

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

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2010

OR

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

Commission File No. 000-29595

TARA GOLD RESOURCES CORP.

(Name of Small Business Issuer in its charter)

Nevada

90-0316566

(State of incorporation)

(IRS Employer Identification No.)

2162 Acorn Court

Wheaton, IL

60189

(Address of Principal Executive Office)

(Zip Code)

Registrant's telephone number, including Area Code: (630) 462-2079

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: (Title of Class) Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No T

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No T

Indicate by check mark whether the registrant (1) has filed all reports 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 T

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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K T

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

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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

Yes No

The aggregate market value of the voting stock held by non-affiliates of the Company on June 30, 2010 was approximately \$31,392,000.

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

Documents incorporated by reference:

None

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes "forward-looking statements". All statements other than statements of historical facts included in this report, regarding the Company's financial position, business strategy, plans and objectives, are forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements and the assumptions upon which such forward-looking statements are based are reasonable, it can give no assurance that such expectations and assumptions will prove to have been correct.

In this filing references to "Company," "we," "our," and/or "us," refers to Tara Gold Resources Corp. and, unless the context indicates otherwise, its consolidated subsidiaries.

ITEM 1. BUSINESS.

Tara Gold (the Company), was incorporated in 1999 in Nevada as Westnet Communications Group, Inc. On April 1, 2001 the Company acquired MerchantPark Communications, Inc. for shares of its common stock. After this acquisition the Company's operations involved the development of software which could be used by small businesses for web-site development and hosting.

In March 2002 the Company's discontinued its software development operations and was inactive until early 2004. In November 2003 the Company changed its name to American Stellar Energy, Inc., and in early 2004 began acquiring oil and gas properties. In 2005 the Company sold its oil and gas properties after it determined that these properties were not economical.

In February 2006, the Company changed its name to Tara Gold Resources.

In May 2005 the Company, 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., a Mexican corporation. Tara Minerals also owns 87% of the common stock of Adit Resources Corp., which in turns owns 99.9% of American Copper Mining, S.A. de C.V. Tara Gold's operations in Mexico are conducted through Amermin, American Metal Mining and American Copper Mining since Mexican law provides that only Mexican corporations are allowed to own mining properties. Amermin, Adit and American Copper Mining focus on gold mining concessions. American Metal Mining focuses on industrial minerals, e.g. copper, zinc. All of the Company's operations in Mexico are conducted through its Mexican subsidiaries. At April 15, 2011, the Company owned 70% of the outstanding common stock of Tara Minerals.

Beginning in 2011, Tara Gold Resources Corp. will begin to distribute all of its shares in Tara Minerals to its shareholders at a rate of one Tara Minerals common share for every 20 outstanding shares of Tara Gold Resources Corp. The ex-dividend date is May 18, 2011, the record date is May 20, 2011 and the payment date is May 27, 2011. Additional distributions will be announced over the next 24 months until all Tara Minerals shares, held by Tara Gold, are distributed to Tara Gold shareholders.

Tara Gold's plan is to acquire low-cost properties that have the potential to yield high returns. After acquiring a property and selecting a possible exploration area through its own efforts or with others, Tara Gold will typically compile reports, past production records and geologic surveys concerning the area. Tara Gold will then undertake a field exploration program to determine whether the area merits work. Initial field exploration on a property normally consists of geologic mapping and geochemical and/or geophysical surveys, together with selected sampling to identify host environments that may contain specific mineral occurrences. If an area shows promise, geologic drilling programs may be undertaken to further define the existence of any economic mineralization. If such mineralization is delineated, further work may be undertaken to estimate ore reserves, evaluate the feasibility for the development of the mining project, obtain permits for commercial development, and, if the project appears to be economically viable, proceed to place the deposit into commercial production.

The capital required for exploration and development of mining properties is substantial. Tara Gold plans to finance its future operations through joint venture arrangements with third parties (generally providing that the third party will obtain a specified percentage of Tara Gold's interest in a certain property in exchange for the expenditure of a specified amount), the sale by Tara Gold of interests in properties, and by the sale of its common stock.

The exploration and development of properties that are joint ventured with third parties are managed by one of the joint venture participants which is designated as the operator. The operator of a mining property generally provides all labor, equipment, supplies and management on a cost plus fee basis and generally must perform specific tasks over a specified time period. Separate fees may be charged to the joint venture by the operator and, once certain conditions are met, the joint venture is typically required to pay the costs in proportion to its interests in the property.

Tara Gold's properties will typically consist of a variety of interests including, properties located in foreign countries and unpatented and patented claims held under lease or owned by Tara Gold or a subsidiary. Typically, the rights to properties which Tara Gold may acquire will be sub-surface rights which will allow Tara Gold to explore for, and if warranted, develop the property. See Mexican Mining Laws and Regulations below for information concerning use of surface rights in Mexico for mining operations.

In connection with the acquisition of a property, Tara Gold may conduct limited reviews of title and related matters and obtains representations regarding ownership. Although Tara Gold plans to conduct reasonable investigations (in accordance with standard mining practice) of the validity of ownership, it may be unable to acquire good and marketable title to its properties.

Mines have limited lives, which is an inherent risk in the mining business. Although Tara Gold plans to acquire other mining properties, there is a limited supply of desirable mineral lands available in Mexico where Tara Gold would consider conducting exploration and/or production activities. In addition, Tara Gold faces strong competition for new properties from other mining companies, many of which have substantial financial resources, and Tara Gold may be unable to acquire attractive new mining properties on terms that are considered acceptable.

As of April 15, 2011 Tara Gold had interests in the mining properties listed below. Although Tara Gold believes that each of these properties has deposits of gold, copper, lead or zinc, the properties are in the exploratory state, and with the exception of Don Roman that is in the operating stage, do not have any known reserves, and may never produce any of these metals in commercial quantities.

The La Currita property resides within the Sierra Madre Occidental gold belt in the state of Chihuahua, Mexico and is surrounded by Paramount Gold's San Miguel Property and Coeur D'Alene's properties. This property is capable of producing high yielding lead concentrate with gold and silver, although reserves have not been calculated.

Las Minitas, Auriferos, Mariana and Mezquite properties are located in the southern part of the state of Sonora, Mexico in the Alamos district, which also resides on the western edge of Sierra Madre Occidental Gold belt. The properties in this group have returned results positive for gold and silver, although reserves have not been calculated.

The properties owned by American Metal Mining, primarily the Don Roman Groupings, are located in the northern part of the La Reforma Mining District of north eastern Sinaloa State, Mexico. The predominant rocks in the area are Upper Jurassic-Lower Cretaceous carbonate (limestone) rocks and Tertiary granitic intrusives. The La Reforma Mining District has been mined for more than 300 years, with substantial amounts of precious and base metals produced from numerous mines. In the opinion of Tara Gold, the district has never been properly explored using present day, industry standard, exploration methods, including geochemistry, geophysics, and geology. Tara Gold feels that this area may potentially host base metals that were never discovered or exploited due in part to market conditions, lack of technology, and lack of funding.

The properties owned by American Copper Mining, primarily known as the Picacho Groupings, are located approximately 100 kilometers south of the US-Mexico border and 65 kilometers northeast of Yamana's Mercedes project within the Northern Sierra Madre gold belt in close proximity to Bacoachi, Sonora, Mexico. The area is underlain by Tertiary and Cretaceous andesitic, rhyolitic flows and tuffs with ignimbritic and less abundant intrusive porphyritic rocks. Past activity on the Picacho Groupings by various parties has resulted in the construction of at least 9 adits, several shafts and raises, numerous workings and diamond drills, remnants of tailings from operations in the 1930's have been found but most of this material was removed and further beneficiated by prior owners. The Company feels that this property has the potential for 1+ million equivalent ounces of gold situated within 10.8 kilometers of gold bearing veins that have been identified to date.

The proposed exploration program for each property will typically consist of rock-chip sampling, soil geochemistry, geological mapping, a geophysical survey, trenching, drilling, and resource calculation. The exploration program will take place in phases, with some phases occurring simultaneously. Rock chip and soil geochemistry may be initiated first to test and define the mineralization. This may be followed up with a CSAMT (Controlled-Source Audio-Frequency Magneto Telluric) to test the extent and depth of sulphide mineralization which could host copper, lead or zinc. The CSAMT is an industry standard geophysical technique that has been used successfully to identify carbonate deposits in Mexico and other locations. Upon completion of the exploration program, and if results are positive, a drilling program may begin. Drilling results will then be evaluated and a mineral resource calculation will be made. Notwithstanding the above, the exploration program for each property will depend on a number of factors, including the property's particular geological conditions and the extent of any prior exploration work.

With the exception of the Don Roman Groupings, as of April 15, 2011 no plants or other facilities were located on any of the properties. Water and power will be required to further explore and, if warranted, develop Tara Gold's mining prospects.

Tara Gold will contract with qualified personnel to conduct and supervise all aspects of its exploration program.

The exploration programs on the properties will be funded either through Tara Gold's cash on hand or from operations, proceeds from the sale of Tara Gold and subsidiaries common stock, or funds obtained from a joint venture partner.

In Mexico, land size is denominated in hectares and weight is denominated in tonnes. One hectare is equal to approximately 2.47 acres and one tonne is equal to 2,200 pounds.

La Currita Prospect

Tara Gold acquired the La Currita property in May 2005 from Minera Tres de Mayo, S.A. In consideration for the assignment of its interest in this prospect, Tara Gold paid Minera Tres de Mayo \$1,200,000, plus \$180,000 of value-added tax.

The La Currita property covers 65 hectares and is located in Chihuahua approximately 400 kilometers southwest of the city of Chihuahua, northern Mexico. The property is situated on the western edge of the Sierra Madre Occidental in the Temoris mining district. The La Currita property includes four mines.

The La Currita mines were in production between 1983 and 1998. Mining operations resumed in early January 2007 and had terminated by October 2008.

Currently, Tara Gold is looking for a joint venture partner which would be willing to fund the development of this prospect. In the alternative, Tara Gold, depending on its ability to raise additional capital, will continue the development of this prospect with its own funds.

Las Minitas Prospect

Tara Gold acquired the Las Minitas property in March 2006 from Isidro Hernandez Pompa in consideration \$2,150,000, plus \$322,500 in value-added tax.

In 2007 Tara Gold signed an agreement with Pershimco Resources Ltd. providing Pershimco the option to acquire a 75% interest in the Las Minitas prospect. In March 2008 Tara Gold and Pershimco agreed to terminate their joint venture with respect to the Las Minitas prospect. The termination agreement between Tara Gold and Pershimco did not require Tara Gold to refund \$570,000 previously paid by Pershimco to Tara Gold. The agreement with Pershimco contained a clause that any prospects purchased by Pershimco adjacent to Las Minitas would revert to Tara Gold. This resulted in Tara Gold obtaining the Auriferos V Fraccion 1 and 2 concessions, which are considered to be a part of the Las Minitas prospect.

The Las Minitas prospect is 1,226.9746 hectares in size and is located in Sonora, Mexico, approximately 40 kilometers northwest of the town of Alamos. The property lies at the western edge of the Sierra Madre Occidental gold-silver belt.

As of April 15, 2011 Tara Gold was negotiating with Mr. Pompa relating to the Las Minitas Prospect which may include the termination of this agreement and the return of the property.

Mariana and Mezquite Prospect

In March 2008, Pershimco Resources transferred the mineral claims and obligations linked to the Mariana and Mezquite prospect to Tara Gold. The obligations linked to Mariana and Mezquite are the remaining debt payments of \$190,000, which includes value added taxes of \$24,783 owed to a third party.

The Mariana and Mezquite prospect is 276 hectares in size and is located in Sonora, Mexico, near the town of Alamos and Quiriego.

As of April 15, 2011 Tara Gold was in negotiations to amend to its agreements with all vendors relating to Mariana and Mesquite Prospect which may include the termination of this agreement and the return of the property.

La Estrella Prospect

In January 2006 Tara Gold entered into an agreement to purchase the La Estrella mining property for \$400,000. Tara Gold has paid \$24,000 toward the purchase price but the seller of the property has not complied with his obligations under the purchase agreement. Tara Gold's subsidiary, Corporacion Amermin S.A. de C.V., has entered into litigation in the Mexico courts and is waiting for the court's resolution.

La Virginia Prospect

In February 2007 Tara Gold entered into an agreement to purchase the La Virginia mining property for \$600,000. Tara Gold has paid \$5,500 toward the purchase price but the seller of the property has not complied with his obligations under the purchase agreement. Tara Gold is reviewing the situation with its legal advisors in Mexico.

Properties owned by Tara Minerals Corp.

Don Roman Groupings

The Don Roman Groupings, comprised of 9,136 hectares, were acquired in October 2006, November 2008 and March 2011 from unrelated third parties for approximately \$2,076,440, plus value added taxes of approximately \$313,367. The Don Roman Groupings consist of the Pilar, Don Roman, Las Nuvias, Centanario, and the La Verde mining prospects.

The Don Roman plant is 18 kilometers due north from Choix Sinaloa. The plant is accessed by 10 kilometers of paved road, and 8 kilometers of dirt road which the state/federal authorities are paving to the plant site. From plant site, the closest concessions are the Don Roman Groupings from which mine site can be accessed through a company maintained road with a regular pick up truck. The Don Roman Groupings are in the heart of La Reforma Mining District as well as the stated gold belt that stems from the state of Chihuahua.

Preliminary and continuing evaluation of the Don Roman Groupings has identified numerous mineralized systems at various locations on the property, some of which include a series of parallel NE trending lead, zinc, silver structures that can be traced for more than 300 meters; an abandoned lead, zinc, silver mine; and historic vein-type gold mineralization. A number of these mineralized structures lie within a complex suite of volcanic-granitic and sedimentary (carbonate) rocks. Preliminary evaluation of the property has indicated the potential for five separate mineral systems each having varying mineral characteristics. Initial sampling has indicated the potential for two lead, zinc, silver systems; two gold copper systems; and one iron ore, gold, copper system.

Permits needed to move towards continued active mining have been completed. Tara Gold is assessing options and costs associated with the design of various mining and recovery systems. Mining and processing equipment have been purchased and the plant, which will be capable of processing a minimum of 400 tonnes per day, has begun testing ore runs on one of three circuits. Water rights for the property have been acquired and a 3" water pump and 4.5 km water

line are in place to draw water from a nearby reservoir. High voltage electrical service has been supplied to an electrical substation which will supply power to operate the plant.

Two circuits capable of producing a minimum of 200 tonnes per day have been, with a third circuit that is near completion, and an additional regrind circuit that can be implemented at the appropriate time.

As of December 31, 2010 approximately \$3,500,000 has been spent on the processing plant facilities, processing equipment, and related mining equipment.

In 2010 Tara Minerals began production start up at the Don Roman plant. In the third quarter of 2010, Tara Minerals continued extracting lead, zinc, and silver ore from its mine and stockpiling it for future processing at its processing plant. In the fourth quarter of 2010, plant activity ceased and the plant is in Care & Maintenance, with management spending the last couple of months reviewing proposals from turn-key contract operators to operate the Don Roman plant, in order to effectively expand capacity and improved recovery rates. At the same time, Tara Minerals has also been entertaining interest from potential joint venture partners, who also have operational expertise. Site visits have taken place and others are being scheduled, along with other due diligence procedures. Tara Minerals continues to maintain a very positive outlook for Don Roman and the surrounding properties and management is committed to resolve all operational issues in an expeditious manner. Tara Minerals believes that it is making steady progress towards its above stated goals.

Godinez Joint Venture

In July 2010, Tara Minerals entered into a joint venture agreement that provides that third parties where they will contribute 100% of the mining rights to the concession Mina Godinez and Tara Minerals will have the exclusive rights to manage, operate, explore and exploit the concession. Tara Minerals will pay for the construction of buildings, access roads, and any necessary improvements. Tara Minerals will also pay for the machinery and equipment required for the operation of the mine. Any machinery or equipment used for the development of the mine will remain the exclusive property of Tara Minerals. Once production starts, Tara Minerals will receive 60% of the profits from the mine until it is fully reimbursed for its costs. Tara Minerals will receive 40% of the profits thereafter. Tara Minerals, also has a first right of refusal to purchase the property. The joint venture agreement will expire in July 2020, at which time the joint venture will be liquidated and dissolved. As of March 31, 2011, no costs have been incurred.

This property is located within La Reforma Mining District, and is located south of El Fuerte, state of Sinaloa. The mine can be reached by paved road 25 Km due south from El Fuerte then approximately 3Km dirt road to the mine opening. Godinez contains gold bearing vein structures that after initial testing look very promising.

Picacho Groupings

In July 2009 Tara Minerals acquired eight mining claims known as the Picacho groupings from Emilio Acuña Peralta for \$4,800,000, plus value-added tax of \$720,000. Tara Minerals paid \$575,000 of the purchase price and value-added tax in June 2009. The \$575,000 paid to Mr. Acuña in June 2009 was borrowed from Tara Gold by Tara Minerals.

In July 2009 Tara Minerals transferred the Picacho prospect to Adit. In connection with the transfer of the prospect, Adit issued Tara Minerals a promissory note in the principal amount of \$650,000 to compensate Tara Minerals for its down payment toward the purchase price of the property and to reimburse Tara Minerals for other amounts advanced on behalf of Adit. The note is unsecured, bears interest at 3.25% per year, and is due and payable on June 30, 2011. Adit has since repaid \$600,000 towards this note.

On March 31, 2010 Adit and Mr. Acuna amended their agreement. Under the revised agreement, Adit paid Mr. Acuna \$500,000 in cash (plus \$80,000 in value added taxes) and in consideration for the transfer of all technical data relating to the prospect, issued Mr. Acuna 320,000 shares of Adit's common stock, which was valued at \$2.50 per share, and 437,500 shares of Tara Minerals' common stock, which was valued at \$4.00 per share.

Adit paid for the Tara Minerals shares by means of a note in the principal amount of \$1,750,000. The note bears interest at 6% per year and is due and payable on March 31, 2012. At any time after July 1, 2010 Tara Minerals may convert the outstanding principal, plus accrued interest, into shares of Adit's common stock. Tara Minerals will receive one share of Adit's common stock for each \$0.75 of principal and interest converted.

On January 28, 2011, Adit sold 500,000 units at a price of \$1.00 per unit to Yamana Gold Inc. Each unit consisted of one share of Adit's common stock and one half warrant. Each full warrant entitles Yamana to purchase one share of Adit's common stock at a price of \$1.50 per share at any time on or before January 28, 2014.

In connection with the sale of the units, Adit also signed a letter of intent that grants Yamana an option to acquire up to a 70% interest in Adit's Picacho gold/silver project. A definitive agreement is expected to be completed by May 15, 2011. Upon completion of the definitive agreement, Adit will sell an additional 2,500,000 units to Yamana at a price of \$1.00 per unit. The units will be identical to the units sold on January 28, 2011. From the \$3,000,000 received from Yamana, Adit will be required to spend \$2,000,000 in exploration work on the Picacho project within 12 months of signing the definitive agreement.

Yamana can earn a 51% interest in the project by spending an additional \$5,000,000 on the project within 30 months of the date of the definitive agreement and paying Adit an additional \$1,000,000.

Yamana can increase its interest to 70% by spending an additional \$9,000,000 on the project and paying Adit an additional \$2,000,000.

The Picacho Groupings consists of 7,060 hectares within the Northern Sierra Madre gold belt, 100 kilometers south of the U.S. border, in close proximity to Bacoachi, Sonora, Mexico. From Bacoachi the concessions can be accessed through a company maintained road with a regular pick up truck. The area has a high level of exploration activity and is close to a national paved highway and power grid.

The following shows the timing and estimated cost for the present exploration plan for this property:

Phase

Projected
Completion

Estimated Cost

Surface Evaluation
and Exploration
Drilling

2011

\$

2,000,000

Development
Drilling, Feasibility,
Equipment Ordering

2012

\$

2,500,000

Development,
Construction,
Production

2013

\$

3,000,000

United States Mining Laws and Regulations

In the United States, unpatented mining claims on unappropriated federal land may be acquired pursuant to procedures established by the Mining Law of 1872 and other federal and state laws. These acts generally provide that a citizen of the United States (including corporations) may acquire a possessory right to develop and mine valuable mineral deposits discovered upon unappropriated federal lands, provided that such lands have not been withdrawn from mineral location, e.g., national parks, military reservations and lands designated as part of the National Wilderness Preservation System. The validity of all unpatented mining claims is dependent upon inherent uncertainties and conditions. These uncertainties relate to such non-record facts as the sufficiency of the discovery of minerals, proper

posting and marking of boundaries, and possible conflicts with other claims not determinable from descriptions of record. Prior to discovery of a locatable mineral thereon, a mining claim may be open to location by others unless the owner is in possession of the claim.

The domestic exploration programs conducted by Tara Minerals will be subject to federal, state and local environmental regulations. The United States Forest Service and the Bureau of Land Management extensively regulate mining operations conducted on public lands. Most operations involving the exploration for minerals are subject to existing laws and regulations relating to exploration procedures, safety precautions, employee health and safety, air quality standards, pollution of stream and fresh water sources, odor, noise, dust, and other environmental protection controls adopted by federal, state, and local governmental authorities as well as the rights of adjoining property owners. Tara Minerals may be required to prepare and present to federal, state, or local authorities data pertaining to the effect or impact that any proposed exploration or production of minerals may have upon the environment. All requirements imposed by any such authorities may be costly and time-consuming, and may delay commencement or continuation of exploration or production operations.

Future legislation and regulations are expected to continue to emphasize the protection of the environment, and, as a consequence, the activities of Tara Minerals may be more closely regulated to further the cause of environmental protection. Such legislation and regulations, as well as future interpretation of existing laws, may require substantial

increases in capital and operating costs to Tara Minerals and may result in delays, interruptions, or a termination of operations, the extent of which cannot be predicted.

Mining operations in the United States are subject to inspection and regulation by the Mine Safety and Health Administration of the Department of Labor (MSHA) under provisions of the Federal Mine Safety and Health Act of 1977.

Tara Minerals' operations will also be subject to regulations under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA or Superfund), which regulates and establishes liability for the release of hazardous substances, and the Endangered Species Act (ESA), which identifies endangered species of plants and animals and regulates activities to protect these species and their habitats. Tara Minerals may incur expenditures for land reclamation pursuant to federal and state land restoration laws and regulations. Under certain circumstances, Tara Minerals may be required to close an operation until a particular problem is remedied or to undertake other remedial actions.

Mexican Mining Laws and Regulations

In Mexico, Article 27 of the Mexican Constitution grants the ownership of essentially all minerals to the Mexican nation. The right to exploit those minerals is given to private parties through concessions issued by the Mexican government. The current Mining Law of Mexico was enacted in 1992. Concessions are granted on mining lots, the sides of which measure 100 meters, or a multiple of 100, except when adjoining lots (granted when there were no size requirements) require a smaller size.

An exploration concession is granted to the first applicant that meets the requirements of the Mining Law, the most important of which is that the claimed area is deemed to be free land. Under the Mining Law, areas that are already covered by mining concessions or applications for mining concessions are not free, as well as reserved areas such as the coast and the seabed.

Exploration mining concession applications are filed at government offices. Exploration concessions are valid for fifty years and give their holders the right to carry out exploration work and, if warranted, any mine on the concession put into production.

Mining concessions do not grant the holder the right to enter or use the surface land of the mining lots. It is therefore necessary to obtain the permission of the surface owner for that purpose. Typically, a verbal authorization with no consideration is granted for prospecting and sample gathering. A simple letter agreement or contract is normally used for drilling, trenching, or basic road building. For more advanced exploration activities, a small monetary consideration is normally required. In some cases the concessionaire is also required to make minor improvements

which benefit the local community such as fixing a road or fence or building an earthen dam. Building and operating a mine requires a more formal agreement. If an agreement cannot be reached with the surface owner, the Mining Law gives the concessionaire the right to request a temporary occupation of the land or an expropriation (or an easement for the construction of roads, power lines, water pipes, etc.). Compensation is set through an appraisal made by the federal government.

A concessionaire's most important obligation is the performance of assessment work on the mining lots. A minimum amount of assessment work measured in monetary terms must be performed each year, depending on the size of the mining lot and, for an exploration mining concession, the number of years elapsed since its issue, pursuant to minimum investment tables established by the Mexican government. Assessment work may be done either through expenditures or the sale of minerals. A report must be filed in May of every year regarding the work for the previous calendar year. Lack of performance of the minimum work will result in the cancellation of the concession; payment to the government in lieu of required assessment of work is not allowed.

Concessionaires must comply with federal environmental regulations which generally require that mining activities be subject to an environmental impact statement authorization. Normally an environmental impact statement authorization can be obtained in six to twelve months from the date of its filing. However, mining operations which do not exceed levels established by the Mexican government are not required to file an environmental impact statement.

The Mining Law forbids concessionaires from removing mine timbering and supports and requires compliance with all safety rules promulgated by the Mexican government.

Mexican and foreign individuals, as well as Mexican corporations, are allowed to hold mining concessions. Although foreign corporations may not hold mining concessions, foreign corporations may, however, own Mexican corporations.

Potential Acquisition of Tara Gold by Tara Minerals

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

In 2011 this acquisition was cancelled. Tara Gold Resources Corp. will begin to distribute all of its shares in Tara Minerals to its shareholders at a rate of one Tara Minerals common share for every 20 outstanding shares of Tara Gold Resources Corp. The ex-dividend date is May 18, 2011, the record date is May 20, 2011 and the payment date is May 27, 2011. Additional distributions will be announced over the next 24 months until all Tara Minerals shares, held by Tara Gold, are distributed to Tara Gold shareholders.

General

Tara Gold offices are located at 2162 Acorn Court, Wheaton, IL 60189 and consist of approximately 150 square feet of office space are supplied free of charge by Francis R. Biscan, Jr., the President of Tara Gold.

As of April 15, 2011 the only employees of Tara Gold were its three officers.

Tara Gold's website is www.taragoldresources.com

ITEM 1A.

RISK FACTORS

There is no assurance that any of Tara Gold's remaining properties will be capable of producing precious or industrial metals in commercial quantities.

ITEM 1B.

UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES.

See Item 1.

ITEM 3. LEGAL PROCEEDINGS.

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

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

On September 7, 2010 an administrative law judge issued an Initial Decision revoking Tara Gold's registration of its common stock. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a Petition for Review or a motion to correct a manifest error of fact, or unless the Commission determines on its own to review the Initial Decision.

On September 24, 2010 Tara Gold filed a Petition to Review the decision of the administrative law judge. On September 30, 2010 the Commission granted Tara Gold's Petition for Review.

On November 1, 2010 Tara Gold filed a brief in support of its petition with the Commission. The SEC's Enforcement Division subsequently filed a brief in opposition. Tara Gold then filed a reply to the Division's opposition.

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

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

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

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

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

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

ITEM 4. [REMOVED AND RESERVED.]

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Prior to May 2010 the common stock of Tara Gold traded in the over-the-counter market, which is sometimes referred to as the "pink sheets", under the symbol: TRGD. 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 now trades only on an unsolicited basis (See also Item 3 of this report).

Shown below are the ranges of high and low closing prices for Tara Gold's common stock for the periods indicated as reported by FINRA and as reported on www.stockwatch.com. The market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions.

	<u>Quarter Ended</u>
	<u>High</u>
	<u>Low</u>
	March 31, 2009
	\$
	0.10
	\$
	0.10
	June 30, 2009
	\$
	0.16
	\$
	0.16
	September 30, 2009
	\$
	0.32

\$

0.30

December 31, 2009

\$

0.39

\$

0.36

March 31, 2010

\$

0.71

\$

0.41

June 30, 2010

\$

0.66

\$

0.31

September 30, 2010

\$

0.53

\$

0.32

December 31, 2010

\$

0.43

\$

0.30

11

As of April 15, 2011 Tara Gold had 102,795,119 outstanding shares of common stock and 76 shareholders of record. As of that same date Tara Gold did not have any outstanding options, warrants or securities which were convertible into shares of Tara Gold's common stock.

Recent Sales of Unregistered Securities and Use of Proceeds

Equity securities that were sold by Tara Gold for the fiscal year ending the three months ended December 31, 2010 that were not registered under the Securities Act of 1933 and were not previously included in a Quarterly Report filed on Form 10-Q or in a Current Report on Form 8-K are as follows:

None.

Holders of common stock are entitled to receive dividends as may be declared by the Board of Directors. Tara Gold's Board of Directors is not restricted from paying any dividends but is not obligated to declare a dividend. No dividends have ever been declared and it is not anticipated that dividends will ever be paid.

Trades of Tara Gold's common stock are subject to Rule 15c-2 of the Securities and Exchange Commission, which rule imposes certain requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors. For transactions covered by the rule, brokers/dealers must make a special suitability determination for purchasers of the securities and receive the purchaser's written agreement to the transaction prior to sale. The Securities and Exchange Commission also has rules that regulate broker/dealer practices in connection with transactions in "penny stocks". Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in that security is provided by the exchange or system). The penny stock rules require a broker/dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker/dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. These disclosure requirements may reduce the level of trading activity in Tara Gold's common stock.

During the years ended December 31, 2010 and 2009 neither Tara Gold, nor any of Tara Gold's officers or directors, purchased any shares of Tara Gold's common stock in the open market.

ITEM 6.

SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

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

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

Exploration and
Development
Centenario

\$ 250,000

Property payments and
taxes Centenario

25,000

Exploration and
Development
Choix/Pilar

100,000

Property payments and
taxes Choix/Pilar

30,500

Exploration and
Development La
Verde

500,000

Property Payments and
taxes La Verde

62,000

Exploration and Development - Don Roman Groupings	650,000
Property payments and taxes - Don Roman Groupings	3,500
Exploration and Development - Picacho Prospect	2,500,000
Property payments and taxes - Picacho Prospect	40,000
General and administrative expenses	500,000
Total	\$ 4,661,000

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

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

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

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

Tara Gold does not have any commitments or arrangements from any person to provide Tara Gold with any additional capital. If additional financing is not available when needed, Tara Gold may continue to operate in its present mode or Tara Gold may need to cease operations. Tara Gold does not have any plans, arrangements or agreements to sell its assets or to merge with another entity.

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

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not applicable.

ITEM 8.

FINANCIAL STATEMENTS.

See the financial statements attached to this report.

ITEM 9.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

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

Management's Report on Internal Control Over Financial Reporting

Tara Gold's management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of Tara Gold's principal executive officer and principal financial officer and implemented by Tara Gold's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Tara Gold's financial statements in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Tara Gold's management evaluated the effectiveness of its internal control over financial reporting as of December 31, 2010 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework. Management's assessment included an evaluation of the design of Tara Gold's internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on this evaluation, Tara Gold's management concluded that Tara Gold's internal control over financial reporting was ineffective as of December 31, 2010 ineffective due to the untimely filing of this document.

There was no change in Tara Gold's internal control over financial reporting that occurred during the quarter ended December 31, 2010 that has materially affected, or is reasonably likely to materially affect, Tara Gold's internal control over financial reporting.

ITEM 9B.

OTHER INFORMATION.

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Name

Age

Position

Francis R. Biscan, Jr.

50

President, Chief Executive Officer and Director

Lynda R. Keeton-Cardno

39

Chief Financial Officer and Treasurer

Clifford A. Brown

59

Director, Controller

The directors of Tara Gold serve in such capacity until the first annual meeting of Tara Gold's shareholders and until their successors have been duly elected and qualified. The officers of Tara Gold serve at the discretion of Tara Gold's directors.

The principal occupations of Tara Gold's officers and directors are as follows:

Francis R. Biscan, Jr. has been an officer and director of Tara Gold since May 2006. Between 1997 and August 2003 Mr. Biscan was an independent financial consultant, providing advice to public and private companies in the areas of capital formation and mergers and acquisitions. Mr. Biscan has also been an officer and director of Tara Minerals since May 2006.

Lynda Keeton-Cardno, CPA Treasurer, Chief Financial Officer. Ms. Keeton-Cardno has been an officer of Tara Gold since January 2011. Since 2001, Ms. Keeton-Cardno has been the CEO/Managing Member of Lynda R. Keeton

CPA, LLC, a PCAOB registered firm which provides audit and consulting services to public and private companies. Ms. Keeton-Cardno worked for Arthur Andersen LLP in Phoenix, AZ and Las Vegas, NV in both the Audit and Advisory group and Technology Risk Consulting group. Ms. Keeton-Cardno is a licensed Certified Public Accountant in Nevada, a member of the American Institute of Certified Public Accountants, a graduate of Arizona State University's School of Business and Honors College, and has held the Certified Information Systems Auditor designation.

Clifford A. Brown, CPA has been an officer and director of Tara Gold since May 2006. Since 1989 Mr. Brown has been the President of Clifford A. Brown and Co., a firm which provides accounting and consulting services and sells accounting software. Since 1993 Mr. Brown has served as the treasurer and Board member of Restoration Ministries, Inc., a non-profit corporation with 33 different ministries in Chicago. Mr. Brown has also been an officer and director of Tara Minerals since May 2006. Mr. Brown has been a Certified Public Accountant since 1981.

Tara Gold does not have a compensation committee. Tara Gold's Board of Directors serves as its Audit Committee. Lynda R. Keeton-Cardno is Tara Gold's financial expert. Since Ms. Keeton-Cardno is an officer of Tara Gold, Ms. Keeton-Cardno is not independent as that term is defined in section 803 of the listing standards of the NYSE Amex.

None of Tara Gold's directors are independent as that term is defined in section 803 of listing standards of the NYSE Amex.

Tara Gold believes all of its directors are qualified to act as such due to their longstanding relationship with Tara Gold.

Tara Gold has adopted a Code of Ethics applicable to its principal executive, financial, and accounting officers and persons performing similar functions.

ITEM 11. EXECUTIVE COMPENSATION.

The following table shows the compensation paid or accrued during the three years ended December 31, 2010 to the executive officers of Tara Gold. Tara Gold's subsidiary Tara Minerals, has adopted stock option and stock bonus plans.

All Other

Stock

Option

Annual

Name and

Fiscal

Salary

Bonus

Awards

Awards
Compensation

Principal
Position

Year

(1)

(2)

(3)

(4)

(5)

Total

Francis R.
Biscan,

2010

\$

276,000

-

\$

78,500

\$

2,314,275

-

\$

2,452,775

President and

2009

\$
256,000

-

\$
15,000

-

-

\$
271,000

Chief Executive
Officer

2008

\$
276,000

-

-

-

-

\$
276,000

Lynda R.
Keeton-Cardno,

2010

-

-

-

-

-

-

Chief Financial
Officer

2009

-

-

-

-

-

-

and Treasurer
(6)

2008

-

-

-

-

-

-

David Bizzaro,
Chief

2010

\$

100,000

-

-

-

-

\$

100,000

Financial
Officer and

2009

-

-

-

-	-
-	-
-	-
Treasurer (6)	-
2008	-
-	-
-	-
-	-
-	-
-	-

Clifford A. Brown,	-
2010	-
\$	-
114,000	-
-	-
\$	-

39,250

\$

702,659

-

\$

855,909

Controller,
Director

2009

\$

20,000

-

\$

7,500

-

-

\$

27,500

2008

-

-

-

-

-

-

(1)

The dollar value of base salary (cash and non-cash) earned.

(2)

The dollar value of bonus (cash and non-cash) earned.

(3)

During the periods covered by the table, the value of Tara Mineral s shares issued as compensation for services to the persons listed in the table.

(4)

The value of all stock options granted during the periods covered by the table. See Note 9 to the financial statements included as part of this report for details concerning the assumptions used in determining the value of these options. See the Stock Option and Bonus Plans - Summary section below for other information concerning these stock options.

(5)

All other compensation received that Tara Gold could not properly report in any other column of the table.

(6)

Ms. Keeton-Cardno was appointed Chief Financial Officer and Treasurer in 2011. Mr. Bizzaro was appointed Chief Financial Officer and Treasurer between May 2010 and January 2011.

In January 2008 Tara Gold entered into an employment agreement with Mr. Biscan which was renewed for 2009 and 2010, and expires on January 1, 2011. The employment agreement provided that Tara Gold would pay Mr. Biscan a salary of \$276,000 during the term of the agreement and requires Tara Gold to pay for Mr. Biscan's medical, dental, optical, life and disability insurance. In the event there is a material reduction in Mr. Biscan's authority, duties or activities, in the event Mr. Biscan's offices are moved to a location which is not conducive to operating in North America, or in the event there is a change in the control of Tara Gold, then Mr. Biscan may resign from his position at Tara Gold and receive the remainder of his \$276,000 salary. For purposes of the employment agreement, a change in control includes the acquisition of more than 50% of the outstanding shares of Tara Gold's common stock by a third party or a change in a majority of Tara Gold's directors.

Mr. Biscan's employment agreement will also terminate upon the death or physical or mental disability of Mr. Biscan, in which case Mr. Biscan, or his legal representative, as the case may be, will be paid the salary provided by the employment agreement for a period of one year following Mr. Biscan's death or disability.

In January 2008 Tara Gold entered into an employment agreement with Clifford A. Brown, which was extended to January 1, 2011. The employment agreement provides that Tara Gold will pay Mr. Brown a salary of \$96,000 during the term of the agreement and requires Tara Gold to pay for Mr. Brown's medical insurance.

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The following shows the amounts that Tara Gold expects to pay to its officers during the twelve month period ending December 31, 2011, and the time these persons plan to devote to Tara Gold business.

Proposed

Time to be Devoted to

Name

Compensation

Tara Minerals Business

Francis Richard Biscan, Jr.

\$ 276,000

40 hours / week

Lynda R. Keeton-Cardno

\$ 48,000

30 hours / week

Long-Term Incentive Plans. Tara Gold does not provide its officers or employees with pension, stock appreciation rights, long-term incentive or other plans and has no intention of implementing any of these plans for the foreseeable future.

Employee Pension, Profit Sharing or other Retirement Plans. Tara Gold does not have a defined benefit, pension plan, profit sharing or other retirement plan, although it may adopt one or more of such plans in the future.

Compensation of Directors. Tara Gold's directors did not receive any compensation for their services as directors during the fiscal year ended December 31, 2010.

Stock Option and Bonus Plans

Tara Gold's subsidiary Tara Minerals, has adopted stock option and stock bonus plans. A summary description of these plans follows. In some cases these Plans are collectively referred to as the Plans.

Incentive Stock Option Plan. Tara Minerals' Incentive Stock Option Plan authorizes the issuance of shares of Tara Minerals' common stock to persons that exercise options granted pursuant to the Plan. Only Tara Minerals employees may be granted options pursuant to the Incentive Stock Option Plan. The option exercise price is determined by Tara Minerals' directors but cannot be less than the market price of Tara Minerals' common stock on the date the option is granted.

Non-Qualified Stock Option Plan. Tara Minerals' Non-Qualified Stock Option Plan authorizes the issuance of shares of Tara Minerals' common stock to persons that exercise options granted pursuant to the Plan. Tara Minerals employees, directors, officers, consultants and advisors are eligible to be granted options pursuant to the Plan, provided however that bona fide services must be rendered by such consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction or promoting the price of Tara Minerals' common stock.

Stock Bonus Plan. Tara Minerals' Stock Bonus Plan allows for the issuance of shares of common stock to its employees, directors, officers, consultants and advisors. However bona fide services must be rendered by the consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction or promoting the price of Tara Minerals' common stock.

Summary. The following lists, as of April 15, 2011, the options granted and the bonus shares issued pursuant to the Plans. Each option represents the right to purchase one share of Tara Minerals' common stock.

Total Shares

Shares Reserved

Shares

Remaining

Reserved

For Outstanding

Issued as

Options/Shares

Name of Plan

Under Plans

Options

Stock Bonus

Under Plans

Incentive Stock Option
Plan

1,000,000

750,000

N/A

250,000

Non-Qualified Stock
Option Plan

3,000,000

2,500,000

N/A

500,000

Stock Bonus Plan

750,000

N/A

750,000

-

Tara Gold's stock option and bonus plans have not been approved by its shareholders.

The following table shows the weighted average exercise price of the outstanding options granted pursuant to Tara Gold Incentive Stock Option and Non-Qualified Stock Option Plans as of December 31, 2010.

Plan category	Number of Securities to be Issued	Upon Exercise of Outstanding Options	Weighted- Average Exercise Price of Outstanding Options	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column of This Table
Incentive Stock Option Plan	750,000		\$1.57	250,000

Non-Qualified Stock Option Plan

2,500,000

\$0.05

500,000

The following lists the unexercised options which were outstanding as of April 15, 2011 and held by the Tara Minerals officers and directors.

Shares
underlying

Date of
unexercised
options which
are

Exercise

Expiration

Name

Grant

Exercisable

Unexercisable

Price

Date

Francis R.
Biscan, Jr.

2/1/07

750,000
-
\$
0.05
2/01/12
Francis R.
Biscan, Jr.
1/5/10
125,000
375,000
\$
1.57
2015-2020
Francis R.
Biscan, Jr.
1/5/10
1,000,000
-
\$
0.05
1/5/15
Clifford A.
Brown
2/1/07
250,000
-
\$

	0.05
	2/01/12
Clifford A. Brown	
	1/5/10
	125,000
	125,000
\$	
	1.57
	2015-2018
Clifford A. Brown	
	1/5/10
	250,000
	-
\$	
	0.05
	1/5/15
Ramiro Trevizo	
	1/5/10
	250,000
	-
\$	
	0.05
	1/5/15

The following lists the shares issued pursuant to Tara Minerals Stock Bonus Plan:

Name

Date

Shares Issued

Francis R. Biscan, Jr.

4/23/09

250,000

Francis R. Biscan, Jr.

1/05/10

50,000

Clifford A. Brown

4/23/09

200,000

Clifford A. Brown

1/05/10

25,000

Ramiro Trevizo

4/23/09

200,000

Ramiro Trevizo

1/05/15

25,000

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS.

The following table lists, as of April 15, 2011, those persons owning beneficially 5% or more of Tara Gold's common stock, the number and percentage of outstanding shares owned by each director and officer of Tara Minerals and by all officers and directors as a group. Unless otherwise indicated, each owner has sole voting and investment powers over his shares of common stock.

**Name and Address
of**

Shares Beneficially

Percent of

Beneficial Owner

Owned

Class

Francis R. Biscan, Jr.

2162 Acorn Court
Wheaton, IL 60189

12,494,729

12.15%

L y n d a R .
Keeton-Cardno

185 Bethany St.,
Henderson, NV
89074

10,000

-

Clifford A. Brown

313 Arbor Avenue
West Chicago, IL
60185

3,098,371

3.01%

All Officers and
Directors as a group
(3 persons)

15,603,000

15.16%

ITEM 13.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDANCE.

None.

ITEM 14.

PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Mendoza Berger & Company, LLP, audited Tara Gold financial statements for the years ended December 31, 2010 and 2009. The following table shows the aggregate fees billed to Tara Gold for these periods by Mendoza Berger.

	Year ended December 31, 2010	Year ended December 31, 2009
Audit Fees		
\$	69,500	
\$		127,653
Audit-Related Fees		
	-	-

Financial Information
Systems

-

-

Design and
Implementation Fees

-

-

Tax Fees

-

-

All Other Fees

-

-

Audit fees represent amounts billed for professional services rendered for the audit of Tara Gold annual financial statements and the review of Tara Gold interim financial statements. Before Mendoza Berger was engaged by Tara Gold to render these services, the engagement was approved by Tara Gold Directors.

ITEM 15. EXHIBITS.

Exhibit No.

Description of Exhibit

3.1.1

Articles of Incorporation

(Incorporated by reference to the same exhibit filed with the Company's registration statement on Form 10-SB)

3.1.2

Amendment to Articles of Incorporation for
Name Change To MerchantPark
Communications

(Incorporated by reference to exhibit 3(i) filed
with the Company's report on Form 8-K on
April 6, 2001).

3.1.3

Amendment to Articles of Incorporation for
name change to American Stellar Energy, Inc.

Incorporated by reference to exhibit 3.1 filed
with the Company's report on Form 10-KSB
for the year ended December 31, 2004).

3.1.4

Amendment to Articles of Incorporation for
name change to Tara Gold Resources Corp

(2)

3.2

Bylaws

(Incorporated by reference to exhibit 3.2 filed
with the Company's registration statement on
Form 10-SB

10.1

Employment Agreement Francis R. Biscan Jr.

(2)

10.2

Employment Agreement Clifford Brown

(2)

10.3

[RESERVED]

10.4

Amended Agreement pertaining to La Currita property

(2)

10.5

Agreement pertaining to San Miguel property

(2)

10.6

Letter of Intent pertaining to Las Minitas property

(2)

10.7

Agreement pertaining to Lluvia de Oro property

(2)

10.8

Agreement pertaining to Picacho property

(2)

10.9

Agreement pertaining to acquisition of La Millionaria property

(2)

10.10

Letter of intent pertaining to La Millionaria property

(2)

10.11

Modification of agreement pertaining to San Miguel property

(3)

19

10.12

Agreement to terminate JV pertaining to Las Minitas property

(3)

10.13

Agreement to terminate joint venture pertaining to La Millonaria

(3)

10.14

Modified purchase agreement pertaining to Picacho Property

(4)

10.15

Stock purchase agreement pertaining to La Escuadra

(4)

10.16

Purchase agreement pertaining to Pilar property

(4)

10.17

Joint venture and option agreement pertaining to Lluvia de Oro

(4)

10.18

Second modified purchase agreement pertaining to Picacho property

(4)

10.19

Purchase agreement pertaining to Picacho property

(4)

10.20

Joint venture agreement pertaining to San Miguel and Santa Cruz properties

(4)

10.21

Modified purchase agreement pertaining to Pilar property

(4)

10.22

Agreement pertaining to Las Brisas property

10.23

Notice of pending default on joint venture pertaining to Picacho property

(4)

10.24

Joint venture termination letter pertaining to Picacho

(4)

10.25

Binding letter of intent pertaining to Curcurpe, Picacho and La Millonaria properties

(4)

10.26

Agreement pertaining to Marina property

(4)

10.27

Modification agreement pertaining to JV agreement with Lateegra and La Camera

(4)

10.28

Binding Commitment to purchase pertaining to Curcurpe with La Camera

(4)

10.29

Binding Commitment to purchase pertaining to Picacho with La Camera

(4)

10.30

Binding Commitment to purchase pertaining to La Millionaria with La Camera

(4)

10.31

JV agreement between Tara Gold and La Camera

(4)

10.32

Promissory note pertaining Curcurpe La Camera

(4)

10.33

Promissory note pertaining Picacho La Camera

(4)

10.34

Promissory note pertaining La Millonaria La Camera

(4)

10.35

Modification of agreement pertaining to Las Minitas property

(4)

10.36

Termination of joint venture agreement pertaining to Curcurpe, Picacho and La Millonaria properties

(4)

10.37

Agreement pertaining Los Auriferos property

(4)

10.38

Surrender of rights and termination of joint venture pertaining to Curcurpe, Picacho and La Millonaria properties

(4)

10.39

Default letter on joint venture agreement pertaining to La Currita property

(4)

10.40

Option and JV Agreement pertaining to property La Currita

(4)

10.41

Modified termination agreement pertaining to the Pilar property

(4)

10.42

Judicial agreement pertaining to Picacho litigation and Dos Amigos property

(4)

10.43

Second Judicial termination agreement pertaining to the Picacho litigation and Unificacion de Oro property

(4)

10.44

Gratuitous cession of rights pertaining to the Picacho litigation

(4)

10.45

Donation of mining equipment pertaining to the Picacho litigation

(4)

10.46

Purchase of Equipment from a related party

(5)

10.47

Purchase agreement of Picacho Fractions mining concession

(5)

10.48

Advanced termination and mutual settlement agreement pertaining to La Escuadra

(5)

14

Code of Ethics

(1)

21

Subsidiaries

(4)

31

Rule 13a-14(a) Certifications

(5)

32

Section 1350 Certifications

(5)

(1)

Incorporated by reference to the same exhibit filed with the Company's report on Form 10-KSB for the year ended December 31, 2004

(2)

Incorporated by reference to the same exhibit filed with the Company's report on Form 10-KSB for the year ended December 31, 2005

(3)

Incorporated by reference to the same exhibit filed with the Company's report on Form 10-KSB for the year ended December 31, 2006

(4)

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Incorporated by reference to the same exhibit filed with the Company's report on Form 10-KSB for the year ended December 31, 2007

(5)

Incorporated by reference to the same exhibit filed with the Company's report on Form 10-K for the year ended December 31, 2009

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR

THE FISCAL YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

AND

THE PERIOD FROM INCEPTION (OCTOEBER 14, 1999) THROUGH DECEMBER 31, 2010

REPORT OF
INDEPENDENT
REGISTERED
PUBLIC
ACCOUNTING
FIRM

F-2

FINANCIAL
STATEMENTS:

Consolidated
Balance Sheets

F-3

Consolidated
Statements of
Operations and
Comprehensive
Loss

F-4

Consolidated
Statements of
Stockholders
(Deficit) Equity

F-5

Consolidated
Statements of
Cash Flows

F-13

Notes to the
Consolidated
Financial
Statements

F-16

F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Tara Gold Resources Corp., Inc. and Subsidiaries,

We have audited the accompanying consolidated balance sheets of Tara Gold Resources Corp., Inc. (an exploration stage company) (a Nevada corporation) and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for each of the years then ended and the period from inception (October 14, 1999) through December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Tara Gold Resources Corp., Inc. and subsidiaries from inception (October 14, 1999) through December 31, 2004, were audited by other auditors whose report there on dated December 9, 2005, expressed an unqualified opinion on those statements (the December 9, 2005 report was modified related to the uncertainty of the Company's ability as a going concern), have been furnished to us.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tara Gold Resources Corp, Inc. and subsidiaries as of December 31, 2010 and 2009, and the

results of its operations and its cash flows for each of the years then ended and for the period from inception (October 14, 1999) through December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ Mendoza Berger & Company, LLP

Mendoza Berger & Company, LLP

Irvine, CA

April 18, 2011

F-2

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. Dollars)

**December 31,
2010**

**December 31,
2009**

Assets

Current assets:

Cash

\$

193

\$

1,451

Other
receivables, net of
\$2,010 and \$374
of allowance as of
December 31,

2010 and
December 31,
2009, respectively

227

3,262

Due from
related parties, net
of due to related
parties of \$292
December 31,

2009

-

354

Marketable
securities

450

450

Other current
assets

1

3

Total current
assets

871

5,520

Property, plant,
equipment, mine
development and
land, net of
accumulated

depreciation of
\$361 and \$111 as
of December 31,
2010 and
December 31,

2009,
respectively

12,359

15,304

Mining deposits

53

25

Deferred tax,
non-current
portion

2,931

1,748

Goodwill

12

12

Other assets

160

19

Total
Assets

\$

16,386

\$

22,628

**Liabilities and
Stockholders
equity**

Current liabilities:

Accounts payable and accrued expenses

\$

1,688

\$

1,143

Notes payable, current portion

994

1,106

Notes payable related party, current portion

100

Due to related parties, net of due from of \$1,026 December 31, 2010

	259
	-
Total current liabilities	
	3,042
	2,249
Long-term accrued liabilities	
	418
	989
Notes payable, non-current portion	
	2,603
	6,168
Total liabilities	
	6,064
	9,406
Commitments and contingencies	
	-
	-

Stockholders
equity:

Common
stock; \$0.001 par
value 150,000,000
shares authorized
102,795,119
issued and
outstanding at
December 31,
2010 and
December 31,
2009, respectively

103

103

Additional
paid-in capital

12,175

12,175

Accumulated
deficit during
exploration stage

(17,060)

(3,293)

O t h e r
comprehensive
loss

(514)

(436)

Total Tara
Gold stockholders
(deficit) equity

(5,296)

	8,549
Non-controlling interest	
	15,618
	4,673
Total equity	
	10,322
	13,222
Total liabilities and equity	
\$	
	16,386
\$	
	22,628

See accompanying notes to these consolidated financial statements.

TARA GOLD RESOURCES CORP. AND SUBSIDIARIES

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE LOSS

(In thousands of U.S. Dollars)

**For the Year
Ended
December 31,
From inception
October 14, 1999 to
December 31,**

2010

2009

2010

Revenues

Revenue from
website development
and software

\$

-

\$

-

	\$
	168
Mining revenues	
	160
	-
	557
Total revenues	
	160
	-
	725
Cost of revenue	
	658
	-
	759
Gross margin	
	(498)
	-
	(34)
Exploration expenses	
	2,033
	280
	6,351
Operatin	