

TARA GOLD RESOURCES CORP.  
Form 10-Q  
May 19, 2014

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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, 2014

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<br>incorporation or organization) | (I.R.S.<br>Employer<br>Identification<br>No.) |

|   |            |
|---|------------|
| 375 N. Stephanie St., Bldg. 2 Ste.<br>#211<br>Henderson, NV | 89014      |
| (Address of principal executive<br>office)                  | (Zip code) |

(888) 901-4550  
(Registrant's telephone number,  
including area code)

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

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

post such files). Yes R No

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

Large accelerated filer

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 19, 2014, the Company had 102,795,119 outstanding shares of common stock.

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF MARCH 31, 2014 AND FOR  
THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013  
AND  
THE PERIOD FROM INCEPTION (OCTOBER 14, 1999) THROUGH MARCH 31, 2014

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## TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. Dollars)

|  | March 31, 2014<br>(Unaudited) | December 31, 2013 |
|--|-------------------------------|-------------------|
| Assets   |                               |                   |
| Current assets:  |                               |                   |
| Cash   | \$ 85                         | \$ 82             |
| Other receivables, net   | 328                           | 306               |
| Due from related parties, net of due to  | 105                           | 95                |
| Other current assets   | 122                           | 138               |
| Assets held for disposal, net  | 32                            | 32                |
| Total current assets   | 672                           | 653               |
| Property, plant, equipment, mine development and land, net                     | 7,171                         | 7,452             |
| Total assets   | \$ 7,843                      | \$ 8,105          |
| Liabilities and Stockholders' Equity   |                               |                   |
| Current liabilities:   |                               |                   |
| Accounts payable and accrued expenses  | \$ 3,213                      | \$ 2,670          |
| Notes payable, current portion   | 269                           | 188               |
| Convertible notes payable, net   | 205                           | 76                |
| Total current liabilities  | 3,687                         | 2,934             |
| Notes payable, non-current portion   | 24                            | 28                |
| Total liabilities  | 3,711                         | 2,962             |
| Stockholders' equity:  |                               |                   |
| Common stock: \$0.001 par value; authorized 150,000,000 shares;<br>102,795,119 |                               |                   |
| shares issued and outstanding  | 103                           | 103               |
| Additional paid-in capital   | 10,787                        | 10,787            |
| Accumulated deficit during exploration stage                                   | (27,345)                      | (26,633)          |
| Accumulated other comprehensive loss   | (148)                         | (144)             |
| Total Tara Gold stockholders' deficit  | (16,603)                      | (15,887)          |
| Non-controlling interest   | 20,735                        | 21,030            |
| Total stockholders' equity   | 4,132                         | 5,143             |
| Total liabilities and stockholders' equity                                     | \$ 7,843                      | \$ 8,105          |

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<br>March 31, |          | From Inception<br>October 14,<br>1999<br>to March 31,<br>2014 |
|---|---|----------|---|
|   | 2014                                    | 2013     |   |
| <b>Revenues:</b>  |   |          |   |
| Revenue from website development and software                           | \$-                                     | \$-      | \$ 168  |
| Mining revenues   | 105                                     | -        | 662   |
| Total revenues  | 105                                     | -        | 830   |
| Cost of revenue   | -                                       | -        | 759   |
| Gross margin  | 105                                     | -        | 71  |
| Exploration expenses  | 186                                     | 242      | 12,613  |
| Operating, general, and administrative expenses                         | 869                                     | 943      | 49,379  |
| Net operating loss  | (950 )                                  | (1,185 ) | (61,921 )   |
| <b>Non-operating (loss)income:</b>                                      |   |          |   |
| Interest income   | 12                                      | 13       | 438   |
| Interest expense  | (126 )                                  | (202 )   | (1,635 )  |
| Settlement loss, net  | -                                       | (862 )   | (931 )  |
| Gain (loss) on extinguishment of debt, net                              | 5                                       | -        | (2,188 )  |
| Gain on deconsolidation, dissolution and sale of joint venture interest | -                                       | -        | 21,036  |
| (Loss) gain on sale or disposal of assets                               | (55 )                                   | -        | 558   |
| Gain on acquisition of mining concession and mining assets              | -                                       | -        | 100   |
| Realized loss on the sale of marketable securities                      | -                                       | -        | (5,099 )  |
| Gain on sale of net cash flow interest                                  | -                                       | -        | 197   |
| Gain on Tara Minerals stock dividend                                    | -                                       | -        | 1,028   |
| Impairment loss of long lived asset                                     | -                                       | -        | (199 )  |
| Gain on bargain acquisition of ACM                                      | -                                       | -        | 3,490   |
| Other income  | 12                                      | -        | 1,359   |
| Total non-operating (loss) income                                       | (152 )                                  | (1,051 ) | 18,154  |
| Loss before income taxes  | (1,102 )                                | (2,236 ) | (43,767 )   |
| Income tax benefit  | -                                       | -        | 345   |
| Loss from continuing operations   | (1,102 )                                | (2,236 ) | (43,422 )   |
| <b>Discontinued operations:</b>   |   |          |   |
| Loss from operations of oil properties and La Escuadra                  | -                                       | -        | (1,021 )  |
| Gain from discontinued operations, net of tax                           | -                                       | -        | 3,576   |
| Net loss  | (1,102 )                                | (2,236 ) | (40,867 )   |
| Net loss attributable to non-controlling interest                       | 390                                     | 1,085    | 13,522  |
| Net loss attributable to Tara Gold's shareholders                       | (712 )                                  | (1,151 ) | (27,345 )   |

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Other comprehensive loss:

|  |             |             |              |
|--|-------------|-------------|--------------|
| Foreign currency translation loss                    | (4 )        | (68 )       | (148 )       |
| Total comprehensive loss                             | \$(716 )    | \$(1,219 )  | \$ (27,493 ) |
| Net loss per share, basic and diluted                | \$(0.01 )   | \$(0.02 )   |              |
| Weighted average number of shares, basic and diluted | 102,795,119 | 102,795,119 |              |

See accompanying notes to these Condensed Consolidated Financial Statements.

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

|  | For the Three Months<br>Ended<br>March 31, |             | From Inception<br>October 14,<br>1999<br>to March 31,<br>2014 |
|--|--|-------------|---|
|  | 2014                                       | 2013        |   |
| Cash flows from operating activities:  |  |             |   |
| Net loss attributable to Tara Gold shareholders  | \$ (712 )                                  | \$ (1,151 ) | \$ (27,345 )  |
| Adjustments to reconcile net loss to net cash:   |  |             |   |
| Depreciation and amortization  | 78   | 77          | 1,677   |
| Allowance for doubtful accounts  | 2  | 183         | 3,736   |
| Common stock issued for services and other expenses  | -  | -           | 2,599   |
| Stock based compensation and stock bonuses   | -  | -           | 126   |
| Gain on deconsolidation, dissolution and sale of joint venture interest                        | -  | -           | (20,311 )   |
| Non-cash expense due to deconsolidation of joint venture                                       | -  | -           | 216   |
| Gain (loss) on extinguishment of debt, net   | -  | -           | 783   |
| Loss on debt due to extinguishment and conversion, net   | (5 )                                       | -           | 1,383   |
| Gain from discontinued operations, net of tax  | -  | -           | (2,575 )  |
| Deferred tax asset, net  | -  | -           | (959 )  |
| Non-controlling interest in net loss of consolidated subsidiaries                              | (390 )                                     | (1,085 )    | (13,522 )   |
| Amortization of beneficial conversion feature  | 114  | 200         | 1,010   |
| Loss on the disposal of assets   | 55   | -           | (741 )  |
| Realized loss on the sale of marketable securities   | -  | -           | 4,993   |
| Common stock of subsidiary issued and option valuation for services                            | -  | 18          | 6,847   |
| Subsidiaries' stock based compensation and stock bonuses                                       | -  | -           | 9,200   |
| Exploration expenses paid with stock of subsidiaries   | -  | -           | 4,146   |
| Settlement loss, net   | -  | 862         | 630   |
| Gain on acquisition of mining concession and mining assets                                     | -  | -           | (430 )  |
| Gain on sale of net cash flow interest   | -  | -           | (197 )  |
| Gain on Tara Minerals stock dividend   | -  | -           | (1,028 )  |
| Impairment of long lived asset   | -  | -           | 199   |
| Gain on bargain acquisition of ACM   | -  | -           | (3,490 )  |
| Other  | -  | -           | 153   |
| Changes in current operating assets and liabilities:   |  |             |   |
| Other receivables  | 28   | (180 )      | (1,413 )  |
| Other assets   | 16   | (14 )       | (917 )  |
| Accounts payable and accrued expenses  | 725  | 217         | 3,980   |
| Deferred joint venture income  | -  | -           | (33 )   |
| Net cash used in operating activities  | (89 )                                      | (873 )      | (31,283 )   |
| Cash flows from investing activities:  |  |             |   |
| Acquisition of property, plant, equipment, mine development, land and construction in progress | -  | -           | (4,029 )  |
| Proceeds from the sale of marketable securities  | -  | -           | 6,322   |



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|   |   |        |        |
|---|---|--------|--------|
| Proceeds from the sale or disposal of assets        | - | -      | 2,931  |
| Purchase of mining concession                       | - | -      | (491 ) |
| Mining deposits                                     | - | (221 ) | (179 ) |
| Loans to unrelated third parties                    | - | -      | (380 ) |
| Proceeds from the sale of ACM                       | - | -      | 7,500  |
| Investment in ACM                                   | - | -      | (33 )  |
| Other   | - | -      | (6 )   |
| Net cash (used in) provided by investing activities | - | (221 ) | 11,635 |

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)  
(CONTINUED)  
(In thousands of U.S. Dollars)

|   | For the Three Months Ended<br>March 31, |        | From<br>Inception<br>October 14,<br>1999<br>to March 31,<br>2014 |
|---|---|--------|--|
|   | 2014                                    | 2013   |  |
| Cash flows from financing activities:   |   |        |  |
| Proceeds from short term debt   | -                                       | -      | 72   |
| Proceeds from notes payable, related party  | -                                       | -      | 150  |
| Proceeds from notes payable   | 110                                     | -      | 1,540  |
| Payments toward short term debt   | -                                       | -      | (22)   |
| Payments toward notes payable   | (4)                                     | (6)    | (11,685)   |
| Payments toward notes payable, related party  | -                                       | -      | (100)  |
| Change in due to/from related parties, net  | (10)                                    | (1)    | 7  |
| Non-controlling interest – cash from sale of common stock of                                |   |        |  |
| subsidiaries  | -                                       | 700    | 13,750   |
| Payments from joint venture partners  | -                                       | -      | 10,020   |
| Cash from the sale of common stock  | -                                       | -      | 5,753  |
| Other   | -                                       | -      | (9)  |
| Net cash provided by financing activities   | 96                                      | 693    | 19,476   |
| Effect of exchange rate changes on cash   | (4)                                     | (68)   | 257  |
| Net increase (decrease) in cash   | 3                                       | (469)  | 85   |
| Beginning of period cash balance  | 82                                      | 957    | -  |
| End of period cash balance  | \$ 85                                   | \$ 488 | \$ 85  |
| Supplemental Information:   |   |        |  |
| Interest paid   | \$ 7                                    | \$ 2   | \$ 974   |
| Income taxes paid   | \$ -                                    | \$ -   | \$ 10  |
| Non-cash Investing and Financing Transactions:  |   |        |  |
| Conversion of debt and Iron Ore Financial instrument to common stock, plus accrued interest |   |        |  |
|   | \$ -                                    | \$ 800 | \$ 2,092   |
| Issuance of common stock for assets   | \$ -                                    | \$ -   | \$ 304   |
| Purchase of concession paid with notes payable or mining deposit plus capitalized interest  |   |        |  |
|   | \$ -                                    | \$ -   | \$ 20,333  |
| Beneficial conversion feature, convertible debt, related and                                | \$ 95                                   | \$ -   | \$ 806   |

|  |    |   |      |    |          |
|--|----|---|------|----|----------|
| nonrelated party and financial instruments   |    |   |      |    |          |
| Recoverable value-added taxes incurred through additional debt and due to related party, net of mining concession modification | \$ | - | \$ - | \$ | 1,564    |
| Purchase of property and equipment through debt and common stock   | \$ | - | \$   | -  | \$ 1,862 |
| Receipt of stock for joint venture payments and fee income   | \$ | - | \$   | -  | \$ 2,301 |
| Accrued and capitalized interest   | \$ | - | \$   | -  | \$ 433   |
| Sale of mining concession on credit  | \$ | - | \$   | -  | \$ 200   |
| Other  | \$ | - | \$   | -  | \$ 241   |

See accompanying notes to these Condensed Consolidated Financial Statements.

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

Note Nature of Business and Significant Accounting Policies

1.

Nature of business and principles of consolidation:

The accompanying Condensed Consolidated Financial Statements of Tara Gold Resources Corp. (the "Company") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2013. Significant accounting policies disclosed therein have not changed except as noted below.

In May 2005, Tara Gold, through its subsidiary Corporacion Amermin S.A. de C.V. ("Amermin"), began acquiring mining properties in Mexico. In May 2006, the Company formed Tara Minerals Corp. ("Tara Minerals"), which owns 99.9% of the common stock of American Metal Mining S.A. de C.V. ("AMM"), a Mexican corporation. Tara Minerals also owns 87% of the common stock of Adit Resources Corp. ("Adit"). Adit in turn owns 99.99% of American Copper Mining, S.A. de C.V. ("ACM"). All of Tara Gold's operations in Mexico are conducted through Amermin and AMM since Mexican law provides that only Mexican corporations are allowed to own mining properties.

As of March 31, 2014, Tara Gold owned approximately 50% of the outstanding common stock of Tara Minerals.

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

On May 25, 2011, Tara Gold commenced distributing its shares of Tara Minerals to its shareholders by distributing one share of Tara Minerals for every 20 outstanding shares of Tara Gold. Tara Gold plans to make additional distributions until all Tara Minerals shares held by Tara Gold have been distributed to Tara Gold's shareholders.

After Tara Gold has distributed all of its Tara Minerals shares, Tara Gold will not have any interest in the properties owned by Tara Minerals, AMM, Adit or ACM.

Both Tara Gold and Tara Minerals may continue their efforts to develop mining properties that are thought to contain commercial quantities of gold, silver and other minerals. Additionally, once the distribution has been completed, the consolidated parent and subsidiary relationship between Tara Gold and Tara Minerals may change.

The Company is a mining company in the exploration stage and presents inception to date information, in accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Development Stage Entities Topic.

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

The accompanying condensed consolidated financial statements and the related footnote information are unaudited. In the opinion of management, they include all normal recurring adjustments necessary for a fair presentation of the condensed consolidated balance sheets of the Company as of March 31, 2014 and December 31, 2013, the condensed consolidated results of its operations for the three months ended March 31, 2014 and 2013 and the condensed consolidated statements of cash flows for the three months ended March 31, 2014 and 2013. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All amounts are in U.S. dollars unless otherwise indicated. All significant inter-company balances and transactions have been eliminated in consolidation.

The reporting currency of the Company, Tara Minerals and Adit is the U.S. dollar. The functional currency of Amermin, AMM and ACM is the Mexican Peso. As a result, the financial statements of the subsidiaries have been re-measured from Mexican pesos into U.S. dollars using (i) current exchange rates for monetary asset and liability accounts, (ii) historical exchange rates for nonmonetary asset and liability accounts, (iii) historical exchange rates for revenues and expenses associated with nonmonetary assets and liabilities, and (iv) the weighted average exchange rate of the reporting period for all other revenues and expenses. In addition, foreign currency transaction gains and losses resulting from U.S. dollar denominated transactions are eliminated. The resulting re-measurement income (loss) is recorded as other comprehensive income (loss).

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

Relevant exchange rates used in the preparation of the financial statements for Amermin, AMM and ACM are as follows for the three months ended March 31, 2014 and 2013. Mexican pesos per one U.S. dollar:

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

|   | March 31, 2013 |         |
|---|----------------|---------|
| Current exchange rate                                     | Ps.            | 12.3546 |
| Weighted average exchange rate for the three months ended | Ps.            | 12.6468 |

The Company's significant accounting policies are:

#### Reclassifications

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

#### Estimates

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

#### Recoverable Value-Added Taxes (IVA) and Allowance for Doubtful Accounts

Impuesto al Valor Agregado taxes (IVA) are recoverable value-added taxes charged by the Mexican government on goods sold and services rendered at a rate of 16%. Under certain circumstances, these taxes are recoverable by filing a tax return and as determined by the Mexican taxing authority. Our allowance in association with our receivable from IVA from our Mexico subsidiaries is based on our determination that the Mexican government may not allow the complete refund of these taxes.

Each period, receivables are reviewed for collectability. When a receivable has doubtful collectability we allow for the receivable until we are either assured of collection (and reverse the allowance) or assured that a write-off is necessary.

|   | March 31, 2014                 | December 31,<br>2013 |
|---|--------------------------------|----------------------|
|   | (In thousands of U.S. Dollars) |                      |
|   | (Unaudited)                    |                      |
| Allowance – recoverable value-added taxes | \$ 2,538                       | \$ 2,537             |
| Allowance – other receivables             | 392                            | 391                  |

|       |          |          |
|-------|----------|----------|
| Total | \$ 2,930 | \$ 2,928 |
|-------|----------|----------|

AMM received refunds of IVA taxes during January and February 2014 for a total refund of \$40,489.

#### Reclamation and remediation costs (asset retirement obligations)

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

Future remediation costs for reprocessing plant and buildings are accrued based on management's best estimate, at the end of each period, of the undiscounted costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing remediation, maintenance and monitoring costs. Changes in estimates are reflected in earnings in the period an estimate is revised. There were no reclamation and remediation costs incurred or accrued as of March 31, 2014 and 2013.

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## Income taxes

Income taxes are provided for using the asset and liability method of accounting in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The computation of limitations relating to the amount of such tax assets, and the determination of appropriate valuation allowances relating to the realization of such assets, are inherently complex and require the exercise of judgment. As additional information becomes available, we continually assess the carrying value of our net deferred tax assets.

## Fair Value Accounting

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

## Recently Adopted and Recently Issued Accounting Guidance

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

Note Other receivables, net

2.

|   | March 31, 2014                 | December 31,<br>2013 |
|---|--------------------------------|----------------------|
|   | (In thousands of U.S. Dollars) |                      |
|   | (Unaudited)                    |                      |
| Other receivables – recoverable value-added taxes | \$ 2,619                       | \$ 2,643             |
| Other receivables – Auriferos                     | 175                            | 200                  |
| Other receivables                                 | 464                            | 391                  |



|   |          |          |
|---|----------|----------|
| Total other receivables                   | 3,258    | 3,234    |
| Allowance – recoverable value-added taxes | (2,538 ) | (2,537 ) |
| Allowance – other receivables             | (392 )   | (391 )   |
| Total other receivables, net              | \$ 328   | \$ 306   |

## Other receivable - Auriferos

In March 2008 the Company obtained the Auriferos V Fraccion 1 and 2 Prospects (“Auriferos Prospect”) after a joint venture agreement was terminated. The agreement with Pershimco contained a clause that any prospects purchased by Pershimco adjacent to the Las Minitas Prospect would revert to the Company.

During 2013 the Company, through its subsidiary, Amermin, sold its Auriferos mining concessions for \$200,000, including the corresponding value added tax, on credit. During the three months ended March 31, 2014, \$25,000 were received towards the sales price of the property.

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NoteProperty, plant, equipment, mine development and land, net  
3.

|                                 | March 31, 2014                 | December 31,<br>2013 |
|---------------------------------|--------------------------------|----------------------|
|                                 | (In thousands of U.S. Dollars) |                      |
|                                 | (Unaudited)                    |                      |
| Land                            | \$ 20                          | \$ 20                |
| Pilar                           | 728                            | 728                  |
| Don Roman (See Note 5)          | 522                            | 522                  |
| Las Nuevas                      | 100                            | 100                  |
| Centenario                      | 636                            | 636                  |
| La Verde                        | 60                             | 60                   |
| La Palma                        | 80                             | 80                   |
| Dixie Mining District           | 650                            | 650                  |
| Picacho Groupings               | 1,571                          | 1,571                |
| Mining concessions              | 4,347                          | 4,347                |
| Property, plant and equipment   | 4,092                          | 4,337                |
|                                 | 8,459                          | 8,704                |
| Less – accumulated depreciation | (1,288)                        | (1,252)              |
|                                 | \$ 7,171                       | \$ 7,452             |

Pilar, Don Roman, Las Nuevas, Centenario, La Palma and La Verde properties are located in Mexico and are known as the Don Roman Groupings.

The Picacho and Picacho Fractions are located in Mexico and are known as the Picacho Groupings.

NoteNotes Payable

4.

The following table represents the outstanding balance of notes payable.

|   | March 31, 2014                 | December 31,<br>2013 |
|---|--------------------------------|----------------------|
|   | (In thousands of U.S. Dollars) |                      |
|   | (Unaudited)                    |                      |
| Mining concessions                                    | \$ 150                         | \$ 150               |
| Notes payable   | 80                             | -                    |
| Convertible notes payable, net                        | 205                            | 76                   |
| Auto loans  | 63                             | 66                   |
|   | 498                            | 292                  |
| Less – current portion                                | (269 )                         | (188 )               |
| Less – current portion convertible notes payable, net | (205 )                         | (76 )                |
| Non-current portion                                   | \$ 24                          | \$ 28                |

During the three months ended March 31, 2014 the Company converted balances with two vendors to notes payable in the amount of \$80,000 and recognized a gain on debt extinguishment in the amount of \$5,000. Notes are due in May

2014.

During the year ended December 31, 2013 the Company raised \$150,000 through the sale of a convertible note. The note payable was due in February 2014 and extended until July 2014; bears interest of 16% per year and can be converted to the Company's stock at \$0.10 per share. The beneficial conversion feature of the note payable was determined to be \$120,000 of which \$120,000 was amortized as of March 31, 2014. Interest expense related to the convertible note was \$8,000 as of March 31, 2014.

During the three months ended March 31, 2014 the Company raised \$60,000 through the sale of a convertible note. The note payable due in May 2014 and extended until July 2014; can be converted to the Company's stock at \$0.10 per share. The beneficial conversion feature of the note payable was determined to be \$60,000 of which \$39,101 was amortized as of March 31, 2014. Interest expense related to the convertible note was \$2,000 as of March 31, 2014.

During the three months ended March 31, 2014 the Company raised \$50,000 through the sale of a convertible note. The note payable is due in July 2014 and can be converted to the Company's stock at \$0.10 per share. The beneficial conversion feature of the note payable was determined to be \$34,850 of which \$857 was amortized as of March 31, 2014.

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

|                                | 2015   | 2016  | 2017 | 2018 | 2019 | Total  |
|--------------------------------|--------|-------|------|------|------|--------|
| Mining concessions             | \$ 150 | \$-   | \$-  | \$-  | \$-  | \$ 150 |
| Auto loans                     | 39     | 10    | 6    | 6    | 2    | 63     |
| Notes payable                  | 80     | -     | -    | -    | -    | 80     |
| Convertible notes payable, net | 205    | -     | -    | -    | -    | 205    |
| Total                          | \$474  | \$ 10 | \$6  | \$6  | \$2  | \$498  |

## NoteRelated Party Transactions

5.

|                          | March 31, 2014                 | December 31, 2013 |
|--------------------------|--------------------------------|-------------------|
|                          | (In thousands of U.S. Dollars) |                   |
|                          | (Unaudited)                    |                   |
| Due to related parties   | \$ (1,149 )                    | \$ (1,100)        |
| Due from related parties | 1,254                          | 1,195             |
|                          | \$ 105                         | \$ 95             |

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

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

Tara Minerals is a subsidiary of Tara Gold. In January 2007, Amermin, a subsidiary of Tara Gold, made arrangements to purchase the Pilar; Don Roman and Las Nuvias properties listed in Note 3 (part of the Don Roman Groupings) and subsequently sold the concessions to Tara Minerals. At March 31, 2014 Amermin has paid the original note holder in full and Tara Minerals owes Amermin \$535,659 for the Pilar mining concession and \$211,826 for the Don Roman mining concession.

As of March 31, 2014, Amermin had loaned AMM \$1,017,439 at 0% interest, due on demand.

As of March 31, 2014, Tara Gold owed Tara Minerals a total of \$177,419 at 0% interest, due on demand.

During 2012, Tara Minerals issued Adit six promissory notes for \$4,286,663. During 2013, Tara Minerals issued Adit one promissory note for \$610,000. These notes are unsecured, bear interest at U.S. prime rate plus 3.25% per year and are due and payable between May 2014 and January 2015. As of March 31, 2014, Tara Minerals owed Adit \$5,413,414 in interest and principal.

## NoteStockholders' Equity

6.

For the three months ended March 31, 2014, Tara Gold did not issue any shares of its common stock.

## NoteNon-controlling Interest

7.

Cumulative results of these activities results in:

|  | March 31, 2014                 | December 31,<br>2013 |
|--|--------------------------------|----------------------|
|  | (In thousands of U.S. Dollars) |                      |
|  | (Unaudited)                    |                      |
| Common stock for cash  | \$ 16,165                      | \$ 16,165            |
| Common stock for services  | 5,846                          | 5,846                |
| Stock based compensation   | 5,615                          | 5,615                |
| Conversion of debt and Iron Ore Financial instrument to common stock, plus |                                |                      |
| accrued interest   | 2,142                          | 2,142                |
| Exploration expenses paid for in subsidiary common stock                   | 4,146                          | 4,146                |
| Cumulative net loss attributable to non-controlling interest               | (13,216 )                      | (12,826 )            |
| Treasury stock   | (500 )                         | (500 )               |
| Other non-controlling interests  | 537                            | 442                  |
| Total non-controlling interest   | \$ 20,735                      | \$ 21,030            |

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A summary of activity as of March 31, 2014 and changes during the period then ended is presented below (in thousands of U.S. dollars):

|   |    |        |
|---|----|--------|
| Non-controlling interest at December 31, 2013     | \$ | 21,030 |
| Other   |    | 95     |
| Net loss attributable to non-controlling interest |    | (390)  |
| Non-controlling interest at March 31, 2014        | \$ | 20,735 |

## Note Options

8.

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

Tara Minerals has the following incentive plans which are registered under a Form S-8:

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

There have been no issuances under the Company's plans in 2014.

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

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

There have been no issuances under the Adit plans in 2014.

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

|                             | March 31, 2014 | December 31, 2013 |
|-----------------------------|----------------|-------------------|
| Expected volatility         | 0.00%          | 218.84%           |
| Weighted-average volatility | 0.00%          | 218.84%           |
| Expected dividends          | 0              | 0                 |
| Expected term (in years)    | 0              | 2.00              |
| Risk-free rate              | 0.00%          | 0.22%             |

A summary of option activity under the Plans as of March 31, 2014 (unaudited) and changes during the period then ended is presented below:

| Options                          | Shares    | Weighted-Average<br>Exercise Price | Weighted-Average<br>Remaining<br>Contractual<br>Term | Aggregate<br>Intrinsic<br>Value |
|----------------------------------|-----------|------------------------------------|--|---------------------------------|
| Outstanding at December 31, 2013 | 2,750,000 | \$ 0.24                            |  |                                 |
| Granted                          | -         | -                                  |  |                                 |
| Exercised                        | -         | -                                  |  |                                 |
| Forfeited, expired or cancelled  | -         | -                                  |  |                                 |
| Outstanding at March 31, 2014    | 2,750,000 | \$ 0.24                            | 1.5  | \$ 167,440                      |
| Exercisable at March 31, 2014    | 2,340,000 | \$ 0.24                            | 1.5  | \$ 167,440                      |

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| Non-vested Options              | Options | Weighted-Average<br>Grant-Date Fair<br>Value |
|---------------------------------|---------|--|
| Non-vested at December 31, 2013 | 410,000 | \$ 0.48                                      |
| Granted                         | -       | -  |
| Vested                          | -       | -  |
| Forfeited, expired or cancelled | -       | -  |
| Non-vested at March 31, 2014    | 410,000 | \$ 0.48                                      |

## Note Fair Value

9.

In accordance with authoritative guidance, the table below sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

|         | Fair Value at March 31, 2014<br>(in thousands of U.S. dollars)<br>(Unaudited) |         |         |         |
|---------|---|---------|---------|---------|
|         | Total   | Level 1 | Level 2 | Level 3 |
| Assets: |   |         |         |         |
| None    | \$ -  | \$ -    | \$ -    | \$ -    |

## Liabilities:

|  |       |       |      |      |
|--|-------|-------|------|------|
| Beneficial conversion feature of note payable (See Note 4) | \$ 56 | \$ 56 | \$ - | \$ - |
|--|-------|-------|------|------|

|   | Fair Value at December 31, 2013<br>(in thousands of U.S. dollars) |         |         |          |
|---|---|---------|---------|----------|
|   | Total   | Level 1 | Level 2 | Level 3  |
| Assets:   |   |         |         |          |
| Fair market value of ACM's net identifiable assets acquired | \$ 1,589  | \$ -    | \$ -    | \$ 1,589 |

## Liabilities:

|  |       |       |      |      |
|--|-------|-------|------|------|
| Beneficial conversion feature of note (See Note 4) | \$ 74 | \$ 74 | \$ - | \$ - |
|--|-------|-------|------|------|

## Note Subsequent Events

10.

In May 2014, Tara Minerals sold 5,000,000 units in a private offering for \$750,000 in cash, or \$0.15 per unit. Each unit consisted of one share of Tara Minerals' common stock and one warrant. Two warrants entitle the holder to purchase one share of common stock at a price of \$0.35 per share at any time on or before May 1, 2016.



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

Tara Gold was incorporated in October 1999. During the period from its incorporation through March 31, 2014, Tara Gold generated revenue of approximately \$830,000 and incurred expenses of approximately \$759,000 in cost of sales, \$12,613,000 in exploration expenses and \$49,379,000 in operating and general administration expenses. Included in operating and general and administrative expenses are non-cash charges of approximately \$9,325,000 pertaining to the issuance of stock based compensation and stock bonuses of Tara Minerals and Tara Gold.

## RESULTS OF OPERATIONS

Material changes of certain items in Tara Gold's Statement of Operations for the three months ended March 31, 2014, as compared to the three months ended March 31, 2013, are discussed below.

| Three Months Ended<br>(In thousands of U.S. Dollars) | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Revenue  | \$ 105         | \$ -           |
| Cost of revenue                                      | -              | -              |
| Exploration expenses                                 | 186            | 242            |
| Operating, general and administrative expenses       | 869            | 943            |
| Net operating loss                                   | \$ (950 )      | \$ (1,185 )    |

For the three months ended March 31, 2014, ore from the exploration process at the Dixie Mining District was sold; compared to the three months ended March 31, 2013, when the Company had no revenues at any of its properties.

For the three months ended March 31, 2014, exploration expenses decreased primarily due to Dixie Mining District being dormant due to weather; Mexico properties were dormant pending funding. Expenses incurred for the three months ended March 31, 2014 were for routine maintenance; compared to the three months ended March 31, 2013, when the Company focused primarily on preliminary work being performed at the Dixie Mining District and Don Roman. In 2013 exploration expenses included expenses for preproduction activities, geology consulting, assaying, field supplies and other mine expenses.

Material changes of certain items in Tara Gold's operating, general and administrative expenses for the three months ended March 31, 2014, as compared to the three months ended March 31, 2013, are discussed below.

| Three Months Ended<br>(In thousands of U.S. Dollars) | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Investment banking and investor relations expense    | \$ 25          | \$ 112         |
| Professional fees                                    | 164            | 319            |

The decrease in investment banking and investor relations expense for the three months ended March 31, 2014 was primarily due to limited efforts put into investor relations during this period; compared to the three months ended March 31, 2013 when the Company's efforts were to obtain financing through equity.

Professional fees for the three months ended March 31, 2014, decreased primarily due to lower accounting and security fees at the Mexico office; compared to the three months ended March 31, 2013, which consisted of legal services related to the acquisition of additional acres to be added to the Dixie Mining District in addition to accounting and auditing services performed in the normal course of business.



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## LIQUIDITY AND CAPITAL RESOURCES

The following is an explanation of Tara Gold's material sources and (uses) of cash during the three months ended March 31, 2014 and 2013:

|   | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| (In thousands of U.S. Dollars)  |                |                |
| Net cash used in operating activities   | \$ (89 )       | \$ (873 )      |
| Acquisition of property, plant, equipment, land and construction in progress  | -              | (221 )         |
| Proceeds from notes payable   | 110            | -              |
| Payments toward notes payable   | (4 )           | (6 )           |
| Change in due to/from related parties, net                                    | (10 )          | (1 )           |
| Non-controlling interest – cash from the sale of common stock of subsidiaries | -              | 700            |
| Cash, beginning of period   | 82             | 957            |

Tara Gold anticipates that its capital requirements during the twelve months ending March 31, 2015 will be:

## Tara Minerals

|   |            |
|---|------------|
| Exploration and Development – Don Roman Groupings             | \$ 200,000 |
| Exploration and Development – Picacho Groupings               | 160,000    |
| Exploration and Development - Dixie Mining District Groupings | 60,000     |
| Property taxes  | 125,000    |
| General and administrative expenses                           | 1,000,000  |

## Tara Gold

|                                     |              |
|-------------------------------------|--------------|
| General and administrative expenses | 375,000      |
| Total                               | \$ 1,920,000 |

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

During the year ended December 31, 2013, Tara Minerals expanded its holdings into the U.S. by purchasing the Black Diamond and Ontario prospects in the Dixie Mining District. To date, the land package consists of 6,741 acres of both patented and unpatented mining claims. The optioned claims include previously mined veins with a historic sampling of the exposed outcrops averaging 14 grams/tonne of gold.

In 2014, the Company's primary focus is achieving commercial production. Now that the Don Roman District, which houses the Don Roman Groupings, is unencumbered, in any way, by the Carnegie litigation, and because of underground development that will be needed in the Dixie district to further that project, it has been determined that the best path is advancing the Don Roman district to production. There has been extensive preproduction planning for the Don Roman District, and the business plan has been developed and mapped out for execution. The preproduction surface level work has resulted in the identification of additional potential start-up mill feed material for processing.

In support of this plan, on January 9, 2014, Tara Minerals' entered into an Investment Agreement with Panormus Trust and Investments Ltd. and Mediterranea Trust Ltd., collectively referred to as "MTI". The Agreement grants MTI the right to invest in Tara Minerals through the purchase of up to \$2,025,000 in the restricted common stock of the Company at \$0.30 per share and a targeted loan of \$4,725,000 for the development of the Don Roman Groupings (the "Don Roman Project Loan").

The targeted Don Roman Project Loan will be used to advance the Don Roman Groupings to commercial production and is payable from 49% of the net income realized from the minerals recovered from the concession area of the Don Roman Groupings. Initially, MTI's 49% net income interest will be designated as loan repayment. Once the loan has been repaid, MTI will continue to receive 49% of the net income realized from the Don Roman Groupings.

The Company and MTI formed a Management Committee which oversees operations based on a committee approved Business Plan. The loan proceeds will be released from a segregated account based on approved expenditures.

Panormus Trust and Investments Ltd. and MTI have acknowledged that they have experienced some administrative and managerial challenges that have resulted in a delay in the release of funds. They have also acknowledged that the challenges have been resolved; the Company has agreed to give them until May 30, 2014 to fund.

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Tara Minerals will need to obtain additional capital if it is unable to generate sufficient cash from its operations or find joint venture partners to fund all or part of its exploration and development costs.

In May 2010 the Securities and Exchange Commission stopped the trading in Tara Gold's common stock due to the fact that Tara Gold was delinquent in filing its 10-K and 10-Q reports. As a result of the SEC's stop trading order, Tara Gold's common stock was removed from the Pink Sheets and until July 18, 2011 traded only on an unsolicited basis. As a result of the Commission's ruling on July 18, 2011, all trading in Tara Gold's stock ceased. In 2012, Tara Gold successfully filed a Form 10 which cleared SEC comments on November 30, 2012. To begin trading once again Tara Gold is working with a securities broker to complete the filings required by FINRA.

On May 25, 2011, Tara Gold distributed one share of Tara Minerals for every 20 issued and outstanding shares of Tara Gold. Tara Gold plans to make additional distributions until all Tara Minerals' shares held by Tara Gold have been distributed to Tara Gold's shareholders. Once this is complete, Tara Gold will not have any interest in the properties owned by Tara Minerals or Adit.

As of May 14, 2014, Tara Gold is reviewing the Pirita, Tania and Las Viboras Dos properties for continued inclusion as part of the Company's mining property portfolio. No payments toward these properties were made in 2014. The Company may decide to terminate the purchase/lease agreements and return the properties. Tara Gold and Tara Minerals are currently reviewing all properties for joint venture, option or sale opportunities.

Tara Gold does not know of any trends, events or uncertainties that have had, or are reasonably expected to have, a material impact on its sales, revenues or income from continuing operations, or liquidity and capital resources.

Tara Gold's future plans will be dependent upon the amount of capital available to Tara Gold, the amount of cash provided by it and its subsidiaries operations and the extent to which Tara Gold is able to have joint venture partners pay the costs of exploring and developing its mining properties.

Tara Gold does not have any other 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.

## Off-Balance Sheet Arrangements

At March 31, 2014, Tara Gold had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources.

## Critical Accounting Policies

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

## Recoverable Value-Added Taxes (IVA) and Allowance for Doubtful Accounts

Impuesto al Valor Agregado taxes (IVA) are recoverable value-added taxes charged by the Mexican government on goods sold and services rendered at a rate of 16%. Under certain circumstances, these taxes are recoverable by filing a tax return and as allowed by the Mexican taxing authority.

Each period, receivables are reviewed for collectability. When a receivable has doubtful collectability we allow for the receivable until we are either assured of collection (and reverse the allowance) or assured that a write-off is necessary. Our allowance in association with our receivable from IVA from our Mexico subsidiaries is based on our determination that the Mexican government may not allow the complete refund of these taxes.

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

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

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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, 2014 and 2013, respectively, no indications of impairment existed. As of the May 14, 2014, no events have occurred that would require the write-down of any assets.

Certain mining plant and equipment included in mine development and infrastructure are 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.

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.



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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.

Income Taxes

Income taxes are provided for using the asset and liability method of accounting in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized by management. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The computation of limitations relating to the amount of such tax assets, and the determination of appropriate valuation allowances relating to the realization of such assets, are inherently complex and require the exercise of judgment. As additional information becomes available, management continually assesses the carrying value of our net deferred tax assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Francis Richard Biscan, Jr., Tara Gold's Principal Executive Officer and Lynda R. Keeton-Cardno, Tara Gold's Principal Financial and Accounting Officer, have evaluated the effectiveness of Tara Gold's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report, and in their opinion Tara Gold's disclosure controls and procedures are effective.

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

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PART II  
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Tara Gold is not involved in any legal proceedings and Tara Gold 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 DISCLOSURE

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act has been included in Exhibit 95 to this Quarterly Report on Form 10-Q.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

| Exhibit No. | Description of Exhibit                               |     |
|-------------|--|-----|
| 31.1        | Rule 13a-14(a) Certifications – CEO                  | (1) |
| 31.2        | Rule 13a-14(a) Certifications - CFO                  | (1) |
| 32.1        | Section 1350 Certifications                          | (1) |
| 95.1        | Mine Safety Disclosures                              | (1) |
| 101.INS     | XBRL Instance Document                               | (1) |
| 101.SCH     | XBRL Taxonomy Extension Schema Document              | (1) |
| 101.CAL     | XBRL Taxonomy Calculation Linkbase Document          | (1) |
| 101.DEF     | XBRL Taxonomy Extension Definition Linkbase Document | (1) |
| 101.LAB     | XBRL Taxonomy Label Linkbase Document                | (1) |
| 101.PRE     | 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 19, 2014

By: /s/ Francis Richard Biscan, Jr.  
Francis R. Biscan, Jr., President,  
Chief Executive Officer

Dated: May 19, 2014

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