

TARA GOLD RESOURCES CORP.  
Form 10-Q  
May 12, 2015

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015

OR

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

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

COMMISSION FILE NUMBER 333-143512

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

Nevada  
(State or other jurisdiction of  
incorporation or organization)

90-0316566  
(I.R.S. Employer  
Identification No.)

1047 West 200 North  
Pima, AZ  
(Address of principal executive offices)

85543  
(Zip code)

(928) 965-1151  
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 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 May 12, 2015, the Company had 102,795,119 outstanding shares of common stock.

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

TARA GOLD RESOURCES CORP.

CONDENSED FINANCIAL STATEMENTS  
AS OF MARCH 31, 2015 AND FOR  
THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

Table of ContentsTARA GOLD RESOURCES CORP.  
CONDENSED BALANCE SHEETS

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current assets:		
Cash	\$ -	\$ 294
Other current assets	7,088	6,138
Total current assets	7,088	6,432
Total assets	\$ 7,088	\$ 6,432
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 58,955	\$ 118,709
Total current liabilities	58,955	118,709
Stockholders' deficit:		
Common stock: \$0.001 par value; authorized 150,000,000 shares; issued and outstanding 102,795,119 shares	102,794	102,794
Additional paid-in capital	11,010,537	11,010,537
Accumulated deficit	(11,165,198 )	(11,405,783 )
Accumulated other comprehensive gain	-	180,175
Total stockholders' deficit	(51,867 )	(112,277 )
Total liabilities and stockholders' deficit	\$ 7,088	\$ 6,432

See accompanying notes to these Condensed Financial Statements.

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## TARA GOLD RESOURCES CORP.

CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
(UNAUDITED)

	For the Three Months Ended March 31,	
	2015	2014
Mining revenues	\$-	\$ 105,316
Cost of revenue	-	-
Gross margin	-	105,316
Exploration expenses	-	185,862
Operating, general and administrative expenses	25,499	633,036
Net operating loss	(25,499 )	(713,582 )
Non-operating income (loss):		
Interest income	-	12,454
Interest expense	-	(126,344 )
Gain on extinguishment of debt, net	67,337	5,000
Loss on sale or disposal of assets	-	(54,558 )
Gain on deconsolidation of Firma Holdings	198,747	-
Other income	-	11,761
Total non-operating income (loss)	266,084	(151,687 )
(Loss) gain before income taxes	240,585	(865,269 )
Income tax benefit	-	-
(Loss) income from continuing operations	240,585	(865,269 )
Discontinued operations:		
Loss from discontinued operations of Corporacion Amermin S.A. de C.V., net of tax	-	(236,474 )
Net income (loss)	240,585	(1,101,743 )
Net loss attributable to non-controlling interest	-	389,837
Net income (loss) attributable to Tara Gold's shareholders	240,585	(711,906 )
Other comprehensive loss:		
Foreign currency translation loss	-	(3,972 )
Realized loss on fair value of stock	(180,175 )	-
Total comprehensive income (loss)	\$60,410	\$(715,878 )
Net income (loss) per share, basic and dilutive before discontinued operations	\$0.00	\$(0.01 )
Discontinued operations per share, basic and dilutive	\$-	\$(0.00 )
Net income (loss) per share, basic and diluted	\$0.00	\$(0.01 )
Weighted average number of shares, basic and diluted	102,795,119	102,795,119

See accompanying notes to these Condensed Financial Statements.



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TARA MINERALS RESOURCES CORP.  
CONDENSED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	For the Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income (loss) attributable to Tara Gold's shareholders	\$ 240,585	\$ (711,906 )
Adjustments to reconcile net loss to net cash:		
Depreciation and amortization	-	73,557
Allowance for doubtful accounts	-	2,000
Gain on debt due to extinguishment and conversion, net	(67,337 )	(5,000 )
Non-controlling interest in net loss of consolidated subsidiaries	-	(389,837 )
Amortization of beneficial conversion feature	-	114,306
Loss on disposal of assets	-	54,558
Gain on deconsolidation of Firma Holdings Corp.	(198,747 )	-
Loss on discontinued operations	-	236,474
Changes in current operating assets and liabilities:		
Other receivables, net	-	28,000
Other assets	(950 )	16,000
Accounts payable and accrued expenses	26,155	493,156
Net cash used in operating activities	(294 )	(88,692 )
Cash flows from investing activities:		
Cash flows from financing activities:		
Change in due to/from related parties, net	-	(10,000 )
Proceeds from notes payable	-	110,000
Payments towards notes payable	-	(4,038 )
Net cash provided by financing activities	-	95,962
Effect of exchange rate changes on cash	-	(3,972 )
Net (decrease) increase in cash	(294 )	3,298
Beginning of period cash balance	294	81,540
End of period cash balance	\$ -	\$ 84,837
Supplemental Information:		
Interest paid	\$ -	\$ 663
Income taxes paid	\$ -	\$ -
Non-cash Investing and Financing Transactions:		
Beneficial conversion feature, convertible debt, related and nonrelated party and financial instruments	\$ -	\$ 94,850

See accompanying notes to these Condensed Financial Statements.



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TARA GOLD RESOURCES CORP.  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)

Note 1. Nature of Business and Significant Accounting Policies

Nature of business and principles of consolidation:

The accompanying Condensed Financial Statements of Tara Gold Resources Corp. ("Tara Gold" or the "Company") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Significant accounting policies disclosed therein have not changed, except as noted below.

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

In May 2005, Tara Gold, through its subsidiary Corporacion Amermin S.A. de C.V. ("Amermin"), began acquiring mining properties in Mexico. In May 2006, Tara Gold formed Firma Holdings Corp. ("Firma Holdings"), formerly known as Tara Minerals Corp. Tara Gold's operations in Mexico were conducted through Amermin and Firma Holdings' Mexico subsidiaries, since Mexican law provides that only Mexican corporations are allowed to own mining properties. All of Tara Gold's operations in Mexico were conducted through its Mexican subsidiaries.

In December 2014, the Company discontinued Amermin and sold its interest in the common stock of Amermin for \$100 to an independent third party in Mexico.

On May 25, 2011, Tara Gold commenced distributing its shares of Firma Holdings to its shareholders by distributing one share of Firma Holdings for every 20 outstanding shares of Tara Gold. In November 2014 the Board of Directors of the Company approved the final dividend of its ownership in Firma Holdings to be issued and concurrently made application with FINRA on the distribution. Final execution of the dividend occurred in February 2015. After the distribution the Company had neither interest in the assets nor any obligation for any liabilities of Firma Holdings. As the Directors approval and FINRA application were both made in November 2014, the Company has deconsolidated Firma Holdings and its subsidiaries as of December 31, 2014.

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

The 2015 financial statements represent the standalone financial statements of the Company except for the presentation of discontinued operations of its former subsidiary Amermin, and the deconsolidation of Firma Holdings. The 2014 consolidated financial statements include the financial statements of the Company and its subsidiaries except for the presentation of its former subsidiary Amermin. All amounts are in U.S. dollars unless otherwise indicated. All significant inter-company balances and transactions have been eliminated in consolidation as applicable.

The accompanying condensed 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 balance sheets of the Company as of March 31, 2015 and December 31, 2014, the condensed results of its operations for the three months ended March 31, 2015 and 2014 and the condensed statements of cash flows for the three months ended March 31, 2015 and 2014. Results of operations reported for interim periods are not necessarily indicative of

results for the entire year.

The reporting currency of the Company is the U.S. dollar. The functional currency of Amermin and any Mexican subsidiary is the Mexican Peso. As a result, the financial statements of these 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 non-monetary asset and liability accounts, (iii) historical exchange rates for revenues and expenses associated with non-monetary 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 (loss) is recorded to other comprehensive gain (loss).

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

Relevant exchange rates used in the preparation of the financial statements for Amermin and any of Firma Holdings Mexican subsidiaries are as follows for the three months ended March 31, 2014. The company had no foreign operations in 2015.

Mexican pesos per one U.S. dollar:

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	March 31, 2014	
Current exchange rate	Ps.	13.0841
Weighted average exchange rate for the three months ended	Ps.	13.2339

The Company's significant accounting policies are:

#### Reclassifications

Certain reclassifications, which have no effect on net loss, have been made in the prior period financial statements to conform to the current year presentation, specifically the 2014 presentation of discontinued operation for Amermin on the statement of operations.

#### Estimates

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

#### Recently Adopted and Recently Issued Accounting Guidance

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

#### Note 2. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has not begun generating revenue, has experienced recurring net operating losses, had a net operating loss of \$25,499 and \$713,582 for the three month periods ended March 31, 2015 and 2014, and a working capital deficiency of \$51,867 at March 31, 2015. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company will need to raise a substantial amount of capital in order to continue its business plan. Management intends to initiate their business plan in 2015. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

#### Note 3. Stockholders' Equity

The Company had no issuances of common stock during the three months ended March 31, 2015.

#### Note 4. Options and Warrants

The Company does not have any stock option or bonus plans.

The Company does not have any outstanding warrants or other convertible instruments.



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ITEM 2.MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We were incorporated in 1999 in Nevada.

In 2005 we became involved in the exploration of gold and silver mining properties.

In 2006 we, formed Tara Minerals Corp., now named Firma Holdings Corp., and became its principal shareholder.

On May 25, 2011 we distributed one share of Firma Holdings to our shareholders for every 20 outstanding shares of our common stock. As of December 31, 2014, we owned approximately 45% of Firma’s outstanding shares. On February 5, 2015 we distributed these remaining shares to our shareholders. Accordingly, we no longer have any interest in Firma Holdings.

As a result of our then ownership of Firma Holdings, and the fact that our officers and directors through February 5, 2015 were also officers and directors of Firma Holdings, our financial statements as of March 31, 2014 were consolidated with those of Firma Holdings. Since, as of February 5, 2015, we no longer had any interest in Firma Holdings, our December 31, 2014 and March 31, 2015 financial statements are not consolidated with those of Firma Holdings. As a result of the foregoing, a comparison of our operating results or financial condition for the period ending March 31, 2015 with our operating results or financial condition for the period ending March 31, 2014 would not be meaningful.

Our new appointed management seeks to establish a strong foothold in the marketplace for income producing “small mine” operations along with advanced real estate income and growth.

Our new officers and directors bring us over 125 years of experience in mine management and exploration in geology, reserve development, metallurgy, permitting, mine health and safety, and production. In addition, the real estate team brings in over 110 years of experience in real estate development, management, finance, and construction.

The management team and board of directors have identified near term acquisitions in both mine operations with historical production and data as well as income producing real estate to balance out the new anticipated portfolio of properties under consideration.

Our initiatives for 2015 are to acquire income-producing assets that generate sales in the first year of operation and improve the asset base of the company.

Our anticipated our capital requirements for the twelve months ending March 31, 2016 are shown below:

Name	Amount
General and Administrative Expenses	\$ 200,000
Mining Division	\$ 350,000
Real Estate Division	\$ 868,500

We do not know of any trends, events or uncertainties that have had, or are reasonably expected to have, a material impact on our sales, revenues, income from continuing operations, liquidity or capital resources.

Our future plans will be dependent upon the amount of capital available to us.

We will need to obtain capital if we are unable to generate sufficient cash from our operations to fund our capital requirements.

We do not have any commitments or arrangements from any person to provide us with any capital. If capital is not available when needed, we may continue to operate in our present mode or we may need to cease operations.

#### Off-Balance Sheet Arrangements

At March 31, 2015, we did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

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### Critical Accounting Policies

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

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

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

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

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

A write-down to fair value is recorded when the expected future cash flow is less than the net book value of the property or when events or changes in the property indicate that carrying amounts are not recoverable. The carrying amounts of the Company's mining properties are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication of impairment exists, the asset's recoverable amount will be reduced to its estimated fair value. As of March 31, 2015 and 2014, respectively, no indications of impairment existed. As of the May 12, 2015, no events have occurred that would require the write-down of any assets.

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

#### Financial and Derivative Instruments

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

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

#### Exploration Expenses and Technical Data

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

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

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

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



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

Stock Based Compensation

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

Shares issued to employees are expensed upon issuance.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Jeremy J. Schoenfelder, the Company's Principal Executive and Financial Officer, has 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 his opinion, the Company's disclosure controls and procedures are effective.

There were no changes in the Company's internal controls over financial reporting that occurred during the period ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Tara Gold is not involved in any legal proceedings and is not aware of any legal proceedings which are threatened or contemplated.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit	
31.1	Rule 13a-14(a) Certification – CEO	(1)
31.2	Rule 13a-14(a) Certification - CFO	(1)
32.1	Section 1350 Certification	(1)
101.INS	XBRL Instance Document	(1)
101.SCH	XBRL Taxonomy Extension Schema Document	(1)
101.CAL	XBRL Taxonomy Calculation Linkbase Document	(1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase(1) Document	
101.LAB	XBRL Taxonomy Label Linkbase Document	(1)
101.PRE	XBRL Taxonomy Presentation Linkbase Document	(1)

(1) Filed with this report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 12, 2015

By: /s/ Jeremy J. Schoenfelder  
Jeremy J. Schoenfelder,  
Chief and Principle Executive and Principle  
Financial Officer