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## EDGAR Submission Header Summary

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### Documents

10-Q	trerc10q053109.htm
EX-31.1	ex31-1.htm
EX-31.2	ex31-2.htm
EX-32.1	ex32-1.htm
EX-32.2	ex32-2.htm

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### Module and Segment References

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended May 31, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-53482

Texas Rare Earth Resources Corp.  
(Exact name of registrant as specified in its charter)

Nevada, United States  
87-0294969  
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)

3 Riverway, Suite 1800, Houston, Texas 77056  
(Address of principal executive offices)

(361) 790-5831  
(Issuer's telephone number)

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 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of January 31, 2011, the registrant had 26,781,259 shares of common stock, par value \$0.01 per share, outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

**TEXAS RARE EARTH RESOURCES CORP**  
(Formerly Standard Silver Corporation)  
**BALANCE SHEETS**

	May 31, 2009 (Unaudited)	August 31, 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	\$ -	\$ 11,378
Total current assets	-	11,378
Notes and interest receivable from related parties	-	54,370
Mineral properties	10,000	-
<b>TOTAL ASSETS</b>	<b>\$ 10,000</b>	<b>\$ 65,748</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,135	\$ 6,545
Notes and interest payable to related parties	155,273	95,570
Total current liabilities	156,408	102,115
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' DEFICIT</b>		
Preferred stock, par value \$0.001; 10,000,000 shares authorized, no shares issued and outstanding as of May 31, 2009 and August 31, 2008	-	-
Common stock, par value \$0.01; 100,000,000 shares authorized 22,655,260 and 15,155,260 issued and outstanding as of May 31, 2009 and August 31, 2008, respectively	226,553	151,553
Additional paid-in capital	467,291	542,291
Accumulated deficit	(840,252)	(730,211)
Total shareholders' deficit	(146,408)	(36,367)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 10,000</b>	<b>\$ 65,748</b>

The accompanying notes are an integral part of these financial statements.

**TEXAS RARE EARTH RESOURCES CORP**  
(Formerly Standard Silver Corporation)  
**UNAUDITED STATEMENTS OF OPERATIONS**

	<u>Nine Months ended May 31,</u>		<u>Three Months ended May 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>OPERATING EXPENSES</b>				
Exploration costs	\$ 19,042	\$ 55,250	\$ -	\$ 18,000
General & administrative expenses	11,752	2,056	361	232
Impairment loss on mineral properties	19,056	-	-	-
<b>Total operating expenses</b>	<b>49,850</b>	<b>57,306</b>	<b>361</b>	<b>18,232</b>
<b>LOSS FROM OPERATIONS</b>	<b>(49,850)</b>	<b>(57,306)</b>	<b>(361)</b>	<b>(18,232)</b>
<b>OTHER (INCOME) EXPENSE</b>				
Interest and other income	(205)	(432)	(62)	(57)
Interest expense	6,026	-	2,052	-
Impairment loss on notes receivable	54,370	-	-	-
<b>Total other (income) expense</b>	<b>60,191</b>	<b>(432)</b>	<b>1,990</b>	<b>(57)</b>
<b>NET LOSS</b>	<b>\$ (110,041)</b>	<b>\$ (56,874)</b>	<b>\$ (2,351)</b>	<b>\$ (18,175)</b>
<b>Net loss per share:</b>				
Basic and diluted net loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Weighted average shares outstanding:</b>				
Basic and diluted	20,484,930	15,155,182	22,655,260	15,155,260

The accompanying notes are an integral part of these financial statements.

**TEXAS RARE EARTH RESOURCES CORP**  
(Formerly Standard Silver Corporation)  
**UNAUDITED STATEMENTS OF CASH FLOWS**

	<b>Nine Months Ended May 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (110,041)	\$ (56,874)
Adjustment to reconcile net loss to net cash used in operating activities:		
Impairment loss from notes receivable	54,370	-
Impairment loss on mineral property investments	19,056	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,707)	(369)
Net cash used in operating activities	(38,322)	(57,243)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in mineral properties	(29,056)	(54,340)
Net cash used in investing activities	(29,056)	(54,340)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of common stock	-	50,000
Note proceeds from related parties	56,000	92,000
Net cash provided by financing activities	56,000	142,000
<b>NET CHANGE IN CASH</b>	(11,378)	30,417
<b>CASH, BEGINNING OF PERIOD</b>	11,378	19,895
<b>CASH, END OF PERIOD</b>	\$ -	\$ 50,312
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	\$ 1,326	\$ -
Taxes paid	\$ -	\$ -
Stock issued for cash previously received	\$ 75,000	\$ -

The accompanying notes are an integral part of these financial statements.

**Texas Rare Earth Resources Corp**  
**(formerly Standard Silver Corporation)**  
**Notes to Interim Financial Statements**  
**(Unaudited)**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

The accompanying unaudited interim financial statements of Texas Rare Earth Resources Corp (the "Company") (formerly Standard Silver Corporation) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Form 10-K, dated August 31, 2008, as filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year August 31, 2008 as reported in the Form 10-K, have been omitted.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

The Company has periodically received cash advances from the Company's officers and relatives of the Company's officers to fund operations. As of May 31, 2009 \$155,273, in principal and interest is due and outstanding from the Company's officers. The advances are due on demand and accrue interest at rates ranging from 5.00 percent to 6.00 percent per annum.

The Company advanced La Cañada, an entity in which the Company had an equity investment, \$52,000 during the year ended August 31, 2008. The Company entered into a Redemption and Mutual Release and Settlement Agreement ("Redemption Agreement") with La Cañada effective August 31, 2009, in which the Company agreed to pay La Cañada \$9,303 in connection with mutual release between the parties of any and all obligation one may have had to the other. As a result the La Cañada loans and related accrued interest receivable were written off during the quarter ended November 30, 2008, the initial quarter in the year during which management determined that impairment occurred.

**NOTE 3 – INVESTMENTS**

The Company owned a 28.5% interest in La Cañada through October 2009, the date of the Redemption Agreement. The Company's investments also included mineral property rights which, in June 2008, were assigned to La Cañada, resulting in a loss of \$10,340 upon assignment. The Company's investment in La Cañada was accounted for under the equity method. For the three and nine months ending May 31, 2009 and 2008, the Company recorded no income or losses in its La Cañada investment.

**NOTE 4 – CAPITAL STOCK**

The Company's authorized capital stock consists of 100,000,000 shares of common stock, with a par value of \$0.01 per share, and 10,000,000 preferred shares with a par value of \$0.001 per share.

All shares of common stock have equal voting rights and, when validly issued and outstanding, are entitled to one non-cumulative vote per share in all matters to be voted upon by shareholders. The shares of common stock have no pre-emptive, subscription, conversion or redemption rights and may be issued only as fully paid and non-assessable shares. Holders of the common stock are entitled to equal ratable rights to dividends and distributions with respect to the common stock, as may be declared by the Board of Directors out of funds legally available. In the event of a liquidation, dissolution or winding up of the affairs of the

**NOTE 4 – CAPITAL STOCK (continued)**

Company, the holders of common stock are entitled to share ratably in all assets remaining available for distribution to them after payment or provision for all liabilities and any preferential liquidation rights of any preferred stock then outstanding.

In November 2008, the Company issued 3,750,000 shares of common stock for \$25,000 cash to Brewer & Pritchard, PC, corporate counsel and 3,750,000 shares of common stock for \$25,000 cash to RLR Services Partnership. The cash was received in the period ended August 31, 2008 and recorded to additional paid in capital.

**NOTE 5 – SUBSEQUENT EVENTS**

Between September 2009 and November 2010, the Company raised \$905,500 through the issuance of 2,263,750 shares of common stock and the issuance of Class A Warrants to purchase 2,263,750 shares of common stock and Class B Warrants to purchase 1,131,875 shares of common stock ("2009-2010 Private Placement"). Between December 2010 and January 2011, Class A Warrants to purchase 437,500 shares were exercised, and Class B Warrants to purchase 218,750 shares were exercised, resulting in \$382,813 of proceeds being raised by the Company.

In January 2011, we entered into a series of transactions with accredited investors pursuant to which we sold an aggregate of 800,000 shares of our common stock and five year warrants to purchase up to 800,000 shares of common stock, exercisable at \$2.50 per share, for gross proceeds of \$2,000,000 ("January 2011 Private Placement"). As additional consideration for the purchase of the shares and warrants, the Company issued to the January 2011 investors an option for 120 days to purchase up to 3,200,000 shares of common stock at \$2.50 per share with 100% warrant coverage through the issuance of warrants to purchase up to 3,200,000 shares of common stock at an exercise price of \$2.50 per share. The Company paid cash commissions of \$208,000 and issued five year warrants to purchase up to 169,000 shares of its common stock at an exercise price of \$2.50 per share in connection with the sale of its securities in the January 2011 Private Placement.

In connection with 2009-2010 Private Placement, the Company also entered into certain registration rights agreements. Under the registration rights agreements, the Company is required to file a registration statement covering the resale of the shares of common stock and shares of common stock underlying the warrants by February 9, 2011, and the registration is required to be deemed effective by the SEC on or before the 150<sup>th</sup> calendar day after the filing of such registration statement. In the event these milestones are not met by the Company, the Company is obligated to issue, as liquidated damages on a pro-rata basis to these investors, approximately 290,000 shares for each month, or pro-rated for a period less than one month, the registration is late up to a maximum of approximately 1,450,000 shares. In connection with the January 2011 Private Placement, we have granted the same demand registration rights with respect to the 800,000 shares of common stock and five year warrants to purchase up to 800,000 shares of common stock. If a registration statement is not filed with the SEC on or before February 9, 2011, or if such registration statement is not deemed effective by the SEC on or before the 150<sup>th</sup> calendar day after the filing of the registration statement, the Company has agreed to make pro rata payments to the investors, as liquidated damages, a number of shares of Company common stock equal to ten percent of the shares of common stock purchased by the respective investors and issued upon the exercise of the warrants for each 30-day period or pro rata for any portion thereof for which no registration statement has been filed or has not been declared effective by the SEC, as the case may be, provided that such amount shall not exceed five times the liquidated damages amount. There can be no assurance that the Company's registration statement will be effective within 150 days after February 9, 2011.

In connection with our January 2011 Private Placement, we issued five year warrants to purchase up to 169,000 shares of common stock at an exercise price of \$2.50 per share as payment of commissions. We have agreed to register the resale of the shares underlying the warrants.



**NOTE 5 – SUBSEQUENT EVENTS (continued)**

On December 17, 2009, the Company increased its Board of Directors from three to four directors, appointing Anthony Marchese as the fourth director.

In August 2010, we entered into a mining lease with the Texas General Land Office covering Sections 7 and 18 of Township 7, Block 71 and Section 12 of Block 72, covering approximately 860 acres at Round Top mountain in Hudspheth County, Texas. The mining lease issued by the Texas General Land Office gives us the right to explore, produce, develop, mine, extract, mill, remove, and market beryllium, uranium, rare earth elements, all other base and precious metals, industrial minerals and construction materials and all other minerals excluding oil, gas, coal, lignite, sulfur, salt, and potash. The term of the lease is twenty years so long as minerals are produced in paying quantities.

Under the lease, we will pay the State of Texas a lease bonus of \$197,800, \$35,000 of which was paid upon the execution of the lease, \$65,000 of which will be due when we submit our initial plan of operations to conduct exploration, and \$97,800 of which will be due when we submit a supplemental plan of operations to conduct mining. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$500,000 minimum advance royalty. Thereafter, we will pay the State of Texas a production royalty equal to

eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (6 ¼%) of the market value of all other minerals removed and sold from Round Top.

If production of paying quantities of minerals has not been obtained on or before August 17, 2011, we may pay the State of Texas a delay rental to extend the term of the lease in an amount equal to \$44,718. Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<u>Per Acre Amount</u>	<u>Total Amount</u>
August 17, 2012 – 2014	\$ 50	\$ 44,718
August 17, 2015 – 2019	\$ 75	\$ 67,077
August 17, 2019 – 2024	\$ 150	\$ 134,155
August 17, 2025 – 2029	\$ 200	\$ 178,873

In November 2010, the Company entered into a non-exclusive investment banking agreement with Sunrise Securities Corp. pursuant to which it agreed to pay a sales commission with respect to certain financings effected, or alternative transactions entered into, by the Company through introductions by Sunrise. The Company agreed to pay Sunrise a monthly fee of 5,000 shares of restricted stock. The Company concurrently entered into a 24 month institutional public relations retainer agreement with Sunrise pursuant to which it agreed to issue Sunrise five-year options to purchase 250,000 shares at \$1.60 per share and 250,000 shares at \$5.00 per share, with certain demand registration rights.

In January 2011, we entered into a finders agreement with Aspenwood Capital under which Aspenwood would introduce potential investors to the Company. The Company agreed to pay Aspenwood up to a 10% cash fee and to issue a five year warrant to purchase shares of common stock in an amount up to 10% of the number of shares sold to investors introduced to the Company by Aspenwood. The exercise price of the warrants will be equal to 125% of the equity purchase price. The warrant may be exercised on a cashless basis at any time subsequent to August 31, 2011 in the event the Company does not maintain an effective registration statement on file with the SEC.

In December 2010, the Company hired a new Chief Financial Officer.

In December 2010, the principal and accrued interest for the advances to certain officers was paid in full.

In November 2010, as a part of our 2009-2010 Private Placement, the Company sold RLR Services Partnership, a five percent shareholder, 37,500 shares of common stock, Class A Warrants to purchase up to 37,500 shares of common stock, and Class B Warrants to purchase up to 18,750 shares of common stock for gross proceeds of \$15,000, the terms of which were identical to those offered to other investors.

## NOTE 5 – SUBSEQUENT EVENTS (continued)

In January 2010, the Company entered into an agreement with Anthony Marchese pursuant to which the Company issued to Mr. Marchese 300,000 shares of common stock as compensation for serving as a member of the Company's board of directors. In October 2009, as a part of our 2009-2010 Private Placement, the Company sold Mr. Marchese, a director, 62,500 shares of common stock, Class A Warrants to purchase up to 62,500 shares of common stock, and Class B Warrants to purchase up to 31,250 shares of common stock for gross proceeds of \$25,000, the terms of which were identical to those offered to other investors. In October 2009, as a part of our 2009-2010 Private Placement, the Company sold Insiders Trend Fund, LP, an affiliate of Mr. Marchese, 125,000 shares of common stock, Class A Warrants to purchase up to 125,000 shares of common stock, and Class B Warrants to purchase up to 62,500 shares of common stock for gross proceeds of \$50,000, the terms of which were identical to those offered to other investors.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Cautionary statement regarding forward-looking statements

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to "Texas Rare Earth Resources Corp," "we," "our" or "us" refer to Texas Rare Earth Resources Corp.

This Quarterly Report on Form 10-Q contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. You can identify forward-looking statements by terminology such as "may," "will," "would," "could," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other similar expressions or phrases. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to: our ability to secure sufficient capital to implement our business plans; our ability to maintain appropriate relations with unions and employees; environmental laws, regulations and permits affecting our business, directly and indirectly, including, among others, those relating to mine reclamation and restoration, climate change, emissions to the air and water and human exposure to hazardous substances used, released or disposed of by us and uncertainties associated with unanticipated geological conditions related to mining.

Any forward-looking statement you read in this Quarterly Report on Form 10-Q reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, operating results, growth strategy and liquidity. You should not place undue reliance on these forward-looking statements because such statements speak only as to the date when made. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future, except as otherwise required by applicable law.

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included herein.

This Quarterly Report on Form 10-Q may also contain statistical data and estimates we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified their data.

#### Overview

The Company changed its name from "Standard Silver Corporation" to "Texas Rare Earth Resources Corp." effective as of September 1, 2010. Our common stock is currently listed for quotation in the Pink Sheets, a centralized quotation service maintained by OTC Markets Group Inc. that collects and publishes market maker quotes for over-the-counter securities (PK:TRER).

The Company was incorporated in the State of Nevada in 1970. In July 2004, our articles of incorporation were amended and restated to increase the authorized capital to 25,000,000 common shares and, in April 2007, we effected a 1-for-2 reverse stock split. In September 2008, our articles of incorporation were further amended and restated to increase the authorized capital to 100,000,000 common shares with a par value of \$0.01 per share and to authorize 10,000,000 preferred shares with a par value of \$0.001 per share. The Company's fiscal year-end is August 31.

The Company was initially formed to develop silver properties located in the Cornucopia Mining District of Nevada. We later broadened our focus to include other natural resources such as gold, coal, oil, and gas.

We are a mining company engaged in the business of the acquisition and development of mineral properties. We currently hold a twenty year lease, executed in August 2010, to explore and develop an 860 acre rare earth uranium-beryllium prospect located in Hudspeth County, Texas known as "Round Top" and prospecting permits covering an adjacent 9,345 acres. We also hold prospecting permits on certain other mineral properties located in Texas and New Mexico. We are currently not evaluating any additional prospects, and intend to focus primarily on the development of our Round Top rare earth prospect. We currently have limited operations and have not established that our Round Top property contains any proven reserves or probable reserves.

The strategic necessity of developing rare earth resources, the compelling fundamentals of uranium and the future potential for beryllium in the nuclear fuel cycle all present what we believe to be excellent opportunities for us.

We intend to (i) conduct a geologic and radiometric study of the surface of the rhyolite to define areas where beryllium, rare earth minerals and thorium are concentrated in fractures, breccias or magmatic segregations, and to understand the distribution of uranium in this rock (ii) conduct radiation and geologic mapping underground to better define the distribution and habit of occurrence of the uranium, (iii) re-log drill samples that are stored on the property with emphasis on uranium and rare metal distribution (iv) conduct a sampling and laboratory examination program to determine the precise mineralogy of the rare elements in the rhyolite and (v) use these results to develop a drill program to test higher grade rare earth targets deeper in the rhyolite.

Between 2003 and 2007, our operations were minimal. In 2007 we acquired (i) interests in two mineral properties, the Old Hadley and the Macho Mines, located in southwestern New Mexico, (ii) a 28.5% interest in La Cañada Mining and Exploration LLC ("La Cañada"), (iii) the King Mine located in Boise County, Idaho, and (iv) rights to lease the Round Top Beryllium Deposit ("Round Top Deposit") located in Hudspeth County, Texas. In June 2008, the Old Hadley and Round Top Deposit mines were assigned to La Cañada in exchange for La Cañada's commitment to finance and develop the assigned properties. In September 2008, La Cañada assigned these two mines back to us. In October 2009, La Cañada redeemed our 28.5% interest pursuant to the Redemption Agreement. In January 2009, the Company relinquished all of its rights to the King Mine.

## **Results of Operations**

### *General & Revenue*

We had no operating revenues during the nine or three months ended May 31, 2009 and 2008. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of \$840,252 as of May 31, 2009. As discussed in the Company's financial statements contained on Form 10-K for the fiscal year ended August 31, 2008, the Company's absence of significant revenues, recurring losses from operations, and its need for additional financing in order to fund its projected loss raise substantial doubt about its ability to continue as a going concern.

### *Operating expenses and resulting losses from Operations.*

We incurred exploration costs for the nine months ended May 31, 2009 and 2008 in the amount of \$19,042 and \$55,250, respectively, and \$0 and \$18,000 for the three months ended May 31, 2009 and 2008, respectively. These expenditures were primarily related to outside consulting services relating to our Round Top project. We incurred general and administrative expenses for the nine months ended May 31, 2009 and 2008 in the amount of \$11,752 and \$2,056, respectively relating to the audits of our financial statements, and \$361 and \$232 for the three months ended May 31, 2009 and 2008.

We accrued interest expense on related party notes payable in the amount of \$6,026 and \$0 for the nine months ended May 31, 2009 and 2008, respectively, and \$2,052 and \$0 for the three months ended May 31, 2009 and 2008. We recorded an expense for the nine months ended May 31, 2009 for an impairment loss on notes receivable and related investment in mineral properties relating to our La Canada investment in the amount of \$73,426.

The Company's loss from operations for the nine months ended May 31, 2009 and 2008 was \$49,850 and \$57,306, respectively, and \$361 and \$18,232 for the three months ended May 31, 2009 and 2008.

#### **Liquidity and Capital Resources**

At May 31, 2009, the Company had no current assets and current liabilities consisting primarily of related party notes payable of \$156,408, resulting in working capital deficit of \$156,408. We invested approximately \$29,000 and \$54,000 in mineral properties for the nine months ending May 31, 2009 and 2008, respectively. We received note proceeds from related parties in the amount of \$56,000 and \$92,000 for the nine months ended May 31, 2009 and 2008, respectively. We received \$50,000 cash in May 2008 for 7,500,000 shares of common stock issued to our general counsel and an investment advisor.

Between September 2009 and November 2010, the Company raised \$905,500 through the issuance of 2,263,750 shares of common stock and the issuance of Class A Warrants to purchase 2,263,750 shares of common stock and Class B Warrants to purchase 1,131,875 shares of common stock. Between December 2010 and January 2011, Class A Warrants to purchase 437,500 shares were exercised, and Class B Warrants to purchase 218,750 shares were exercised, resulting in \$382,813 of proceeds being raised by the Company. The Company has, and will continue to, use these proceeds for working capital purposes.

In January 2011, we entered into a series of transactions with accredited investors pursuant to which we sold an aggregate of 800,000 shares of our common stock and five year warrants to purchase up to 800,000 shares of common stock, exercisable at \$2.50 per share, for gross proceeds of \$2,000,000. As additional consideration for the purchase of the shares and warrants, the Company issued to the January 2011 investors options to purchase up to 3,200,000 shares of common stock at \$2.50 per share and 100% warrant coverage through the issuance of warrants to purchase up to 3,200,000 shares of common stock at an exercise price of \$2.50 per share. The Company intends to use proceeds from this financing to fund working capital needs for the balance of calendar 2011. The Company paid cash commissions of \$208,000 and issued five year warrants to purchase up to 169,000 shares of its common stock at an exercise price of \$2.50 per share in connection with the sale of its securities in the January 2011 Private Placement.

Because of the recurring losses, the Company will require additional working capital to fund its business operations. As of the date hereof, the Company is unable to quantify the amount of capital needed to fund its working capital needs after calendar 2011, nor is it able to quantify the amount of capital needed to develop the Round Top project. The amount of capital will be dependent upon the Company's business strategy to exploit the Round Top project. The Company intends to raise additional working capital through best efforts debt or equity financing. No assurance can be given that additional financing will be available, on terms acceptable to the Company. The Company's viability is contingent upon its ability to receive external financing. Failure to obtain sufficient working capital may result in management resorting to the sale of assets or otherwise curtailing operations.

In August 2010, we entered into a mining lease with the Texas General Land Office covering Sections 7 and 18 of Township 7, Block 71 and Section 12 of Block 72, covering approximately 860 acres at Round Top mountain in Hudspeth County, Texas. The mining lease issued by the Texas General Land Office gives us the right to explore, produce, develop, mine, extract, mill, remove, and market beryllium, uranium, rare earth elements, all other base and precious metals, industrial minerals and construction materials and all other minerals excluding oil, gas, coal, lignite, sulfur, salt, and potash. The term of the lease is twenty years so long as minerals are produced in paying quantities.

Under the lease, we will pay the State of Texas a lease bonus of \$197,800, \$35,000 of which was paid upon the execution of the lease, \$65,000 of which will be due when we submit our initial plan of operations to conduct exploration, and \$97,800 of which will be due when we submit a supplemental plan of operations to conduct mining. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$500,000 minimum advance royalty. Thereafter, we will pay the State of Texas a production royalty equal to eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (6 1/4%) of the market value of all other minerals removed and sold from Round Top.

If production of paying quantities of minerals has not been obtained on or before August 17, 2011, we may pay the State of Texas a delay rental to extend the term of the lease in an amount equal to \$44,718. Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<u>Per Acre Amount</u>	<u>Total Amount</u>
August 17, 2012 – 2014	\$ 50	\$ 44,718
August 17, 2015 – 2019	\$ 75	\$ 67,077
August 17, 2019 – 2024	\$ 150	\$ 134,155
August 17, 2025 – 2029	\$ 200	\$ 178,873

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

As smaller reporting company, as defined by Rule 229.10(f)(1), we are not required to provide the information required by this Item.

**Item 4T. Controls and Procedures**

**(A) Evaluation of Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and the Company's Interim Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company's management carried out an evaluation, under the supervision and with the participation of the Company's CEO and CFO, of the effectiveness of the design and operation of the Company's system of disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the material weaknesses described herein, the Company's CEO and CFO has concluded that the Company's disclosure controls and procedures were not effective, as of the date of that evaluation, for the purposes of recording, processing, summarizing and timely reporting of material information required to be disclosed in reports filed by the Company under the Exchange Act.

Because of its size, the Company did not have the resources necessary to hire full-time accounting personnel. On December 1, 2010, the Company hired a full-time CFO and employs the services of a contract bookkeeper. Because of the structure of our staff, we have a failure to maintain effective controls over the selection, application and monitoring of our accounting policies to assure that certain complex equity transactions are accounted for in accordance with generally accepted accounting principles.

**Material Weaknesses Identified**

We had significant deficiencies constituting material weaknesses as defined by the standards of the Public Company Accounting Oversight Board.

The material weaknesses identified were the lack of segregation of duties necessary to maintain proper checks and balances between functions and the lack of procedures to properly account for non-routine transactions.

The absence of qualified full time accounting personnel was a contributing factor to the problems identified. The specific circumstances giving rise to the weaknesses include utilizing the services of contract accountants on a part time basis in the absence of internal accounting personnel.

**(B) Changes in Internal Controls over Financial Reporting**

In connection with the evaluation of the Company's internal controls during the Company's last fiscal quarter covered by this report required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, the Company's CEO and CFO has determined that there were no changes to the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially effect, the Company's internal controls over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

None.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Not applicable.

**Item 3. Defaults upon Senior Securities**

Not applicable.

**Item 4. (Removed and Reserved)**

**Item 5. Other Information**

Between September 2009 and November 2010, the Company raised \$905,500 through the issuance of 2,263,750 shares of common stock and the issuance of Class A Warrants to purchase 2,263,750 shares of common stock and Class B Warrants to purchase 1,131,875 shares of common stock ("2009-2010 Private Placement"). Between December 2010 and January 2011, Class A Warrants to purchase 437,500 shares were exercised, and Class B Warrants to purchase 218,750 shares were exercised, resulting in \$382,813 of proceeds being raised by the Company. The final closing of this private placement was January 10, 2011.

In January 2011, we entered into a series of transactions with accredited investors pursuant to which we sold an aggregate of 800,000 shares of our common stock and five year warrants to purchase up to 800,000 shares of common stock, exercisable at \$2.50 per share, for gross proceeds of \$2,000,000 ("January 2011 Private Placement"). As additional consideration for the purchase of the shares and warrants, the Company issued to the January 2011 investors an option for 120 days to purchase up to 3,200,000 shares of common stock at \$2.50 per share with 100% warrant coverage through the issuance of warrants to purchase up to 3,200,000 shares of common stock at an exercise price of \$2.50 per share. The Company paid cash commissions of \$208,000 and issued five year warrants to purchase up to 169,000 shares of its common stock at an exercise price of \$2.50 per share in connection with the sale of its securities in the January 2011 Private Placement.

In connection with 2009-2010 Private Placement, the Company also entered into certain registration rights agreements. Under the registration rights agreements, the Company is required to file a registration statement covering the resale of the shares of common stock and shares of common stock underlying the warrants by February 9, 2011, and the registration is required to be deemed effective by the SEC on or before the 150<sup>th</sup> calendar day after the filing of such registration statement. In the event these milestones are not met by the Company, the Company is obligated to issue, as liquidated damages on a pro-rata basis to these investors, approximately 290,000 shares for each month, or pro-rated amount if less than one month, the registration is late up to a maximum of approximately 1,450,000 shares. In connection with the January 2011 private placement, we have granted the same demand registration rights with respect to the 800,000 shares of common stock and five year warrants to purchase up to 800,000 shares of common stock. If a registration statement is not filed with the SEC on or before February 9, 2011, or if such registration statement is not deemed effective by the SEC on or before the 150<sup>th</sup> calendar day after the filing of the registration statement, the Company has agreed to make pro rata payments to the investors, as liquidated damages, of a number of shares of Company common stock equal to ten percent of the shares of common stock purchased by the respective investors and issued upon the exercise of the warrants for each 30-day period or pro rata for any portion thereof for which no registration statement has been filed or has not been declared effective by the SEC, as the case may be, provided that such amount shall not exceed five times the liquidated damages amount. There can be no assurance that the Company's registration statement will be effective within 150 days after February 9, 2011.

The sales described above were made pursuant to the exemption from registration contained in to Section 4(2) of the Securities Act of 1933 as privately negotiated, isolated, non-recurring transactions not involving any public offer or solicitation. Each purchaser represented that such purchaser's intention to acquire the shares for investment only and not with a view toward distribution. We requested our stock transfer agent to affix appropriate legends to the stock certificate issued to each purchaser and the transfer agent affixed the appropriate legends. Each purchaser was given adequate access to sufficient information about us to make an informed investment decision. Except as described above, no underwriting discounts, commissions, or finder's fees were involved.

**Item 6. Exhibits**

The following exhibits are attached hereto or are incorporated by reference:

<b>Exhibit Number</b>	<b>Description</b>
3.1 <sup>(1)</sup>	Amended and Restated Bylaws
3.2 <sup>(1)</sup>	Amended and Restated Articles of Incorporation
3.3 <sup>(2)</sup>	Amendment to Articles of Incorporation
4.1 <sup>(2)</sup>	Form of Common Stock Certificate
10.1 <sup>*(1)</sup>	Stock Option Plan
10.2 <sup>(2)</sup>	Lease
10.3 <sup>(2)</sup>	Form of Class A Warrant
10.4 <sup>(2)</sup>	Form of Class B Warrant
10.5 <sup>(2)</sup>	Form of Registration Rights Agreement
10.6 <sup>(2)</sup>	Director's Agreement
10.7 <sup>(2)</sup>	Form of Subscription Agreement for January 2011 Investment
10.8 <sup>(2)</sup>	Form of Warrant for January 2011 Investment
10.9 <sup>(2)</sup>	Form of Registration Rights Agreement for January 2011 Investment
10.10 <sup>(2)</sup>	Shareholders' Agreement
14.1 <sup>(2)</sup>	Code of Ethics
31.1 <sup>(3)</sup>	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2 <sup>(3)</sup>	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1 <sup>(3)</sup>	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, ad Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 <sup>(3)</sup>	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, ad Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Management contract or compensatory plan or arrangement.

(1) Filed as an exhibit to the Form 10 filed with the SEC on October 10, 2008.

(2) Filed as an exhibit to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011.

(3) Filed herewith

**Signatures**

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

TEXAS RARE EARTH RESOURCES CORP.

Date: February 8, 2011

/s/ DAN GORSKI

Dan Gorski, duly authorized officer  
and Principal Executive Officer

Date: February 8, 2011

/s/ WM. CHRIS MATHERS

Wm. Chris Mathers, Principal Financial Officer





**Exhibit 31.1 Certification by Chief Executive Officer**

I, Dan Gorski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Texas Rare Earth Resources Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2011

/s/ DAN GORSKI

Dan Gorski, Chief Executive Officer

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**Exhibit 31.2 Certification by Chief Financial Officer**

I, Wm. Chris Mathers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Texas Rare Earth Resources Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2011

/s/ WM. CHRIS MATHERS

Wm. Chris Mathers, Chief Financial Officer

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**Exhibit 32.1 Section 1350 Certification by Chief Executive Officer**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Texas Rare Earth Resources Corp. (the "Company") on Form 10-Q for the quarter ending May 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan Gorski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAN GORSKI

Dan Gorski, Chief Executive Officer

February 8, 2011

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**Exhibit 32.2 Section 1350 Certification by Chief Financial Officer**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Texas Rare Earth Resources Corp. (the "Company") on Form 10-Q for the quarter ending May 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wm. Chris Mathers, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WM. CHRIS MATHERS

Wm. Chris Mathers, Chief Financial Officer  
February 8, 2011

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