acquisition of mining concession | - | - | (100) |
| Changes in operating assets and liabilities: | | | |
| Other receivables | 374 | (198) | (94) |
| Prepaid expenses | - | - | 2 |
| Other current assets | 4 | (12) | (67) |
| Accounts payable and accrued expenses | (151) | 209 | 1,499 |
| Deferred joint venture income | - | (10) | (33) |
| Net cash used in operating activities | (175) | (1,762) | (11,062) |

See Accompanying Notes to these Condensed Consolidated Financial Statements.

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TARA GOLD RESOURCES CORP. AND SUBSIDIARIES
 (An Exploration Stage Company)
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (UNAUDITED)
 (In thousands of U.S. Dollars, 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 |
| 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 | - | - | (380) |
| Change in assets held for disposal | - | 28 | - |
| Cash in discontinued operations | - | 2 | (3) |
| Net cash (used) provided by investing activities | (32) | 21 | 797 |
| Cash flows from financing activities: | | | |
| Payments toward short term convertible debt | - | - | (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 | - | 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 | (101) | (248) | (751) |
| Cash and cash equivalents: | | | |
| Net (decrease) increase for the period | (206) | (1,841) | 58 |

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| | | | |
|-------------------------|-------|--------|-------|
| Beginning of the period | 264 | 2,606 | - |
| End of period | \$ 58 | \$ 765 | \$ 58 |

See Accompanying Notes to these Condensed Consolidated Financial Statements.

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

(CONTINUED)

| | For the Three Months Ended March 31, | | From Inception (December 5, 2000) to March 31, 2009 |
|--|--|-----------|---|
| | 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 | \$ - | \$ - | \$ 304 |
| Issuance of common stock under share receivable for services | \$ - | \$ - | \$ 35 |
| Purchase of mining concession paid by debt and issuance of stock and warrants | \$ - | \$ (430) | \$ 18,609 |
| Beneficial conversion feature, convertible debt | \$ - | \$ - | \$ 32 |
| Beneficial conversion feature, convertible related party debt | \$ - | \$ - | \$ 359 |
| Recoverable value-added taxes | \$ - | \$ (61) | \$ 2,624 |
| Purchase of La Escudra with debt | \$ - | \$ - | \$ 1,370 |
| Receipt of stock for Joint Venture Payments and Fee Income | \$ - | \$ - | \$ 2,301 |
| Equipment financed through debt | \$ - | \$ - | \$ 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.

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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” and 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).

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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, | Ps. 10.8090 |

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).

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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.

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Note 2. Property, plant, equipment, mine development and land

| | March 31, 2009 (Unaudited) | December 31, 2008 (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.

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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 "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 Millonaria 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.

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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 |

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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, 2009 | December 31, 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.

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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.

| | Total | Fair Value at March 31, 2009 | | |
|------------------------------|--------------|------------------------------|---------|------------|
| | | 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 | \$ - | \$ - |

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| | Total | Fair Value at December 31, 2008 | | |
|------------------------------|--------------|---------------------------------|---------|------------|
| | | 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 | \$ - | \$ - |

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Note 8. Supplementary Financial Information

The condensed consolidated balance sheet (in thousands of U.S. Dollars) as of March 31, 2008 is as follows:

| | March 31, 2008 (Unaudited) |
|--|-------------------------------|
| Assets | |
| Current assets: | |
| Cash | \$ 765 |
| Other receivables, net of \$307 of allowance as of March 31, 2008 | 3,198 |
| Marketable securities | 2,204 |
| Due from related parties | 376 |
| Assets held for disposition, net of liabilities | 1,576 |
| Deferred tax asset | 559 |
| Other current assets | 109 |
| Total current assets | 8,787 |
| Property, equipment, and mine development, net of accumulated depreciation of \$148 as of March 31, 2008 | 17,399 |
| Construction in progress | 432 |
| Deposits | 706 |
| Total assets | \$ 27,324 |
| Liabilities and Stockholders' Equity | |
| Current liabilities: | |
| Accounts payable and accrued expenses | \$ 2,501 |
| Notes payable, current portion net of debt discount | 4,440 |
| Payments from joint venture partner for options to purchase mining properties | 5,593 |
| Deferred joint venture fee income | 17 |
| Deferred tax liability | 128 |
| Total current liabilities | 12,679 |
| Long-term accrued liabilities | 1,093 |
| Notes payable, long term | 6,847 |
| Total liabilities | 20,619 |
| Commitments and contingencies | - |
| Stockholders' equity: | |
| Common stock; \$0.001 par value 150,000,000 shares authorized – 101,607,618 issued and outstanding at March 31, 2008 | 102 |
| Additional paid-in capital | 10,974 |
| Share stock subscribed | 126 |
| Accumulated deficit during exploration stage | (6,767) |
| Other comprehensive loss | (1,733) |
| Total Tara Gold stockholders' equity | 2,702 |
| Non-controlling interest | 4,003 |
| Total equity | 6,705 |
| Total liabilities and equity | \$ 27,324 |

Note 9. 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 or Form 10-K/A for the years ended December 31, 2008, 2009 and 2010.

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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.

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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.

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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 was 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.

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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 2nd day of December 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 | December 2, 2011 |
| /s/ Lynda R. Keeton-Cardno Lynda R. Keeton-Cardno | Principal Financial and Accounting Officer | December 2, 2011 |
| /s/ Clifford A. Brown Clifford A. Brown | Director | December 2, 2011 |