

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 JULY 31, 2008.

OR

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

FOR THE TRANSITION FROM _____ TO _____.

COMMISSION FILE NUMBER None

TARA MINERALS CORP.

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

20-5000381
(I.R.S. Employer
Identification No.)

2162 Acorn Court
Wheaton, IL 60189
(Address of principal executive offices)

60189
(Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ 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 September 5, 2008, the Company had 37,350,167 outstanding shares common stock.

TARA MINERALS CORP. AND SUBSIDIARY

(A Subsidiary of Tara Gold Resources Corp)

(An Exploration Stage Company)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR

THE THREE MONTHS AND NINE MONTHS ENDED

JULY 31, 2008 AND JULY 31, 2007

And

THE PERIOD FROM INCEPTION (MAY 12, 2006) THROUGH JULY 31, 2008

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TARA MINERALS CORP. AND SUBSIDIARY
(A Subsidiary of Tara Gold Resources Corp)
(An Exploration Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	July 31, 2008 <u>(Unaudited)</u>	October 31, 2007 <u>(Audited)</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 97,922	\$ 953,321
Recoverable value added taxes	434,203	278,030
Other receivables	5,229	4,894
Due from related parties	425,939	411,590
Prepaid assets	192	6,903
Total current assets	<u>963,485</u>	<u>1,654,738</u>
Construction in Progress	762,501	9,480
Land	19,590	19,590
Property, equipment and mine development, net of accumulated depreciation of \$32,311 and \$16,782 at July 31, 2008 and October 31, 2007, respectively	2,161,923	1,540,271
Mining deposits	141,712	-
Other assets	1,495	-
Total assets	<u>\$ 4,050,706</u>	<u>\$ 3,224,079</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 260	\$ 5,854
Accrued expenses	52,220	9,500
Due to related parties, current portion	870,210	502,060
Total current liabilities	<u>922,690</u>	<u>517,414</u>
Due to related parties, non-current portion	-	461,400
Total liabilities	<u>922,690</u>	<u>978,814</u>
Commitment and contingencies	-	-
Minority interest	-	-
STOCKHOLDERS' EQUITY		
Common stock: \$0.001 par value; authorized 75,000,000 shares; issued and outstanding: 37,350,167 and 36,581,000 shares at July 31, 2008 and October 31, 2007, respectively	37,350	36,581
Additional paid-in capital	4,908,823	4,418,092
Accumulated deficit during exploration stage	(1,912,128)	(2,220,782)
Other comprehensive income	93,971	11,374
Total stockholders' equity	<u>3,128,016</u>	<u>2,245,265</u>
Total liabilities and stockholders' equity	<u>\$ 4,050,706</u>	<u>\$ 3,224,079</u>

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA MINERALS CORP. AND SUBSIDIARY
(A Subsidiary of Tara Gold Resources Corp)
(An Exploration Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND
COMPREHENSIVE LOSS

	For the Three months ended July 31, 2008 (Unaudited)	For the Three months ended July 31, 2007 (Unaudited)	For the Nine months ended July 31, 2008 (Unaudited)	For the Nine months ended July 31, 2007 (Unaudited)	From inception May 12, 2006 to July 31, 2008 (Unaudited)
Mining revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of revenue:					
Exploration expenses	2,715	57,269	32,901	104,757	157,071
Operating, general, and administrative expenses:					
Operating, general, and administrative expenses	<u>168,951</u>	<u>47,154</u>	<u>440,943</u>	<u>1,311,166</u>	<u>2,562,049</u>
Total operating, general, and administrative expenses	168,951	47,154	440,943	1,311,166	2,562,049
Net operating loss	(171,666)	(104,423)	(473,844)	(1,415,923)	(2,719,120)
Non-operating (income) expense:					
Interest (income)	(7,164)	(2,089)	(32,782)	(15,341)	(57,595)
Other (income)	(750,004)	-	(750,198)	(12)	(750,210)
Interest expense	117	92,436	482	92,675	818
	<u>(757,051)</u>	<u>90,347</u>	<u>(782,498)</u>	<u>77,322</u>	<u>(806,987)</u>
Minority interest	-	-	-	5	5
Net income (loss)	<u>585,385</u>	<u>(194,770)</u>	<u>308,654</u>	<u>(1,493,240)</u>	<u>(1,912,128)</u>
Other comprehensive income:					
Foreign currency translation	57,888	91,122	82,597	97,782	93,971
Comprehensive loss	<u>\$ 643,273</u>	<u>\$ (103,648)</u>	<u>\$ 391,251</u>	<u>\$(1,395,458)</u>	<u>\$(1,818,157)</u>
Net income (loss) per share, basic	<u>\$ 0.02</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	
Weighted average number of shares of common stock outstanding, basic	<u>38,010,149</u>	<u>30,000,000</u>	<u>37,613,902</u>	<u>30,000,000</u>	
Net income (loss) per share, diluted	<u>\$ 0.02</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	
Weighted average number of shares of common stock outstanding, diluted	<u>39,010,149</u>	<u>30,000,000</u>	<u>38,613,902</u>	<u>30,000,000</u>	

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA MINERALS CORP. AND SUBSIDIARY
(A Subsidiary of Tara Gold Resources Corp)
(An Exploration Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine mos. Ended July 31, 2008 (Unaudited)	Nine mos. Ended July 31, 2007 (Unaudited)	From inception (May 12, 2006) through July 31, 2008 (Unaudited)
Cash Flows From Operating Activities:			
Net income (loss)	\$ 308,654	\$ (1,493,240)	\$ (1,912,128)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation expense	15,529	11,717	32,311
Stock based compensation	-	1,164,173	1,164,173
Common stock issued for services	-	-	750,000
Minority Interest	-	5	5
Cancellation of common shares for settlement	(750,000)	-	(750,000)
Changes in assets and liabilities			
(Increase) in recoverable value added taxes	(156,173)	(58,343)	(227,988)
(Increase) in other receivables	(335)	-	(5,229)
Decrease (increase) in prepaid expenses	6,711	(4,778)	(192)
(Increase) in other assets	(1,495)	(8,302)	(1,495)
(Decrease) Increase in accounts payable	(5,594)	10,526	260
Increase in accrued expenses	42,720	9,106	52,219
	<u>(539,983)</u>	<u>(369,136)</u>	<u>(898,064)</u>
Net cash used in operating activities			
Cash Flows from Investing Activities:			
Acquisition of land	-	-	(19,590)
Purchase of mining concession	(16,417)	-	(40,652)
Payments made for construction in progress	(753,021)	-	(762,501)
Acquisition of machinery	(20,764)	(8,282)	(29,046)
Payments toward mining deposits	(141,712)	-	(141,712)
	<u>(931,914)</u>	<u>(8,282)</u>	<u>(993,501)</u>
Net cash used in investing activities			
Cash Flows from Financing Activities:			
Cash from the sale of common stock	641,501	2,540,500	3,182,000
Payments toward equipment financing	-	(160,026)	(160,026)
Change in due to/from related parties, net	(107,600)	(1,040,787)	(1,126,453)
Minority interest, net assets of subsidiary	-	(5)	(5)
	<u>533,901</u>	<u>1,339,682</u>	<u>1,895,516</u>
Net cash provided by financing activities			
Effect of exchange rate on cash	82,597	97,782	93,971
Net increase (decrease) in cash	(855,399)	1,060,046	97,922
Cash, beginning of period	<u>953,321</u>	<u>-</u>	<u>-</u>
Cash, end of period	\$ <u>97,922</u>	\$ <u>1,060,046</u>	\$ <u>97,922</u>

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA MINERALS CORP. AND SUBSIDIARY
(A Subsidiary of Tara Gold Resources Corp)
(An Exploration Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)

	Nine mos. Ended July 31, 2008 (Unaudited)	Nine mos. Ended July 31, 2007 (Unaudited)	From inception (May 12, 2006) Through July 31, 2008 (Unaudited)
Supplemental Information:			
Interest paid	\$ 16,416	\$ -	\$ 16,416
Income taxes paid	\$ -	\$ -	\$ -
Non-cash Investing and Financing Transactions:			
Acquisition of property and equipment through debt	\$ -	\$ 167,072	\$ 167,072
Purchase of mining concession paid by debt to related party plus capitalized interest	\$ -	\$ 1,381,700	\$ 1,357,463
Recoverable value-added taxes incurred through Additional debt and due to related party	\$ -	\$ 206,215	\$ 206,215
Purchase of mining equipment with common stock	\$ 600,000	\$ -	\$ 600,000

See Accompanying Notes to these Condensed Consolidated Financial Statements.

TARA MINERALS CORP. AND SUBSIDIARY
(A Subsidiary of Tara Gold Resources Corp)
(An Exploration Stage Company)
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business and principles of consolidation:

The accompanying Condensed Consolidated Financial Statements of Tara Minerals Corp. (the “Company”) should be read in conjunction with the Company’s Annual Report on Form 10-KSB/A for the year ended October 31, 2007. Significant accounting policies disclosed therein have not changed.

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 at July 31, 2008 and October 31, 2007, the condensed consolidated statements of operations for the three and nine months ended July 31, 2008 and 2007 and the condensed consolidated statements of cash flows for the nine months ended July 31, 2008 and 2007. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

Tara Minerals Corp. (the “Company”) was organized May 12, 2006 under the laws of the State of Nevada. The Company currently is engaged in the acquisition, exploration and development of mineral resource properties in Mexico. The Company owns 99.9% of the common stock of American Metal Mining, S.A. de C.V. (the “subsidiary”), which was established in December 2006 and operates in México. The Company currently has limited operations and, in accordance with Statement of Financial Accounting Standard (SFAS) No. 7, “*Accounting and Reporting by Development Stage Enterprises*,” is considered an Exploration Stage Company.

The Company is a subsidiary of Tara Gold Resources, Corp.

The consolidated financial statements include the financial statements of the Company and 99.9% owned subsidiary. All amounts are in U.S. dollars unless otherwise indicated. All significant intercompany balances and transactions have been eliminated in consolidation.

The subsidiary’s functional currency is the U.S. dollar. As a result, the financial statements of the subsidiary have been remeasured 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 remeasurement gain or loss is recorded in other comprehensive (loss) income.

The financial statements of the subsidiary should not be construed as representations that Mexican pesos have been, could have been or may in the future be converted into U.S. dollars at such rates or any other rates.

Relevant exchange rates used in the preparation of the financial statements for the subsidiary are as follows for the nine months ended July 31, 2008 (Mexican pesos per one U.S. dollar).

	<u>July 31, 2008</u>	
Current exchange rate	Ps.	10.0340
Weighted average exchange rate for the nine months ended	Ps.	10.6295

TARA MINERALS CORP.
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Reclassifications and Adjustments

Certain reclassifications, which have no effect on net income (loss), have been made in the prior period financial statements to conform to the current presentation. Specifically, the Company has reclassified approximately \$10,500 out of Other Income and into Operating, General and Administrative Expenses, relating to the reimbursement of freight costs for machinery currently in construction in progress.

Recent Accounting Pronouncements

In March 2008, the Financial Accounting Standards Board (“FASB”) issued FASB Statement No 161, “Disclosures about Derivative Instruments and Hedging Activities”, an amendment of SFAS No. 133 (“SFAS 161”). SFAS 161 applies to all derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 37 and 42 of SFAS 133 and related hedged items accounted for under SFAS 133. SFAS 161 requires entities to provide greater transparency through additional disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity’s financial position, results of operations, and cash flows. SFAS 161 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2008. The Company does not expect that the adoption of SFAS 161 will have a material impact on our financial condition or results of operations.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, “The Hierarchy of Generally Accepted Accounting Principles,” (“SFAS 162”). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of non-governmental entities that are presented in conformity with generally accepted accounting principles in the United States of America. SFAS 162 will be effective 60 days after the Security and Exchange Commission approves the Public Company Accounting Oversight Board’s amendments to AU Section 411. The Company does not anticipate the adoption of SFAS 162 will have an impact on its financial statements.

In May 2008, the FASB issued SFAS No. 163, “Accounting for Financial Guarantee Insurance Contracts – an interpretation of FASB Statement No. 60” (“SFAS 163”). SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. SFAS 163 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 163 will have a material impact on its financial condition or results of operation.

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities,” (“FSP EITF 03-6-1”). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method as described in FASB Statement of Financial Accounting Standards No. 128, “Earnings per Share.” FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and earlier adoption is prohibited. The Company is required to adopt FSP EITF 03-6-1 in the first quarter of 2009 and is currently evaluating the impact that FSP EITF 03-6-1 will have on its financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Property, equipment and mine development

	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Land	\$ 19,590	\$ 19,590
Mining concessions:		
Pilar (a)	\$ 776,377	\$ 759,960
Don Roman	521,739	521,739
Las Nuvias	100,000	100,000
Mining concession	1,398,116	1,381,699
 Machinery and equipment	 796,118	 175,354
	2,194,234	1,557,053
Less – accumulated depreciation	(32,311)	(16,782)
	\$ 2,161,923	\$ 1,540,271

- a. In September 2006 another subsidiary of Tara Gold Resources, Corp., the Company’s parent, acquired the Pilar de Mocribo Prospect (“Pilar”) from an unrelated third party for \$920,000 (\$800,000 principle plus \$120,000 value added tax (“IVAT”)). This property was then assigned to the Company in January 2007. The Company is required to repay the other subsidiary of its parent for this mining concession as follows (including the applicable value added tax):

2008 \$ 626,126

In accordance with Accounting Principles Board Opinion 21, “*Interest on Receivables and Payables*” (APB 21), the future payments of the total payment amount of \$800,000 has been discounted using the incremental borrowing rate of 5.01%. As of July 31, 2008, the present value of future payments is as follows:

	<u>Debt</u>	<u>IVAT</u>	<u>Total</u>
Future payments	\$ 565,000	\$ 84,750	\$ 649,750
Imputed interest	(23,624)	-	(23,624)
Present value of current debt	\$ 541,376	\$ 84,750	\$ 626,126

Note 3. Stockholders’ Equity

The authorized common stock of the Company consists of 75,000,000 shares with par value of \$0.001. In 2008, the Company issued of 1,200,000 common shares for mining equipment valued at \$600,000 or \$0.50 per share and 1,068,967 common shares for \$641,499 or an average of \$0.60 per share.

In June 2008, the Company settled a claim against a former vendor. The settlement agreement called for the return of 1,500,000 shares of the Company’s common stock, valued at \$750,000, as payment in full of the Company’s claim. The Company recorded a \$750,000 gain on the settlement, which was recorded as other income on the Consolidated Statement of Operations, and cancelled the shares.

TARA MINERALS CORP.
(A Subsidiary of Tara Gold Resources Corp)
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Net loss per common share

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

Basic net loss per common share is based on the weighted average number of shares of common stock outstanding since inception. The following table reconciles basic earnings per share and diluted earnings per share and the related weighted average number of shares as of July 31, 2008:

	For the Three Months Ended July 31, 2008		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net income	\$ 585,385		
Basic EPS:			
Income available to common stockholders	\$ 585,385	38,010,149	\$ 0.02
Options - Biscan		750,000	
Options - Brown	-	250,000	
Diluted EPS:			
Income available to common stockholders plus assumed conversions	\$ 585,385	39,010,149	\$ 0.02
	For the Nine Months Ended July 31, 2008		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net income	\$ 308,654		
Basic EPS:			
Income available to common stockholders	\$ 308,654	37,613,902	\$ 0.01
Options - Biscan		750,000	
Options - Brown	-	250,000	
Diluted EPS:			
Income available to common stockholders plus assumed conversions	\$ 308,654	38,613,902	\$ 0.01

There were no potentially dilutive shares as of July 31, 2007.

Note 4. Income Taxes

During the year ended October 31, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), which supplements SFAS No. 109, "Accounting for Income Taxes," by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. The Interpretation requires that the tax effects of a position be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that a company is entitled to

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

the economic benefits of a tax position, If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits. No benefits of the tax position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. With the adoption of FIN 48, companies are required to adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained. Any necessary adjustment would be recorded directly to retained earnings and reported as a change in accounting principle.

The Company did not provide any current or deferred U.S. federal income tax provision or benefit for any of the periods presented because the Company has experienced operating losses since inception. The Company provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carry forwards, because management has determined that it is more-likely-than-not that the Company will not earn income sufficient to realize the deferred tax assets during the carry forward period.

The components of the Company's deferred tax asset as of July 31, 2008 and October 31, 2007 are as follows:

	2008	2007
Net operating loss carry forward	\$ 650,000	\$ 760,000
Valuation allowance	(650,000)	(760,000)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

A reconciliation of the statutory income taxes rates and the effective rate is as follows:

	2008	2007
Tax at statutory rate (blended U.S. and MX)	34%	34%
Valuation allowance	(34%)	(34%)
	<u>-</u>	<u>-</u>

Upon adoption of FIN 48 as of November 1, 2007, the Company had no gross unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. These amounts consider the guidance in FIN 48-1, "Definition of Settlement in FASB Interpretation No. 48". The Company has not accrued any additional interest or penalties as a result of the adoption of FIN 48.

The Company files income tax returns in the United States and certain states in the United States and certain foreign jurisdictions. The Company is currently finalizing its year end tax return for October 31, 2007. These U. S. federal and foreign jurisdiction income tax returns for the years ended October 31, 2007 and 2006 are considered open tax years as of the date of these condensed consolidated financial statements. No income tax returns are currently under examination by any tax authorities.

Note 5. Mining Deposits

As of July 31, 2008, the Company paid a deposit of \$141,712 toward the involvement in a mining project. As of August 26, 2008, the formal agreement relating to the mining project has not been executed and both the Company and the third party are in negotiations to finalize the agreement.

Note 6. Related Party Transactions

The Company is a subsidiary of Tara Gold Resources, Corp. As of July 31, 2007 another subsidiary of Tara Gold Resources, Corp., Corporacion Amermin, S.A. de C.V. ("Amermin"), made the arrangements to purchase the Pilar, Don Ramon and Las Nuvias properties listed in Note 2. These properties were assigned to the Company's subsidiary American Metal Mining, S.A. de C.V ("American Metal Mining") as of January 2007. American Metal Mining will make payments to Amermin and Amermin will make payments related to the original purchase

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

agreement for the Pilar mining concession described in Note 2a above. Due to related parties, current for Pilar is \$626,126 as of July 31, 2008.

In January 2007, Amermin paid the entire balance of Don Roman and Las Nuvias concessions. Per the assignment agreement, transferring the property to American Metal Mining, the Company will make payments to Amermin to repay for the amounts paid plus related IVAT. As of July 31, 2008 the Company owed Amermin \$210,000, which is included in the Due to Related Parties, current portion.

As of July 31, 2008, the Company lent \$425,939 in cash to Amermin and other related parties in the form of short-term loans. The receivables, denoted as due from related parties on the balance sheet, accrue at an annual interest rate of 6.5% and are payable in October 2008.

As of July 31, 2008, the Company borrowed \$34,084 in cash from Amermin in the form of short-term loans. The payables, denoted as due to related parties on the balance sheet, accrue at an annual interest rate of 6.5% and are payable in September 2008.

An officer of the Company provides office space and administrative services without charge. Such costs are immaterial to the financial statements and accordingly, have not been reflected therein. American Metal Mining shares office space with Amermin in Mexico at no charge. These costs are also immaterial.

ITEM 2. MANAGERMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

Tara Minerals was incorporated on May 12, 2006 and is involved in the exploration and development of mining properties which may have various industrial metals including silver, copper, lead, and zinc. Tara Minerals is in the exploration stage.

Between December 2006 and February 2007, Tara Minerals raised \$2,540,000 from the sale of 5,081,000 shares of its common stock to private investors.

In January 2008, Tara Minerals issued 1,200,000 shares of its common stock valued at \$600,000 to an unrelated third party for mining equipment.

In April 2008, Tara Minerals sold 833,134 shares of its common stock for cash of \$500,000 to unrelated third parties for an average of \$0.60 per share.

In July 2008, Tara Minerals sold 235,833 shares of its common stock for cash of \$141,500 to unrelated third parties for an average of \$0.60 per share.

As of August 26, 2008 Tara Minerals had a 100% interest in the Pilar de Moceribo, Don Roman and Lourdes, and Las Nuvias mining properties listed below. Although Tara Minerals believes that each of these properties has deposits of silver, copper, lead or zinc, the properties are in the exploratory state, do not have any known reserves, and may never produce any of these metals in commercial quantities.

All of Tara Minerals' properties are located approximately 25 kilometers from the town of Choix, Sinaloa State, Mexico.

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.

Pilar de Moceribo Prospect

The Pilar de Moceribo prospect is 1,260 hectares in size. Preliminary evaluation of the property has identified a series of parallel NE trending mineralized structures that can be traced for more than 300 meters. These mineralized structures lie within a complex suite of volcanic-granitic and sedimentary (carbonate) rocks. As of June 6, 2008 a preliminary rock-chip sampling program, at a cost of approximately \$9,000 has been completed on the property. Tara Minerals plans to delay any major work on this property so that more resources can be devoted to the Don Roman and Lourdes concession.

Don Roman and Lourdes Concession

The Don Roman and Lourdes concession is 331 hectares in size. Preliminary evaluation of the property has identified an abandoned mine and extensive sulfide mineralization within a complex suite of volcanic-granitic and sedimentary rocks. Detailed surface sampling and road construction have been completed at cost of approximately \$172,000.

Permits needed to move towards active mining, assessing exploitation options, and costs associated with the design of various mining and recovery systems have been obtained. Mining and processing equipment have been purchased and the plant, which will be capable of processing a minimum of 200 tonnes per day, is nearing completion. Water rights for the property have been acquired and a well

to supply water to the plant is nearing completion. High voltage electrical service has been supplied to an electrical substation which will supply power to operate the Plant. Plant completion and initial production is scheduled for the fourth quarter of 2008.

Las Nuvias Concession

The Las Nuvias prospect is 41 hectares in size. Preliminary evaluation of the property has identified an abandoned prospect with historic vein-type mineralization occurring within an older complex suite of volcanic-granitic and sedimentary rocks.

As of August 26, 2008 a preliminary rock-chip sampling program, at a cost of approximately \$9,000 has been completed on the property. Since this property is directly south of the Don Roman and Lourdes concession, Tara Minerals plans to delay any major work on this property so that more resources can be devoted to the Don Roman and Lourdes concession.

Results of Operation

During the period from its incorporation through July 31, 2008 Tara Minerals did not generate any revenue and incurred \$157,071 in exploration expenses and \$2,562,049 in operating and general administration expenses. Included in operating and general and administrative expenses are non-cash charges of \$1,164,173 pertaining to the issuance of stock options. Tara Minerals also booked a non-cash gain of \$750,000 as other income pursuant to a settlement agreement for the cancellation of common stock.

Liquidity and Capital Resources

Tara Minerals' anticipated that its approximate capital requirements during the year ending October 31, 2009 are shown below. The anticipated capital requirements do not include any amounts which Tara Minerals will be required to spend if it acquires the any other potential properties or investments in any other potential projects:

Exploration and Development – Pilar de Moceribo property	\$ 25,000
Property payments and taxes – Pilar de Moceribo property	509,750
Exploration and Development – Don Roman property	3,125,000
Exploration and Development – Las Nuvias property	25,000
General and administrative expenses	<u>687,500</u>
Total	<u>\$ 4,372,250</u>

Tara Minerals believes that its cash on hand will satisfy its working capital needs until the start of production of Don Ramon begins in the fourth quarter. After that time, 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.

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

Tara Minerals anticipates that it will need to hire 20 new employees by October 31, 2008.

Tara Minerals does not have any commitments or arrangements from any person to provide Tara Minerals with any additional capital. If additional financing is not available when needed, Tara Minerals

may continue to operate in its present mode or Tara Minerals may need to cease operations. Tara Minerals 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 Minerals' accounting policies.

ITEM 4T. CONTROLS AND PROCEDURES

Francis Richard Biscan, Jr., Tara Minerals' Principal Executive Officer and Clifford A. Brown, Tara Minerals' Principal Financial Officer, have evaluated the effectiveness of Tara Minerals' 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 Minerals' disclosure controls and procedures are effective.

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

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

In January 2008, the Company issued 1,200,000 shares of its common stock to an unrelated third party for mining equipment.

In April 2008, the Company sold 833,334 shares of its common stock to a group of private investors for \$500,000 cash or an average of \$0.60 per share.

In June 2008, the Company settled a claim against a former vendor. The settlement agreement called for the return of 1,500,000 shares of the Company's common stock, valued at \$750,000, as payment in full of the Company's claim. The Company recorded a \$750,000 gain on the settlement, which was recorded as other income on the Consolidated Statement of Operations, and cancelled the shares.

In July 2008, the Company issued sold 235,833 shares of its common stock to a group of private investors for \$141,500 cash or an average of \$0.60 per share.

The Company relied upon the exemption provided by Section 4(2) of the Securities Act of 1933 in connection with the issuance of the shares referred to above.

ITEM 3. DEFAULTS UPON SENIOR SECURITES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a)	Exhibits	
	<u>Number</u>	<u>Exhibit</u>
	31	Rule 13a-14(a) Certifications
	32	Section 1350 Certifications

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on September 9, 2008.

TARA MINERALS CORP.

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

By: /s/ Clifford A. Brown
Clifford A. Brown,
Principal Financial and Accounting Officer