

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

FORM 10-K

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

For the fiscal year ended August 31, 2020

OR

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

For the transition period from to  
Commission file number: 000-53482

**TEXAS MINERAL RESOURCES CORP.**

(Exact Name of Registrant as Specified in its Charter)

<u>Delaware</u> (State of other jurisdiction of incorporation or organization)	<u>87-0294969</u> (I.R.S. Employer Identification No.)
<u>539 El Paso Street</u> <u>Sierra Blanca, Texas</u> (Address of Principal Executive Offices)	<u>79851</u> (Zip Code)

(361) 790-5831  
(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: **None**

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **Common Stock, par value \$0.01**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

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

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

<input type="checkbox"/> Large accelerated filer	<input type="checkbox"/> Accelerated filer
<input type="checkbox"/> Non-accelerated filer (Do not check if a smaller reporting company)	<input checked="" type="checkbox"/> Smaller reporting company
<input type="checkbox"/> Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: As of February 29, 2020 the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was \$7,596,699 based upon the closing sale price of the common stock as reported by the OTC.QB. For purposes of this calculation, shares of common stock held by executive officers, directors and holders of greater than 10% of the registrant's outstanding common stock are assumed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of the Registrant's common stock outstanding as of November 23, 2020 was 73,457,846.

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## PRELIMINARY NOTES

As used in this Annual Report on Form 10-K (“Annual Report”), references to “Texas Mineral”, “the Company,” “we,” “our,” “us” or “TMRC” mean Texas Mineral Resources Corp. and its predecessors, as the context requires.

## GLOSSARY OF TERMS

Alteration	Any physical or chemical change in a rock or mineral subsequent to its formation.
Breccia	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
Concession	A grant of a tract of land made by a government or other controlling authority in return for stipulated services or a promise that the land will be used for a specific purpose.
Core	The long cylindrical piece of a rock, about an inch in diameter, brought to the surface by diamond drilling.
Diamond drilling	A drilling method in which the cutting is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock, which is recovered in long cylindrical sections.
Drift	A horizontal underground opening that follows along the length of a vein or rock formation as opposed to a cross-cut which crosses the rock formation.
Exploration	Work involved in searching for ore, usually by drilling or driving a drift.
Exploration expenditures	Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain mineral deposit reserves.
GLO	Texas General Land Office.
Grade	The average assay of a ton of ore, reflecting metal content.
HREE	Heavy rare earth element(s).
Host rock	The rock surrounding an ore deposit.
Intrusive	A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.
Lode	A mineral deposit in solid rock.
LREE	Light rare earth element(s).
Ore	The naturally occurring material from which a mineral or minerals of economic value can be extracted profitably or to satisfy social or political objectives. The term is generally but not always used to refer to metalliferous material, and is often modified by the names of the valuable constituent; e.g., iron ore.
Ore body	A continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.
Mine development	The work carried out for the purpose of opening up a mineral deposit and making the actual ore extraction possible.

Mineral	A naturally occurring homogeneous substance having definite physical properties and chemical composition, and if formed under favorable conditions, a definite crystal forms.
Mineralization	The presence of minerals in a specific area or geological formation.
Mineral Reserve	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "Ore" when dealing with metalliferous minerals.
PEA	Preliminary economic assessment.
Probable (Indicated) Reserves	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.
Prospect	A mining property, the value of which has not been determined by exploration.
Proven (Measured) Reserves	Reserves for which (i) (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes and (b) grade and/or quality are computed from the results of detailed sampling and (ii) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
REE	Rare earth element(s).
REO	Rare earth oxide(s).
Round Top Project	The Round Top Project, or Round Top, consists of the following: <ul style="list-style-type: none"> <li>• two eleven year leases with the GLO, executed in September 2011 and November 2011, respectively, to explore and develop a 950 acre rare earths project located in Hudspeth County, Texas;</li> <li>• the 54,990 acre surface lease, known as the West Lease, that provides unrestricted surface access for the potential development and mining of our Round Top Project;</li> <li>• an option to purchase from the GLO the surface rights covering approximately 5,670 acres over the mining lease and additional acreage adequate to the site to handle potential heap leaching and processing operations as currently anticipated at the Round Top Project; and</li> <li>• a ground water lease securing the right to develop the ground water within a 13,120-acre lease area located approximately 4 miles from Round Top, containing five existing water wells.</li> </ul>
Tonne	A metric ton which is equivalent to 2,200 pounds.
Trend	A general term for the direction or bearing of the outcrop of a geological feature of any dimension, such as a layer, vein, ore body, or fold.
Unpatented mining claim	A parcel of property located on federal lands pursuant to the General Mining Law and the requirements of the state in which the unpatented claim is located, the paramount title of which remains with the federal government. The holder of a valid, unpatented lode-mining claim is granted certain rights including the right to explore and mine such claim.
Vein	A mineralized zone having a more or less regular development in length, width, and depth, which clearly separates it from neighboring rock.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements” (collectively, “forward-looking statements”) with respect to the Company’s anticipated results and developments in the Company’s operations, planned exploration and development of its properties, plans related to its business, and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements include, but are not limited to:

- the progress, potential and uncertainties of our rare-earth exploration program at our Round Top Project, located near Sierra Blanca, Texas;
- cost, timing and actual obtainable results from and of feasibility studies, including PEAs for our Round Top Project;
- the success of getting the necessary permits for future drill programs and future project exploration;
- expectation that USA Rare Earth will continue to fund the Round Top Project up to \$10 million;
- expectations regarding the ability to raise the significant required capital to continue our exploration plans on the Round Top Project (subsequent to completion of the assumed \$10 million of USA Rare Earth funding); and
- plans regarding anticipated expenditures at the Round Top Project.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks associated with our ability to continue as a going concern in future periods;
- risks associated with our history of losses and need for additional financing (both from the contemplated USA Rare Earth funding and subsequent to such expected financing);
- risks associated with our limited operating history;
- risks associated with our properties all being in the exploration stage;
- risks associated with our lack of history in producing metals from the Round Top Project;
- risks associated with our need for additional financing to develop the Round Top Project;
- risks associated with our exploration activities not being commercially successful;
- risks associated with ownership of surface rights and other title issues with respect to our Round Top Project;
- risks associated with increased costs affecting our financial condition;
- risks associated with a shortage of equipment and supplies adversely affecting our ability to operate;
- risks associated with mining and mineral exploration being inherently dangerous;
- risks associated with mineralization estimates;
- risks associated with changes in mineralization estimates affecting the economic viability of our properties;
- risks associated with uninsured risks;

- risks associated with mineral operations being subject to market forces beyond our control;
- risks associated with fluctuations in commodity prices;
- risks associated with permitting, licenses and approval processes;
- risks associated with the governmental and environmental regulations;
- risks associated with future legislation regarding the mining industry and climate change;
- risks associated with potential environmental lawsuits;
- risks associated with our land reclamation requirements;
- risks associated with rare earth and beryllium mining presenting potential health risks;
- risks related to competition in the mining and rare earth elements industries;
- risks related to economic conditions;
- risks related to our ability to manage growth;
- risks related to the potential difficulty of attracting and retaining qualified personnel;
- risks related to our dependence on key personnel;
- risks related to our United States Securities and Exchange Commission (the “SEC”) filing history; and
- risks related to our securities.

This list is not exhaustive of the factors that may affect the Company’s forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Annual Report. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as required by law, the Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. **We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.**

In light of these risks and uncertainties, many of which are described in greater detail elsewhere in this Annual Report, there can be no assurance that the events predicted in forward-looking statements contained in the Annual Report will in fact transpire.

Should any of these risks or uncertainties materialize (in whole or in part), or should any of the Company’s assumptions prove incorrect, actual results may differ materially from those included within these forward-looking statements. Except as may be required under applicable securities laws, the Company undertakes no obligation to update or publicly release the result of any revision to these forward-looking statements to reflect events or circumstances occurring after the date they are made or to reflect the occurrence of unanticipated events.

An investment in our Common Stock involves significant risks, including the risk of a loss of your entire investment. You should carefully consider the risks and uncertainties described herein before purchasing our Common Stock. The risks set forth herein are not the only ones facing our Company. Additional risks and uncertainties may exist and others could arise that could also adversely affect our business, financial condition, operations and prospects. If any of the following risks actually materialize, our business, financial condition, prospects and operations would suffer. In such event, the value of our Common Stock would decline, and you could lose all or a substantial portion of your investment.

## PART I

### ITEM 1. BUSINESS

#### Narrative Description of Business

We are a mining company engaged in the business of the acquisition, exploration and development of mineral properties. We currently hold two mineral property leases with the GLO to explore and develop a 950-acre rare earths project located in Hudspeth County, Texas, known as the Round Top Project. The leases, originally signed with primary terms of 20 and 19 years, each currently have remaining terms of eleven years and provisions for automatic renewal if Round Top is in production. We also have prospecting permits covering 9,345 acres adjacent to the Round Top Project. Our principal focus is on developing a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project's rhyolite, and to conduct additional engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study. We currently have limited operations and have not established that any of our projects or properties contain any Proven or Probable Reserves under Guide 7.

#### *History of Operations*

In March 2013, we purchased the 54,990 acre surface lease covering the Round Top Project, known as the West Lease, from the Southwest Wildlife and Range Foundation ("Foundation") for \$500,000 and the issuance of 1,063,830 shares of our Common Stock. We also agreed to support the Foundation through an annual payment of \$45,000 for ten years to support conservation efforts within the Rio Grande Basin and in particular engaging in stewardship of Lake Amistad, a large and well-known fishing lake near Del Rio, Texas. The West Lease provides us exclusive surface access to the area for the potential development and mining of our Round Top Project.

In October 2014, we executed agreements with the GLO securing the option to purchase the surface rights covering the potential Round Top Project mine and plant areas and, separately, a lease to develop the water necessary for the potential Round Top Project mine operations. The option to purchase the surface rights covers approximately 5,670 acres over the mining lease and the additional acreage adequate to site all potential heap leaching and processing operations as currently anticipated by the Company. We may exercise the option for all or part of the option acreage at any time during the sixteen-year primary term of the mineral lease as defined above. The "primary term" of the GLO mineral leases and the option is to August 10, 2030. The option can be kept current by an annual payment of \$10,000. The purchase price will be the appraised value of the surface at the time of exercising the option. The ground water lease secures our right to develop the ground water within a 13,120-acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top Project mine operations will be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect.

In March 2015, we conducted a trial mining test during which we mined 500 tonnes of rhyolite, transported and crushed the ore to 80% passing an approximate one-inch screen. This rock is now stockpiled and is expected to be used in our contemplated pilot plant development.

In April 2015, we announced the execution of a uranium offtake agreement with UG USA, a subsidiary of Areva, now called Orano. According to the agreement, TMRC will supply up to 300,000 pounds of natural uranium concentrates (U308) per year based upon a pricing formula indexed to U308 spot prices at the times of delivery. The agreement is for a term of five years commencing in 2018 or as soon thereafter, contingent upon development and production at its Round Top Project, and contains other industry standard terms and conditions.

During 2017, TMRC in association with Penn State University, REE Tech and Inventure Renewables of Tuscaloosa, Alabama, jointly applied for a Department of Energy grant to evaluate the economic potential of rare earth elements associated with Appalachian coal deposits. Our group was awarded the first phase of this grant on October 19, 2017. Work in progress consists of our identification of a resource, developing the physical metallurgy to concentrate the minerals (Penn State) and developing the CIX/CIC process to separate the individual rare earth elements and to separate and refine various other elements including iron and aluminum (Inventure and K-Tech). In August 2019, we published a PEA prepared in accordance with Canadian NI 43-101 specifications. The PEA calls for a 20,000 tonnes per day heap leach operation producing three basic revenue streams: 1) a REE stream, 2) a tech metal stream that includes lithium and uranium, and 3) a variety of industrial and fertilizer sulfate products.



### *Cautionary Note*

**Cautionary Note to Investors:** The PEA has been prepared in accordance with Canadian National Instrument 43-101 — Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) — *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as amended. **The Company has voluntarily had the PEA prepared in accordance with NI 43-101 but the Company is not subject to regulation by Canadian regulatory authorities and no Canadian regulatory authority has reviewed the PEA or passed upon its accuracy or compliance with NI 43-101.** The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures. Accordingly, information in the PEA contains descriptions of our mineral deposits that may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. Our project as described in the PEA currently does not contain any known proven or probable ore reserves under SEC Industry Guide 7 reporting standards. U.S. investors are urged to consider closely the disclosure in the Registrant’s latest reports and registration statements filed with the SEC. **U.S. Investors are cautioned not to assume that any defined resources in these categories will ever be converted into SEC Guide 7 compliant reserves.**

### *USA Rare Earth Agreement*

In August 2018, the Company and Morzev Pty. Ltd. (“Morzev”) entered into an agreement (the “2018 Option Agreement”) whereby Morzev was granted the exclusive right to earn and acquire a 70% interest, increasable to an 80% interest, in the Round Top Project from the Company by funding certain expenditures described below. The 2018 Option Agreement contained customary representations, warranties and covenants. In September 2018 and October 2018, the Company and Morzev entered into minor, non-substantive amendments to the 2018 Option Agreement and, in connection with the agreement, Morzev purchased 646,054 shares of Company Common Stock for \$140,000 in November 2018. Morzev began engaging in business as USA Rare Earth and in May 2019 notified the Company that it was nominating USA Rare Earth, LLC (“USARE”) as the optionee under the terms of the 2018 Option Agreement. In August 2019, the Company and USARE entered into an amended and restated option agreement as further amended on June 29, 2020 (the “2019 Option Agreement”), whereby the Company restated its agreement to grant USARE the exclusive right to earn and acquire a 70% interest, increasable to an 80% interest, in the Round Top Project from the Company by funding certain expenditures described below. The 2019 Option Agreement has substantially similar terms to the 2018 Option Agreement except that that 2019 Option Agreement acknowledges the investment by USA Rare Earth into the Company and recognized a broader range of expenditures advancing the Round Top Project as contributing to the total \$10,000,000 earn-in commitment for the initial 70% interest. The agreement contained customary representations, warranties and covenants. In order to acquire and earn the 70% interest in the Round Top Project, USA Rare Earth must perform and complete the following:

- commit to expend a total of \$2,500,000 for mining operations (as described below) on the Round Top Project prior to December 13, 2020 (inclusive of the \$140,000 Morzev 2018 stock purchase) which was achieved by expenditure commitments USARE made on December 10, 2019; and

- expend amounts for mining operations on the Round Top Project, up to a maximum of \$10,000,000 (including the \$2,500,000 referred to above), which mining operations include: (i) the work of de-risking Round Top (including specifically optimizing the leaching cycle and determining final leach pad design, undertaking the pilot plant, and developing the process and procedure to separate and purify other economically important elements from the primary leach solution including but not limited to lithium, aluminum sulfate, hafnium and other fertilizer and industrial products); (ii) property maintenance; (iii) process development solar evaporation; (iv) chemical processing; (v) baseline studies; (vi) engineering; (vii) assessment, geophysical, geochemical and geological surveys; (viii) studies and mapping; (ix) investigating, drilling, assaying, prospecting, designing, examining, equipping, improving, surveying, shaft-sinking, raising, cross-cutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and metals; (x) surveying and bringing any mining claims to lease or patent; (xi) reclaiming and all other work usually considered to be prospecting, exploration, development, mining and reclamation work; (xii) paying wages and salaries of workers engaged in the work and in supplying food, lodging, transportation and other reasonable needs of the workers; (xiii) paying assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to those workers; (xiv) paying rentals, license renewal fees, taxes and other governmental charges required to keep the mineral interests comprising the Round Top Project in good standing; (xv) purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing them; and (xvi) mining, milling, concentrating, rehabilitation, reclamation, and environmental protections and in the management of any work which may be done on Round Top or in any other respect necessary for the due carrying out of the prospecting, exploration and development work or any other expenditure approved by the Operating Committee. USARE has the right to fund the balance of the \$10,000,000 of mining operations expenditures into the Round Top Project at any time and, simultaneously with such funding, USARE will acquire a 70% interest in Round Top. As of the date of this Annual Report, USARE has funded an aggregate of \$3,790,516 of the \$10,000,000 commitment.

If and when USARE acquires the 70% interest in the Round Top Project, the Company's interest in Round Top will immediately reduce to 30% and each party will be required to contribute to future expenditures with respect to Round Top in proportion to their ownership and all budgets and timelines to be determined and agreed by an operating committee established between the parties, consisting of 2 appointees of USARE and one appointee of the Company. Additionally, the failure of a party to fund its proportionate expenditure request shall result in dilution of an ownership interest.

USA Rare Earth shall have the option to acquire an additional 10% in the Round Top Project by:

- providing written notice to the Company at any time prior to the 180-day anniversary of the date of the completion of the bankable feasibility study; and
- paying to the Company \$3,000,000.

The additional option is only effective if USARE earns a 70% interest in the Round Top Project.

USARE serves as the project manager of Round Top, with responsibility to manage, supervise, direct, and control the mining operation with respect to Round Top. Specifically, the project manager responsibilities include:

- arranging for and carrying out the mining operations at Round Top;
- making payments to maintain the mining interests and leases free of encumbrances and in good standing;
- maintaining insurance; and
- customary indemnification obligations in connection with its mining properties.

The parties have agreed not to transfer any rights under the 2019 Option Agreement, without consent of the other, providing each other with a customary right of first refusal, and the Company agreed to participate in a customary drag-along provision if USA Rare Earth sells its interest in the 2019 Option Agreement to an unrelated third party.

### **Current and Planned Exploration Activities**

USARE is currently funding and engaging in the advancement of the Round Top Project, towards obtaining a definitive banking feasibility study per its agreement.

## **Trends –Markets**

Rare earth elements, or REEs, are a group of chemically similar elements that usually are found together in nature – they are referred to as the “lanthanide series.” These individual elements have a variety of characteristics that are important in a wide range of technologies, products, and applications and are critical inputs in existing and emerging applications including: computer hard drives, cell phones, clean energy technologies, such as hybrid and electric vehicles and wind power turbines; multiple high-tech uses, including fiber optics, lasers and hard disk drives; numerous defense applications, such as guidance and control systems and global positioning systems; and advanced water treatment technology for use in industrial, military and outdoor recreation applications. As a result, global demand for REE is projected to steadily increase due to continuing growth in existing applications and increased innovation and development of new end uses. Interest in developing resources domestically has become a strategic necessity as there is limited production of these elements outside of China. Our ability to raise additional funds in order to complete our plan of exploration and, if warranted, development at the Round Top Project may be impacted by future prices for REEs.

## **Sources and Availability of Raw Materials**

We are currently in the exploration stage and as such we do not require any significant raw materials in order to carry out our primary operating activities. Our primary operating objective is to explore and develop the Round Top Project. For at least the next 12 months, we expect to continue to require the use of contract drilling services in order to obtain additional geological information. In the past year we have been able to secure contract drilling services without excessive delay and costs. We expect the contract drilling services will continue to be available over the next 12 months.

The raw materials that our current operations rely on are gasoline and diesel fuel for the exploration vehicles and for the heavy equipment required to build roads and conduct drilling operations. Water is provided per service contract by Eagle Mountain Gang which is used for the drilling operations.

## **Seasonality**

Seasonality in the State of Texas is not a material factor to our operations for our project.

## **Competition**

The mining industry is highly competitive. We compete with numerous companies, substantially all of which have greater financial resources available to them. We therefore are operating at a significant disadvantage in the course of acquiring mining properties and obtaining materials, supplies, labor, and equipment. Additionally, we are and will continue to be an insignificant participant in the business of exploration and mineral property development. A large number of established and well-financed companies are active in the mining industry and will have an advantage over us if they are competing for the same properties. Nearly all such entities have greater financial resources, technical expertise and managerial capabilities than ourselves and, consequently, we will be at a competitive disadvantage in identifying possible mining properties and procuring the same.

China accounts for the vast majority of rare earth element production. While rare earth element projects exist outside of China, very few are in actual production. Further, given the timeline for current exploration projects to come into production, if at all, it is likely that the Chinese will be able to dominate the market for rare earth elements into the future. This gives the Chinese a competitive advantage in controlling the supply of rare earth elements and engaging in competitive price reductions to discourage competition. Any increase in the amount of rare earth elements exported from other nations, and increased competition, may result in price reductions, reduced margins and loss of potential market share, any of which could materially adversely affect our operations. As a result of these factors, we may not be able to compete effectively against current and future competitors.

## **Government Approvals**

The exploration, drilling and mining industries operate in a legal environment that requires permits to conduct virtually all operations. Thus permits are required by local, state and federal government agencies. Local authorities, usually counties, also have control over mining activity. The various permits address such issues as prospecting, development, production, labor standards, taxes, occupational health and safety, toxic substances, air quality, water use, water discharge, water quality, noise, dust, wildlife impacts, as well as other environmental and socioeconomic issues.

Prior to receiving the necessary permits to explore or mine, the operator must comply with all regulatory requirements imposed by all governmental authorities having jurisdiction over the project area. Very often, in order to obtain the requisite permits, the operator must have its land reclamation, restoration or replacement plans pre-approved. Specifically, the operator must present its plan as to how it intends to restore or replace the affected area. Often all or any of these requirements can cause delays or involve costly studies or alterations of the proposed activity or time frame of operations, in order to mitigate impacts. All of these factors make it more difficult and costly to operate and have a negative and sometimes fatal impact on the viability of the exploration or mining operation. Finally, it is possible that future changes in these laws or regulations could have a significant impact on our business, causing those activities to be economically reevaluated at that time.

### **Effect of Existing or Probable Government and Environmental Regulations**

Mineral exploration, including mining operations are subject to governmental regulation. Our operations may be affected in varying degrees by government regulation such as restrictions on production, price controls, tax increases, expropriation of property, environmental and pollution controls or changes in conditions under which minerals may be marketed. An excess supply of certain minerals may exist from time to time due to lack of markets, restrictions on exports, and numerous factors beyond our control. These factors include market fluctuations and government regulations relating to prices, taxes, royalties, allowable production and importing and exporting minerals. The effect of these factors cannot be accurately determined, and we are not aware of any probable government regulations that would impact the Company. This section is intended as a brief overview of the laws and regulations described herein and is not intended to be a comprehensive treatment of the subject matter.

*Overview.* Like all other mining companies doing business in the United States, we are subject to a variety of federal, state and local statutes, rules and regulations designed to protect the quality of the air and water, and threatened or endangered species, in the vicinity of its operations. These include “permitting” or pre-operating approval requirements designed to ensure the environmental integrity of a proposed mining facility, operating requirements designed to mitigate the effects of discharges into the environment during exploration, mining operations, and reclamation or post-operation requirements designed to remediate the lands affected by a mining facility once commercial mining operations have ceased.

Federal legislation in the United States and implementing regulations adopted and administered by the Environmental Protection Agency, the Forest Service, the Bureau of Land Management, the Fish and Wildlife Service, the Army Corps of Engineers and other agencies—in particular, legislation such as the federal Clean Water Act, the Clean Air Act, the National Environmental Policy Act, the Endangered Species Act, the National Forest Management Act, the Wilderness Act, and the Comprehensive Environmental Response, Compensation and Liability Act—have a direct bearing on domestic mining operations. These federal initiatives are often administered and enforced through state agencies operating under parallel state statutes and regulations.

*The Clean Water Act.* The federal Clean Water Act is the principal federal environmental protection law regulating mining operations in the United States as it pertains to water quality.

At the state level, water quality is regulated by the Environment Department, Water and Waste Management Division under the Water Quality Act (state). If our exploration or any future development activities might affect a ground water aquifer, it will have to apply for a Ground Water Discharge Permit from the Ground Water Quality Bureau in compliance with the Groundwater Regulations. If exploration affects surface water, then compliance with the Surface Water Regulations is required.

*The Clean Air Act.* The federal Clean Air Act establishes ambient air quality standards, limits the discharges of new sources and hazardous air pollutants and establishes a federal air quality permitting program for such discharges. Hazardous materials are defined in the federal Clean Air Act and enabling regulations adopted under the federal Clean Air Act to include various metals. The federal Clean Air Act also imposes limitations on the level of particulate matter generated from mining operations.

*National Environmental Policy Act (NEPA).* NEPA requires all governmental agencies to consider the impact on the human environment of major federal actions as therein defined.

*Endangered Species Act (ESA).* The ESA requires federal agencies to ensure that any action authorized, funded or carried out by such agency is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of their critical habitat. In order to facilitate the conservation of imperiled species, the ESA establishes an interagency consultation process. When a federal agency proposes an action that “may affect” a listed species, it must consult with the United States Fish and Wildlife Service (“USFWS”) and must prepare a “biological assessment” of the effects of a major construction activity if the USFWS advises that a threatened species may be present in the area of the activity.

*National Forest Management Act.* The National Forest Management Act, as implemented through title 36 of the Code of Federal Regulations, provides a planning framework for lands and resource management of the National Forests. The planning framework seeks to manage the National Forest System resources in a combination that best serves the public interest without impairment of the productivity of the land, consistent with the Multiple Use Sustained Yield Act of 1960.

*Wilderness Act.* The Wilderness Act of 1964 created a National Wilderness Preservation System composed of federally owned areas designated by Congress as “wilderness areas” to be preserved for future use and enjoyment.

*The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).* CERCLA imposes clean-up and reclamation responsibilities with respect to discharges into the environment, and establishes significant criminal and civil penalties against those persons who are primarily responsible for such discharges.

*The Resource Conservation and Recovery Act (RCRA).* RCRA was designed and implemented to regulate the disposal of solid and hazardous wastes. It restricts solid waste disposal practices and the management, reuse or recovery of solid wastes and imposes substantial additional requirements on the subcategory of solid wastes that are determined to be hazardous. Like the Clean Water Act, RCRA provides for citizens’ suits to enforce the provisions of the law.

*National Historic Preservation Act.* The National Historic Preservation Act was designed and implemented to protect historic and cultural properties. Compliance with the Act is necessary where federal properties or federal actions are undertaken, such as mineral exploration on federal land, which may impact historic or traditional cultural properties, including native or Indian cultural sites. In the fiscal year ended August 31, 2019, we incurred minimal costs in complying with environmental laws and regulations in relation to our operating activities.

## **Employees**

Including our executive officers, we currently have two fulltime employees. We also utilize the services of qualified consultants with geological and mineralogical expertise as well as individuals for accounting services.

## **Available Information**

We make available, free of charge, on or through our Internet website, at [www.TMRC.com](http://www.TMRC.com) our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. Our Internet website and the information contained therein or connected thereto are not intended to be, and are not incorporated into this Annual Report.

## **ITEM 1A. RISK FACTORS**

The following sets forth certain risks and uncertainties that could have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock which may decline and investors may lose all or part of their investment. These risk factors should be considered along with the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause our actual results or financial condition to differ materially from those projected in forward-looking statements. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial also may impair our business operations. We cannot assure you that we will successfully address these risks or that other unknown risks exist that may affect our business.

### **Risk Related to Our Business**

***We have a history of losses and will require additional financing to fund operations. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern in future periods.***

During the fiscal year ended August 31, 2020, we had no revenues. For the fiscal year ended August 31, 2020, our net loss was approximately \$1,141,000 and our accumulated deficit at August 31, 2020 was approximately \$38.9 million. At August 31, 2020, our cash position was approximately \$2,746,000 and our working capital surplus was approximately \$1,836,000. We have not commenced commercial production on any of our mineral properties. We have no revenues from operations and anticipate we will have no operating revenues until we place one or more of our properties into production. All of our properties are in the exploration stage.

We will need to raise additional funding to implement our business strategy (whether from USA Rare Earth or through other best efforts), the failure of which could cause us to curtail or cease our operations. As of the date of this Annual Report, we currently have nominal working capital.

During the next 12 months, USARE is expected to fund the expenditure of approximately \$8.6 million to optimize the leaching and developing of the CIX/CIC processing of the Round Top Project. Initial process design work will be carried out at USARE's facility in Wheat Ridge, Colorado. Pending completion of the initial process development, this facility will either be relocated to or replicated at Round Top where a pilot plant will be established. This work will consist of mining and crushing approximately 20,000 tons of rhyolite and setting up and equipping a facility to conduct pilot plant scale heap leaching. It is estimated that the project will require additional time and further expenditure after the next 12 months of approximately \$8 million to complete a bankable feasibility study. We anticipate (but there can be no assurance) that USARE will fund these required expenditures, and the failure of USARE to fund will require us to effect best efforts to raise sufficient capital to finish this work. We currently do not have the funds to complete exploration and development work on the Round Top Project, which means that we are reliant upon USARE or best efforts financings for our immediate working capital needs. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration and development or contemplated production at the Round Top Project. This includes our leases over claims covering the principal deposits at the Round Top Project, which may expire unless we expend minimum levels of expenditures over the terms of such leases. We cannot be certain that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable or acceptable to us. Our ability to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as our business performance.

The most likely source of future financing presently available to us (other than through our agreement with USARE) is through the sale of our securities. Any sale of our shares of Common Stock will result in dilution of equity ownership to existing stockholders. This means that if we sell shares of Common Stock, more shares will be outstanding and each existing stockholder will own a smaller percentage of the shares then outstanding. Alternatively, we may rely on debt financing and assume debt obligations that require us to make substantial interest and capital payments. Also, we may issue or grant warrants or options in the future pursuant to which additional shares of Common Stock may be issued. Exercise of such warrants or options will result in dilution of equity ownership to our existing stockholders.

***We have a limited operating history on which to base an evaluation of our business and properties.***

Any investment in the Company should be considered a high-risk investment because investors will be placing funds at risk in an early stage, under-capitalized business with unforeseen costs, expenses, competition, a history of operating losses and other problems to which start-up ventures are often subject. Investors should not invest in the Company unless they can afford to lose their entire investment. Your investment must be considered in light of the risks, expenses, and difficulties encountered in establishing a new business in a highly competitive and mature industry. Our operating history has been restricted to the acquisition and sampling of our Round Top Project and this does not provide a meaningful basis for an evaluation of our Round Top Project. Other than through conventional and typical exploration methods and procedures, we have no additional way to evaluate the likelihood of whether our Round Top Project contains commercial quantities of mineral reserves or, if it does, that it will be operated successfully. We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties.

***The Round Top Project is in the exploration stage. There is no assurance that we can establish the existence of any mineral reserve from the Round Top Project in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from the Round Top Project, and our business could fail.***

We have not established that the Round Top Project contains any commercial exploitable quantities of mineral reserve, nor can there be any assurance that we will be able to do so. The probability of the Round Top Project ever having a commercial exploitable mineral reserve that meets the requirements of the SEC may be remote. Even if we do eventually discover commercial exploitable quantities of mineral reserve on the Round Top Project, there can be no assurance that it can be developed into a producing mine and extract those minerals. Both mineral exploration and development involve a high degree of risk and few properties, which are explored, are ultimately developed into producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the deposit to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral deposit unprofitable.

Even if commercial viability of a mineral deposit is established, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that our exploration programs will result in the establishment or expansion of a mineral deposit or reserves.

***We have no history of producing metals from the Round Top Project.***

We have no history of producing metals from the Round Top Project. The Round Top Project is an exploration stage property in the early stage of exploration and evaluation. Advancing properties from exploration into the development stage requires significant capital and time, and successful commercial production from the Round Top Project, if any, will be subject to completing feasibility studies, permitting and construction of the mine, processing plants, roads, and other related works and infrastructure. As a result, we are subject to all of the risks associated with developing and establishing new mining operations and business enterprises including:

- completion of feasibility studies to verify reserves and commercial viability, including the ability to find sufficient REE reserves to support a commercial mining operation;
- the timing and cost, which can be considerable, of further exploration, preparing feasibility studies, permitting and construction of infrastructure, mining and processing facilities;
- the availability and costs of drill equipment, exploration personnel, skilled labor and mining and processing equipment, if required;
- the availability and cost of appropriate smelting and/or refining arrangements, if required, and securing a commercially viable sales outlet for our products;
- compliance with environmental and other governmental approval and permit requirements;
- the availability of funds to finance exploration, development and construction activities, as warranted;
- potential opposition from non-governmental organizations, environmental groups, local groups or local inhabitants which may delay or prevent development activities;
- potential increases in exploration, construction and operating costs due to changes in the cost of fuel, power, materials and supplies; and
- potential shortages of mineral processing, construction and other facilities related supplies.

The costs, timing and complexities of exploration, development and construction activities may be increased by the location of the Round Top Project (or other properties that may subsequently be acquired) and demand by other mineral exploration and mining companies. It is common in exploration programs to experience unexpected problems and delays during drill programs and, if warranted, development, construction and mine start-up activities. Accordingly, our activities may not result in profitable mining operations and we may not succeed in establishing mining operations or profitably producing metals at any of our properties.

***If we establish the existence of a mineral reserve in the Round Top Project in a commercially exploitable quantity, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the reserve, and our business could fail.***

If we do discover mineral reserves in commercially exploitable quantities in the Round Top Project (or any of our properties that may subsequently be acquired), we will be required to expend substantial sums of money to establish the extent of the reserve, develop processes to extract it and develop extraction and processing facilities and infrastructure. We do not have adequate capital to develop necessary facilities and infrastructure and will need to raise additional funds (the expected capital from USA Rare Earth will not address these needs). Although we may derive substantial benefits from the discovery of a major mineral deposit, there can be no assurance that such a deposit will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail and your investment in our Common Stock will be lost.

***Our exploration activities may not be commercially successful.***

Our long-term success depends on our ability to identify mineral deposits in the Round Top Project or other properties we may acquire, if any, that we can then develop into commercially viable mining operations. Our belief that the Round Top Project contains commercially exploitable minerals has been based solely on preliminary tests that we have conducted and data provided by third parties, including the data published in various third party reports. There can be no assurance that the tests and data upon which we have relied is correct or accurate. Moreover, mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labor are risks involved in the conduct of exploration programs. The success of mineral exploration and development is determined in part by the following factors:

- the identification of potential mineralization based on analysis;
- the availability of exploration permits;
- the quality of our management and our geological and technical expertise; and
- the capital available for exploration.

Substantial expenditures and time are required to establish existing proven and probable reserves through drilling and analysis, to develop metallurgical processes to extract metal, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, allowable production, importing and exporting of minerals and environmental protection. Any one or a combination of these factors may result in us not receiving an adequate return on our investment capital. The decision to abandon a project may have an adverse effect on the market value of our securities and our ability to raise future financing.

***Increased costs could affect our financial condition.***

We anticipate that costs at the Round Top Project as it is developed, if warranted, will frequently be subject to variation from one year to the next due to a number of factors, such as changing ore grade, metallurgy and revisions to mine plans, if any, in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities such as fuel, rubber, and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in costs at any significant location could have a significant effect on our operations.

***A shortage of equipment and supplies could adversely affect our ability to operate our business.***

We are dependent on various supplies and equipment to carry out our mining exploration and, if warranted, development operations. The shortage of such supplies, equipment and parts could have a material adverse effect on our ability to carry out our operations and therefore limit or increase the cost of production.

***Mining and mineral exploration is inherently dangerous and subject to conditions or events beyond our control, which could have a material adverse effect on our business and plans.***

Mining and mineral exploration involves various types of risks and hazards, including:

- environmental hazards;
- power outages;
- metallurgical and other processing problems;
- unusual or unexpected geological formations;
- personal injury, flooding, fire, explosions, cave-ins, landslides and rock-bursts;
- inability to obtain suitable or adequate machinery, equipment, or labor;



- metals losses;
- fluctuations in exploration, development and production costs;
- labor disputes;
- unanticipated variations in grade;
- mechanical equipment failure; and
- periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, the Round Top Project, production facilities or other properties, personal injury, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, may be prohibitively expensive. We may suffer a material adverse effect on our business if we incur losses related to any significant events that are not covered by our insurance policies.

***The figures for our mineralization are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.***

Unless otherwise indicated, mineralization figures presented in this Annual Report and in our filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by independent geologists and our internal geologists. When making determinations about whether to advance any of our projects to development, we must rely upon such estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only.

Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. We cannot assure you that:

- these interpretations and inferences will be accurate;
- mineralization estimates will be accurate; or
- this mineralization can be mined or processed profitably.

***Any material changes in mineralization estimates and grades of mineralization will affect the economic viability of placing the Round Top Project into production and the Round Top Project's return on capital.***

Because we have not completed feasibility studies on the Round Top Project and have not commenced actual production, mineralization estimates for the Round Top Project may require adjustments or downward revisions. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by our feasibility studies and drill results. Minerals recovered in small scale tests may not be duplicated in large scale tests under on-site conditions or in production scale.

The mineralization estimates contained in this Annual Report have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for rare earth minerals may render portions of our mineralization estimates uneconomic and result in reduced reported mineralization or adversely affect the commercial viability determinations we reach. Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our share price and the value of our properties.

#### ***Analytical Uncertainties***

All resource and grade estimates are based on state of the art analytical methods. However, any procedure for analyzing small amounts of metals in a chemically complex matrix may be subject to error and other uncertainties.

***Our operations contain significant uninsured risks which could negatively impact future profitability as we maintain no insurance against our operations.***

Our exploration of the Round Top Project contains certain risks, including unexpected or unusual operating conditions including rock bursts, cave-ins, flooding, fire and earthquakes. It is not always possible to insure against these risks. Should events such as these arise, they could reduce or eliminate our assets and shareholder equity as well as result in increased costs and a decline in the value of our securities. We expect to maintain only general liability and director and officer insurance but no insurance against our properties or operations. We may decide to obtain this type of insurance in the future if it is available at economically viable rates.

***Mineral operations are subject to market forces outside of our control which could negatively impact our operations.***

The marketability of minerals is affected by numerous factors beyond our control including market fluctuations, government regulations relating to prices, taxes, royalties, allowable production, imports, exports and supply and demand. One or more of these risk elements could have an impact on the costs of our operations and if significant enough, reduce any profitability of our operations.

***We may be adversely affected by fluctuations in demand for, and prices of, rare earth products.***

We expect to derive revenues, if any, from the sale of rare earth and related minerals. Changes in demand for, and the market price of, these minerals could significantly affect our operations. The value and price of our Common Stock and our financial results may be significantly adversely affected by declines in the prices of rare earth minerals and products. Rare earth minerals and product prices may fluctuate and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, fluctuation in the relative value of the U.S. dollar against foreign currencies on the world market, global and regional supply and demand for rare earth minerals and products, and the political and economic conditions of countries that produce rare earth minerals and products.

A prolonged or significant economic contraction in the United States or worldwide could put further downward pressure on market prices of rare earth minerals and products. Protracted periods of low prices for rare earth minerals and products could significantly reduce revenues and the availability of required development funds in the future. This could cause substantial reductions to, or a suspension of, REO production operations, impair asset values and if reserves are established on our prospects, reduce our proven and probable rare earth ore reserves.

In contrast, extended periods of high commodity prices may create economic dislocations that may be destabilizing to rare earth minerals supply and demand and ultimately to the broader markets. Periods of high rare earth mineral market prices generally are beneficial to our financial performance. However, strong rare earth mineral prices also create economic pressure to identify or create alternate technologies that ultimately could depress future long-term demand for rare earth minerals and products, and at the same time may incentivize development of otherwise marginal mining properties.

***Permitting, licensing and approval processes are required for our operations at the Round Top Project and obtaining and maintaining required permits and licenses is subject to conditions which we may be unable to achieve.***

Both mineral exploration and extraction at the Round Top Project requires permits from various federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Permits known to be required are (i) an operating plan for the conduct of exploration and development approved by the GLO, (ii) an operating plan for production approved by the GLO, (iii) various reporting to and approval by the Texas Railroad Commission regarding drilling and plugging of drill holes, and (v) reporting to and compliance with regulations of the Texas Commission of Environmental Quality. If we recover uranium at the Round Top Project, we will be required to obtain a source material license from the United States Nuclear Regulatory Commission. We may also be subject to the reporting requirements and regulations of the Texas Department of Health. Such licenses and permits are subject to changes in regulations and changes in various operating circumstances. Companies such as ours that engage in exploration activities often experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Issuance of permits for our activities is subject to the discretion of government authorities, and we may be unable to obtain or maintain such permits. Permits required for future exploration or development may not be obtainable on reasonable terms or on a timely basis. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration or development of the Round Top Project (or any other of our mineral properties that we may subsequently acquire) or for the construction and operation of a mine on our properties that we may subsequently acquire at economically viable costs. If we cannot accomplish these objectives, our business could face difficulty and/or fail.

***We are subject to significant governmental regulations, which affect our operations and costs of conducting our business.***

Our current and future operations are and will be governed by laws and regulations, including:

- laws and regulations governing mineral concession acquisition, prospecting, development, mining and production;
- laws and regulations related to exports, taxes and fees;
- labor standards and regulations related to occupational health and mine safety;
- environmental standards and regulations related to waste disposal, toxic substances, land use and environmental protection; and
- other matters.

Companies engaged in exploration activities often experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Failure to comply with applicable laws, regulations and permits may result in enforcement actions, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. We may be required to compensate those suffering loss or damage by reason of our mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation, could have a material adverse impact on our business and cause increases in capital expenditures or require abandonment or delays in exploration.

***Regulations and pending legislation governing issues involving climate change could result in increased operating costs, which could have a material adverse effect on our business.***

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on us, our venture partners and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the emotion, political significance and uncertainty around the impact of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. These impacts may adversely impact the cost, production and financial performance of our operations.

***Our exploration and development activities are subject to environmental risks, which could expose us to significant liability and delay, suspension or termination of our operations.***

The exploration, possible future development and production phases of our business will be subject to federal, state and local environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set out limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments, and a heightened degree of responsibility for companies and their officers, directors and employees. Future changes in environmental regulations, if any, may adversely affect our operations. If we fail to comply with any of the applicable environmental laws, regulations or permit requirements, we could face regulatory or judicial sanctions. Penalties imposed by either the courts or administrative bodies could delay or stop our operations or require a considerable capital expenditure. Although we intend to comply with all environmental laws and permitting obligations in conducting our business, there is a possibility that those opposed to exploration and mining will attempt to interfere with our operations, whether by legal process, regulatory process or otherwise.

Environmental hazards unknown to us, which have been caused by previous or existing owners or operators of the properties, may exist on the properties in which we hold an interest. It is possible that our properties could be located on or near the site of a Federal Superfund cleanup project. Although we will endeavor to avoid such sites, it is possible that environmental cleanup or other environmental restoration procedures could remain to be completed or mandated by law, causing unpredictable and unexpected liabilities to arise.

## *U.S. Federal Laws*

The Comprehensive Environmental, Response, Compensation, and Liability Act (“CERCLA”), and comparable state statutes, impose strict, joint and several liability on current and former owners and operators of sites and on persons who disposed of or arranged for the disposal of hazardous substances found at such sites. It is not uncommon for the government to file claims requiring cleanup actions, demands for reimbursement for government-incurred cleanup costs, or natural resource damages, or for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment. The Federal Resource Conservation and Recovery Act (“RCRA”), and comparable state statutes, govern the disposal of solid waste and hazardous waste and authorize the imposition of substantial fines and penalties for noncompliance, as well as requirements for corrective actions. CERCLA, RCRA and comparable state statutes can impose liability for clean-up of sites and disposal of substances found on exploration, mining and processing sites long after activities on such sites have been completed.

The Clean Air Act, as amended, restricts the emission of air pollutants from many sources, including mining and processing activities. Our mining operations may produce air emissions, including fugitive dust and other air pollutants from stationary equipment, storage facilities and the use of mobile sources such as trucks and heavy construction equipment, which are subject to review, monitoring and/or control requirements under the Clean Air Act and state air quality laws. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to incur capital costs in order to remain in compliance. In addition, permitting rules may impose limitations on our production levels or result in additional capital expenditures in order to comply with the rules.

The National Environmental Policy Act (“NEPA”) requires federal agencies to integrate environmental considerations into their decision-making processes by evaluating the environmental impacts of their proposed actions, including issuance of permits to mining facilities, and assessing alternatives to those actions. If a proposed action could significantly affect the environment, the agency must prepare a detailed statement known as an Environmental Impact Statement (“EIS”). The U.S. Environmental Protection Agency (“EPA”), other federal agencies, and any interested third parties will review and comment on the scoping of the EIS and the adequacy of and findings set forth in the draft and final EIS. This process can cause delays in issuance of required permits or result in changes to a project to mitigate its potential environmental impacts, which can in turn impact the economic feasibility of a proposed project.

The Clean Water Act (“CWA”), and comparable state statutes, imposes restrictions and controls on the discharge of pollutants into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. The CWA regulates storm water mining facilities and requires a storm water discharge permit for certain activities. Such a permit requires the regulated facility to monitor and sample storm water run-off from its operations. The CWA and regulations implemented thereunder also prohibit discharges of dredged and fill material in wetlands and other waters of the United States unless authorized by an appropriately issued permit. The CWA and comparable state statutes provide for civil, criminal and administrative penalties for unauthorized discharges of pollutants and impose liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release.

The Safe Drinking Water Act (“SDWA”) and the Underground Injection Control (“UIC”) program promulgated thereunder, regulate the drilling and operation of subsurface injection wells. EPA directly administers the UIC program in some states and in others the responsibility for the program has been delegated to the state. The program requires that a permit be obtained before drilling a disposal or injection well. Violation of these regulations and/or contamination of groundwater by mining related activities may result in fines, penalties, and remediation costs, among other sanctions and liabilities under the SWDA and state laws. In addition, third party claims may be filed by landowners and other parties claiming damages for alternative water supplies, property damages, and bodily injury.

### ***We could be subject to environmental lawsuits.***

Neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by the release of hazardous substances or other waste material into the environment on or around our properties. There can be no assurance that our defense of such claims will be successful. A successful claim against us could have an adverse effect on our business prospects, financial condition and results of operation.

***Land reclamation requirements for our properties may be burdensome and expensive.***

Although variability exists by location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance.

Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents;
- treat ground and surface water to drinking water standards; and
- reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations imposed on us in connection with our potential development activities, we must allocate financial resources that might otherwise be spent on further exploration and development programs. We plan to set up a provision for our reclamation obligations on our properties, as appropriate, but this provision may not be adequate. If we are required to carry out unanticipated reclamation work, our financial position could be adversely affected. In accordance with our GLO lease/prospecting permits, all the areas impacted by the surface operations shall be reclaimed upon completion of the activity, including : (a) removal of all trash, debris, plastic and contaminated soil by off-site disposal; and (b) upon completion of surface grading, the soil surface shall be left in a roughened condition to negate wind and enhance water infiltration.

***Rare earth and beryllium mining presents potential health risks; payment of any liabilities that arise from these health risks may adversely impact our Company.***

Complying with health and safety standards will require additional expenditure on testing and the installation of safety equipment. Moreover, inhalation of certain minerals, such as beryllium can result in specific potential health risks ranging from acute pneumonitis, tracheobronchitis, and chronic beryllium disease to an increased risk of cancer. Symptoms of these diseases may take years to manifest. Failure to comply with health and safety standards could result in statutory penalties and civil liability. We do not currently maintain any insurance coverage against these health risks. The payment of any liabilities that arise from any such occurrences would have a material, adverse impact on our Company.

***There may be challenges to the title of our Round Top Project or any other mineral properties that we may acquire.***

We expect that any additional properties will be acquired by unpatented claims or by lease from those owning the property. The lease of our Round Top property was issued by the State of Texas. The validity of title to many types of natural resource property depends upon numerous circumstances and factual matters (many of which are not discoverable of record or by other readily available means) and is subject to many uncertainties of existing law and its application. We cannot assure you that the validity of our titles to our properties will be upheld or that third parties will not otherwise invalidate those rights. In the event the validity of our titles are not upheld, such an event would have a material adverse effect on us.

***Part of our metallurgical processes are being developed by K-Technologies, Inc. TMRC also has a joint venture with K-Technologies to introduce this technology to other potential rare earth developers. This joint venture is subject to the risks normally associated with the conduct of joint ventures.***

The development of our rare earth metallurgical processing efforts are currently focused on CIX/CIC processing. Initial work on this process to date was done on a fee basis by K-Technologies, Inc. ("K-Tech"). Initial testing has been favorable and as a result of this early success a joint venture was formed with K-Tech for the purpose of introducing this process to other potential rare earth developers. TMRC is not vested in this joint venture and vesting will require additional expenditure by TMRC at TMRC's discretion. If TMRC elects to vest in this joint venture it would be subject to the risks normally associated with the conduct of joint ventures. Such risks include: inability to exert control over strategic decisions made in respect of the development and use of the processes; disagreement with partners on how to develop and operate the processes efficiently; inability of partners to meet their obligations to the joint venture or third parties; and litigation between partners regarding joint venture matters. Any failure of such other companies to meet their obligations to us, the joint venture or to third parties, or any disputes with respect to the parties' respective rights and obligations, could have a material adverse effect on the joint venture or the development and use of the processes, which could have a material adverse effect on our results of operations and financial condition.

***Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.***

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing, REE or other metals. We may be at a competitive disadvantage in acquiring additional mining properties because we must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than us. We may also encounter increasing competition from other mining companies in our efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs, mining equipment and production equipment. Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

***We compete with larger, better capitalized competitors in the mining industry.***

The mining industry is competitive in all of its phases, including financing, technical resources, personnel and property acquisition. We will require significant capital, technical resources, personnel and operational experience to effectively compete in the mining industry. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over us. We face strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities than us. As a result of this competition, we may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms we consider acceptable or at all.

***Current economic conditions and capital markets are subject to fluctuations which could adversely affect our ability to access the capital markets, and thus adversely affect our business and liquidity.***

The current economic conditions are in a state of flux that could have a negative impact on our ability to access the capital markets, and thus have a negative impact on our business and liquidity. Our ability to access the capital markets has been and continues to be severely restricted at a time when we need to access such markets, which could have a negative impact on our business plans. Even if we are able to raise capital, it may not be at a price or on terms that are favorable to us. We cannot predict the occurrence of future financial disruptions or how long the current market conditions may continue.

***Our resources may not be sufficient to manage our expected growth; failure to properly manage our potential growth would be detrimental to our business.***

We may fail to adequately manage our anticipated future growth. Any growth in our operations will place a significant strain on our administrative, financial and operational resources, and increase demands on our management and on our operational and administrative systems, controls and other resources. We cannot assure you that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base, and maintain close coordination among our staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems.

If we are unable to manage growth effectively, our business, operating results and financial condition could be materially adversely affected. As with all expanding businesses, the potential exists that growth will occur rapidly. If we are unable to effectively manage this growth, our business and operating results could suffer. Anticipated growth in future operations may place a significant strain on management systems and resources. In addition, the integration of new personnel will continue to result in some disruption to ongoing operations. The ability to effectively manage growth in a rapidly evolving market requires effective planning and management processes. We will need to continue to improve operational, financial and managerial controls, reporting systems and procedures, and will need to continue to expand, train and manage our work force.

***We may experience difficulty attracting and retaining qualified management to meet the needs of our anticipated growth, and the failure to manage our growth effectively could have a material adverse effect on our business and financial condition.***

Competition for additional qualified management is intense, and we may be unable to attract and retain additional key personnel, or to attract and retain personnel on terms acceptable to us. Management personnel are currently limited and they may be unable to manage our expansion successfully and the failure to do so could have a material adverse effect on our business, results of operations and financial condition. We have not entered into non-competition agreements. As our business is substantially dependent upon the directors, executive officers and consultants, the lack of non-competition agreements poses a significant risk to us in the event such persons were to resign or be terminated from such positions. Under such circumstances, such persons may provide confidential information and key contacts to our competitors and we may have difficulties in preventing the disclosure of such information. Such disclosure would have a material adverse effect on our business and operations.

***Our operations are dependent upon key personnel, the loss of which would be detrimental to our business.***

The nature of our business, including our ability to continue our exploration and development activities, depends, in large part, on the efforts of key personnel such as Daniel Gorski, our Chief Executive Officer. The loss of Mr. Gorski could have a material adverse effect on our business. We do not maintain “key man” life insurance policies on any of our officers or employees.

### **Risks Associated with our Common Stock**

Investment in our Company has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down.

***Our stock price is highly volatile.***

The market price of our Common Stock has fluctuated and may continue to fluctuate. These fluctuations may be exaggerated since the trading volume of our Common Stock is limited, sporadic, and volatile. These fluctuations may or may not be based upon any business or operating results. Our Common Stock may experience similar or even more dramatic price and volume fluctuations in the future.

***The market for our Common Stock is limited, sporadic and volatile. Any failure to develop or maintain an active trading market could negatively affect the value of our shares and make it difficult or impossible for you to sell your shares.***

Our Common Stock is currently traded on the OTCQB. Although our Common Stock is traded on the OTCQB, a regular trading market for our securities may not be sustained in the future. Quotes for stocks traded on the OTCQB generally are not listed in the financial sections of newspapers and prices for, and coverage of, securities quoted solely on the OTCQB may be difficult to obtain. In addition, stocks quoted solely on the OTCQB tend to have a limited number of market makers and a larger spread between the bid and ask prices than those listed on an exchange. All of these factors may cause holders of our Common Stock to be unable to resell their securities at any price. This limited trading also could decrease or eliminate our ability to raise additional funds through issuances of our securities.

Failure to develop or maintain an active trading market could negatively affect the value of our shares and make it difficult for you to sell your shares or recover any part of your investment in us. Even if an active market for our Common Stock does develop, the market price of our Common Stock may be highly volatile. In addition to the uncertainties relating to our future operating performance and any profitability of our operations, factors such as variations in our interim financial results, or various, as yet unpredictable factors, many of which are beyond our control, may have a negative effect on the market price of our Common Stock. Accordingly, there can be no assurance as to the liquidity of any active markets that may develop for our Common Stock, the ability of holders of our Common Stock to sell our Common Stock, or the prices at which holders may be able to sell our Common Stock.

***The sale of substantial shares of our Common Stock or the issuance of shares upon exercise of our common stock equivalents will cause immediate and substantial dilution to our existing stockholders and may depress the market price of our Common Stock.***

In order to provide capital for the operation of our business, we may enter into additional financing arrangements. These arrangements may involve the issuance of new Common Stock, preferred stock that is convertible into Common Stock, debt securities that are convertible into Common Stock or warrants for the purchase of Common Stock. Any of these items could result in a material increase in the number of shares of Common Stock outstanding which would in turn result in a dilution of the ownership interest of existing Common Stockholders. In addition, these new securities could contain provisions, such as priorities on distributions and voting rights, which could affect the value of our existing Common Stock.

As of November 23, 2020, we have 73,457,846 shares of Common Stock issued and outstanding, and 5,081,538 shares of our Common Stock underlying common stock equivalents at exercise prices between \$0.10 and \$0.50 per share, expiring through October 2028.

***A low market price may severely limit the potential market for our Common Stock.***

An equity security that trades below a certain price per share is subject to SEC rules requiring additional disclosures by broker-dealers. These rules generally apply to any non-Nasdaq equity security that has a market price of less than \$5.00 per share, subject to certain exceptions (a “penny stock”). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and institutional or wealthy investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction prior to the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer, current bid and offer quotations for the penny stock and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer’s presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Since our Common Stock trades at a price of less than \$5.00 per share, the additional burdens imposed upon broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our Common Stock.

***We do not currently intend to pay cash dividends.***

We have not declared any dividends since incorporation and do not anticipate that we will do so in the foreseeable future. Our present policy is to retain all available funds for use in our operations and the expansion of our business. Payment of future cash dividends, if any, will be at the discretion of our Board and will depend on our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our Board considers relevant. Accordingly, investors will only see a return on their investment if the value of our securities appreciates.

***Control by current stockholders.***

The current stockholders have elected the directors and the directors have appointed current executive officers to serve our Company. The voting power of these stockholders could also discourage others from seeking to acquire control of us through the purchase of our Common Stock which might depress the price of our Common Stock.

***There is not now, and there may never be, an active market for our Common Stock.***

Shares of our Common Stock have historically been thinly traded. Currently there is a limited, sporadic and highly volatile market for our Common Stock, and no active market for our Common Stock may develop in the future. As a result, our stock price as quoted by the OTC QB may not reflect an actual or perceived value. Moreover, several days may pass before any shares are traded; meaning that the number of persons interested in purchasing our common shares at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including, but not limited to:

- we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume; and
- stock analysts, stock brokers and institutional investors may be risk-averse and reluctant to follow a company such as ours that may in the future face substantial doubt about the ability to continue as a going concern or to purchase or recommend the purchase of our shares until such time as we become more viable.

As a result, an investor may find it difficult to dispose of, or to obtain accurate quotations of the price of, our Common Stock. Accordingly, investors must assume they may have to bear the economic risk of an investment in our Common Stock for an indefinite period of time, and may lose their entire investment. There can be no assurance that a more active market for our Common Stock will develop, or if one should develop, there is no assurance that it will be sustained. This severely limits the liquidity of our Common Stock and would likely have a material adverse effect on the market price of our Common Stock and on our ability to raise additional capital.

***We may issue shares of preferred stock.***

Our Certificate of Incorporation authorizes the issuance of blank check preferred stock with designations, rights and preferences determined from time to time by the board of directors. There are currently no shares of preferred stock issued and outstanding. Our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the Common Stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company.



## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

*Executive and Field Offices.* Our headquarters are located at 539 El Paso Street, Sierra Blanca, Texas 79851. Our accounting functions are conducted by personnel in Galveston, Texas and Denver, Colorado, all under the supervision of our chief executive officer.

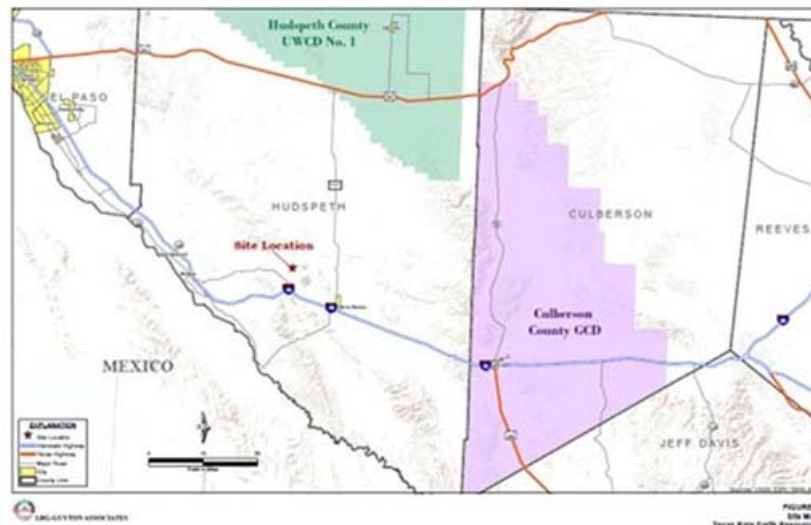
*Overview of the Round Top Rare Earth-Uranium-Beryllium Project.* We are currently in the exploration stage and have not established that our Round Top Project contains Proven or Probable Reserves as defined under SEC Guide 7.

### *Description and Access*

The Round Top Project is located in Hudspeth County approximately eight miles northwest of the town of Sierra Blanca. The property is reached by truck on a private dirt road that turns north off Interstate 10 access road approximately one mile west of the town of Sierra Blanca. A railroad line is located approximately one to three miles from the Round Top Project and a spur line stops at a stone quarry within three miles of the Round Top Project.

In March 2013, we purchased the surface lease at the Round Top Project, known as the West Lease, from the Foundation for \$500,000 and 1,063,830 shares of our Common Stock valued at \$500,000. We also agreed to support the Foundation through an annual payment of \$45,000 for ten years to support conservation efforts within the Rio Grande Basin and in particular engaging in stewardship of Lake Amistad, a large and well-known fishing lake near Del Rio, Texas. The West Lease comprises approximately 54,990 acres. Most importantly, the purchase of the surface lease gave us unrestricted surface access for the potential development and mining of our Round Top Project.

### Round Top Location Map



### *Acquisition and Ownership*

#### August 2010 Lease

In September 2011, we entered into a new mining lease with the GLO 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 GLO 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 nineteen years from execution date of lease so long as minerals are produced in paying quantities.

Under the lease, we will pay the State of Texas a lease bonus of \$142,518; \$44,718 of which was paid upon the execution of the lease, and \$97,800 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 paying quantities have 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:

	<b>Per Acre</b>	<b>Total</b>
	<u>Amount</u>	<u>Amount</u>
September 2, 2015 – 2019	\$ 75	\$ 67,077
September 2, 2020 – 2024	\$ 150	\$ 134,155
September 2, 2025 – 2029	\$ 200	\$ 178,873

In August 2020, we paid the State of Texas a delay rental of \$134,155.

#### November 2011 Lease

In November 2011, we entered into a mining lease with the State of Texas covering approximately 90 acres contiguous with and extending the August 2010 Lease. Under the lease, we paid the State of Texas a lease bonus of \$20,700 which was paid upon the execution of the lease. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$50,000 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 sold from Round Top. The term of the lease is nineteen years from execution date of lease so long as minerals are produced in paying quantities.

If paying quantities have 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:

	<b>Per Acre</b>	<b>Total</b>
	<u>Amount</u>	<u>Amount</u>
November 1, 2015 – 2019	\$ 75	\$ 6,750
November 1, 2020 – 2024	\$ 150	\$ 13,500
November 1, 2025 – 2029	\$ 200	\$ 18,000

In August 2020, we paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$13,500.

#### March 2013 Lease

In March 2013, we purchased the surface lease at the Round Top Project, known as the West Ranch, from the Foundation for \$500,000 cash and 1,063,830 shares of our Common Stock valued at \$500,000. We also agreed to support the Foundation through an annual payment of \$45,000 for ten years to support conservation efforts within the Rio Grande Basin and in particular engaging in stewardship of Lake Amistad, a large and well-known fishing lake near Del Rio, Texas. The West Lease comprises approximately 54,990 acres. The purchase of the surface lease provided unrestricted surface access for the potential development and mining of our Round Top Project.

#### October 2014 Surface Option and Water Lease

In October 2014, we announced that we had executed agreements with the GLO securing the option to purchase the surface rights covering the potential Round Top Project mine and plant areas and, separately, a lease to develop the water necessary for the potential Round Top Project mine operations. The option to purchase the surface rights covers approximately 5,670 acres over the mining lease and the additional acreage adequate to site all potential heap leaching and processing operations as currently anticipated by the Company. We may exercise the option for all or part of the option acreage at any time during the sixteen year primary term of the mineral lease. The option can be kept current by an annual payment of \$10,000. The purchase price will be the appraised value of the surface at the time of exercising the option.

The ground water lease secures our right to develop the ground water within a 13,120 acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top Project mine operations will be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect.

## *Existing Infrastructure*

The Round Top rare earth prospect was initially developed in the late 1980s as a beryllium resource. As a result, several pieces of equipment were present at the property when we acquired the lease, some of which we have repaired as described below. The previous operators had also built out several roads at the prospect site, which we believe are suitable for our current exploration plans.

There exists on the Round Top site a 1,115 foot, 10 foot by 10 foot decline from the surface into the Round Top prospect. There are steel sets every five feet, in some cases less, and the entire working is lagged with timber. There are “escape holes” at intervals to allow personnel to avoid equipment. The escape holes are all in good operating condition. There is also a 36 foot steel ventilation line in place that runs for approximately 75 feet into the prospect. There is a 125 hp axial plane ventilation fan in place. We have leveled the fan and rehabilitated the control panel, and have operated this ventilation system during the evaluation of the historic Cabot-Cyprus work. We intend to install a “soft start” motor starter switch for the vent fan in the future in order to be able to use a 100kw generator.

A bag house is also located on the property that will need its electronic controls rehabilitated and modernized and filters installed. There is a 6” Victaulic compressed air line extending from the compressor station outside to the faces. There are numerous valves at strategic locations underground. There is one 2’ steel Victaulic water line for drill water and an additional partly plastic Victaulic water line for dust suppression sprayers, which also has sprayers in place.

There is electric cable from the portal to the face and a switch box underground. Some additional switching gear will need to be installed at the portal. The mine portal has a sturdy locking steel door in place that we have reconditioned.

There is a 500 barrel (23,000 gal) water tank below the mine dump for water to be hauled in and stored. This tank appears to be in good shape. The water line from the tank to the mine portal is missing and will have to be replaced. The water system will need a submersible pump, switching gear and approximately 1000 ft of 2” poly line to render the water system serviceable.

The nearest population center to the Round Top Project is Sierra Blanca, Texas. The town of Sierra Blanca is approximately six miles to the southeast of the Round Top Project site. Skilled mining labor and support could be found in El Paso, approximately 85 miles to the northeast.

A major rail line parallels Interstate 10 approximately three to four miles west and south of the mine site. Approximately three miles from the Project site is a commercial rock quarry in operation which produces ballast for the railroad. The rock quarry operation has a rail road spur which is approximately two to three miles from the project.

Power is currently supplied to Sierra Blanca through El Paso Electric Services. El Paso Electric Services has approximately 1,643 megawatts of generating capacity. As the greater power needs of a floatation operation have been eliminated by the proposed heap leach mine plan the existing 69 kV is thought to be adequate to supply the envisioned heap leach operation.

Water for the project may be obtained from a well field approximately 3 miles east of the mine site. In October 2014, we executed a lease with the GLO to develop the water necessary for the potential Round Top Project mine operations. The ground water lease secures our right to develop the ground water within a 13,120 acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top Project mine operations would be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation, which has not been paid as of the date of this filing. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect.

This well field was originally developed to supply water for a proposed real estate project in the late 1970’s. One of the existing wells is reported to have pump tested 950 gallons per minute and another 450 gallons per minute. This water is high enough in total dissolved solids to not meet drinking water standards, thus there is no competition for its use. The quality of the water is believed to be adequate for process water needs and the water will require treatment to be potable.

## *Geology*

The Round Top Project area lies within the Texas Lineament Zone or Trans-Pecos Trend. The lineament is a northwest trending structural zone where Laramide thrust faulting followed by basin and range normal faulting were active. Tertiary igneous activity is also associated with the lineament zone, both intrusive and extrusive.

Locally the project area is characterized by five Tertiary microgranite bodies that intruded Cretaceous sedimentary rocks. The microgranites occur as laccoliths, mushroom-shaped bodies emplaced at relatively shallow depths. At the current erosional levels, laccoliths form resistant peaks with relief up to 2,000 feet. The microgranites, which are called rhyolites in the literature, are enriched with various metals which may or may not be economical to recover. The rare earth elements are located with-in the intrusive rhyolite body.

Tertiary Diorite which predate the microgranites are intruded in the cretaceous section. The diorites occur as sills, five to 100 feet thick and less frequently as dikes and plugs. Sedimentary rocks exposed in the area are middle to upper Cretaceous limestone shales and sandstones. The limestone, where it is in contact with the microgranites, is the host for Beryllium and uranium mineralization.

The Round Top Project was initially developed in the late 1980's as a beryllium resource. During the course of the beryllium exploration, approximately 200 drill holes penetrated varying thicknesses of the rhyolite volcanic rock that makes up the mass of Round Top Mountain and caps the beryllium-uranium deposits which occur in the underlying limestone; some 50 more holes were drilled on Little Round Top, Sierra Blanca and Little Blanca Mountains.

The Texas Bureau of Economic Geology, working with the project geologists, conducted an investigation of the rhyolite to better understand its rare metal content. This research shows that the rhyolite laccoliths at Sierra Blanca are enriched in a variety of REEs such as tantalum, niobium, thorium and lithium. They analyzed a series of samples from outcrop and drill holes and studied the geochemistry and mineralogy of the rhyolite. The results of their research were published in the GSA, Geological Society of America, Special Paper 246, 1990.

*Mineralization*

Round Top rhyolite is enriched in HREEs. Statistical review of the current data shows that an estimated 70% of the total REE's grade being HREEs. REE mineralization occurs primarily as disseminated microcrystals of varieties of fluorite (such as yttrium-rich yttrifluorite) where HREEs have substituted for calcium, and as other REE-bearing accessory minerals. REE minerals occur mainly in vugs and as crystal coatings, suggesting late-stage crystallization from an incompatible element-rich fluid.

The Round Top rhyolite was divided into five different alteration phases based on the intensity of hematitic and hydrothermal alteration: red rhyolite, pink rhyolite, tan rhyolite; brown rhyolite and gray rhyolite. Hematitic alteration is a replacement of the magnetite by hematite and gives the rhyolite a red to pink color. Hydrothermal alteration was late and gives the rhyolite a tan to brown color. Mostly unaltered, gray rhyolite was also documented.

*Metallurgy*

In September 2013, we completed the first phase of heap leach testing. The products recovered from the heap leaching are categorized as rare earth elements, tech metals and industrial/fertilizer products. The results are summarized below:

REE + Y + Sc			Tech Metals			
	ppm Ore	% REE Dist.	Heap Leach Recovery RDI Col 2		ppm Ore	Heap Leach Recovery RDI Col 2
La	19.8	4%	73.8%	U	45	31.0%
Ce	77.8	15%	69.2%	Th	180	91.0%
Pr	10.3	2%	81.6%	Li	465	58.0%
Nd	28.3	5%	81.4%	Hf	79	5.9%
Sm	10.3	2%	83.6%	Be	22	9.5%
Eu	0.1	0%	74.4%	Ga	88	6.4%
Gd	10.1	2%	90.2%	Zr	1,177	5.7%
Tb	3.5	1%	87.1%	Nb	387	2.7%
Dy	31.1	6%	87.4%	Ta	66	0.0%
Ho	7.9	1%	86.5%	Sn	132	5.7%
Er	33.1	6%	83.4%			
Tm	7.2	1%	77.8%	<b>Industrial Sulfates</b>		
Yb	57.4	11%	74.5%	Al	74,694	7.2%
Lu	9.0	2%	67.2%	Fe	10,915	36.8%
Y	221.9	42%	92.2%	Mg	1,447	93.1%
Sc	0.8	0.15%	68.4%	Mn	527	50.1%
TREE	527.9	100%	83.6%	K	30,549	7.0%
				Na	36,965	3.5%
				<b>Questionable Market</b>		
				Cs	52.8	41.9%
				Sr	66.18	71.3%
				Rb	2,120	13.2%

In December 2013, we published a PEA based on a 20,000 tonnes per day heap leaching operation. This PEA called for the marketing of rare earth elements and uranium only and used the prices existing at that time.

In April 2015, we completed the first stage of hydrometallurgical testing at K-Tech, Lakeland Florida, that demonstrated it was possible to use ion exchange to extract the rare earth elements and the uranium and thorium from the primary leach solution. These tests also indicated that ion exchange and ion chromatography would be the most efficient process for refining and purifying the various products.

In July 2016, we completed a contract awarded by the Department of Defense, Defense Logistics Agency to TMRC and K-Tech, demonstrating the ability of ion exchange and ion chromatography to make high purity rare earth products from leached Round Top rhyolite.

On August 16, 2019, we published an expanded and upgraded PEA that included the various by-product elements in the resource base. This PEA is based on using ion exchange and ion chromatography for the refining of the rare earth group of elements and other various elements and other processes for lithium and the industrial and fertilizer elements.

#### *Project Exploration History*

The Round Top rare earths and uranium-beryllium prospects were initially drilled in 1984 and 1985, during which time the ore body known as the “West End Ore Zone” was discovered by Cabot Corporation. In subsequent years, Cyprus Minerals Corporation took over the exploration activities. Cyprus drilled additional exploration holes and also put an adit into the ore zone where 1,115 feet of underground workings were driven. Cyprus developed the underground workings in order to obtain bulk samples for pilot plant testing and beryllium oxide concentrate generation. Cyprus ultimately put the project on hold as a result of poor beryllium market conditions. Cyprus eventually allowed the lease with the state of Texas to lapse.

#### *Costs*

Through the end of the 2020 fiscal year, we had incurred exploration costs at the Round Top Project of approximately \$13 million.

### **ITEM 3. LEGAL PROCEEDINGS**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (The “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended August 31, 2020, our U.S. exploration properties were not subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the *Federal Mine Safety and Health Act of 1977* (the “Mine Act”).

## PART II

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

#### Market Information

Our Common Stock is listed for quotation on the OTC QB operated by OTC Markets Group Inc. under the symbol "TMRC." The market for our Common Stock on the OTC QB is limited, sporadic and highly volatile. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions. The following table sets forth the range of high and low bid prices during the periods indicated.

<b>Fiscal Year 2020</b>	<b>High</b>	<b>Low</b>
Quarter ended August 31, 2020	\$ 2.55	\$ 1.23
Quarter ended May 31, 2020	\$ 1.92	\$ 0.45
Quarter ended February 29, 2020	\$ 1.48	\$ 0.27
Quarter ended November 30, 2019	\$ 0.42	\$ 0.24
<hr/>		
<b>Fiscal Year 2019</b>	<b>High</b>	<b>Low</b>
Quarter ended August 31, 2019	\$ 0.5	\$ 0.28
Quarter ended May 31, 2019	\$ 0.45	\$ 0.19
Quarter ended February 28, 2019	\$ 0.25	\$ 0.21
Quarter ended November 30, 2018	\$ 0.29	\$ 0.17

The last bid price of our Common Stock on November 20, 2020 was \$1.44 per share.

#### Holders

The approximate number of holders of record of our Common Stock as of November 23, 2020 was 498.

#### Dividends

We have not paid any cash dividends on our equity securities and our Board has no present intention of declaring any cash dividends. We are not prohibited from paying any dividends pursuant to any agreement or contract.

#### Securities Authorized for Issuance under Equity Compensation Plans

We have adopted a stock option plan, approved by our shareholders. As of August 31, 2020, a total of 9,000,000 shares of our Common Stock have been reserved for issuances under our plan, with 7,750,000 shares being reserved for future issuance.

The following table sets forth certain information as of August 31, 2020 concerning our Common Stock that may be issued upon the exercise of options or warrants or pursuant to purchases of stock under the Amended 2008 Plan:

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options</b>	<b>(b) Weighted- Average Exercise Price of Outstanding Options</b>	<b>(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
Equity compensation plans approved by stockholders	1,250,000	\$ 0.36	7,750,000
Nonplan equity compensation	513,500	\$ 0.33	-
Total	1,763,500	\$ 0.35	7,750,000

## Recent Sales of Unregistered Securities During Fiscal 2020

Except as set forth below, all unregistered sales of equity securities during the period covered by the Annual Report were previously disclosed in our current reports on Form 8-K or quarterly reports on Form 10-Q.

Date	Description	Number	Purchaser	Proceeds (\$)	Consideration	Exemption (E)
June 2020	Common Stock	4,200,000	Investors	\$1,470,000	Cash	Sec. 4(a)(2)
June 2020	Common Stock	70,000	Consultant	\$21,000	Cash	Sec. 4(a)(2)
June 2020	Common Stock	1,902,933(A)	Directors	Non-cash	Cashless stock option exercise	Sec. 4(a)(2)
June-July 2020	Common Stock	2,567,673(B)	Directors and Officer	Non-cash	Cashless warrant exercise	Sec. 4(a)(2)
August 2020	Common Stock	680,326(C)	Investors	Non-cash	Cashless warrant exercise	Sec. 4(a)(2) or 3(a)(9)
August 2020	Common Stock Options	43,500(D)	Consultant	\$Nil	Services	Sec. 4(a)(2)
August 2020	Common Stock	800,000	Investors	\$280,000	Cash	Sec. 4(a)(2)

- (A) Common Stock issued pursuant to cashless exercises of common stock options by Board members.
- (B) Common Stock issued pursuant to cashless exercises of loan warrants for loans made to the Company on behalf of certain Directors and Officers.
- (C) Common Stock issued pursuant to cashless exercises of common stock warrants by investors.
- (D) Common Stock Options issued pursuant to a consulting agreement for professional services.
- (E) With respect to sales designated by “Sec. 4(a)(2),” these shares were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act 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. None of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

## ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

## ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this Annual Report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. See “Cautionary Note Regarding Forward-Looking Statements.” Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under “Risk Factors” and elsewhere in this Annual Report.*

### Overview

We currently do not have any producing properties and consequently, we have no current operating income or cash flow and have not generated any revenues. Further exploration will be required before a final evaluation as to the economic and practical feasibility of any of our properties is determined.

### Liquidity and Capital Resources

At August 31, 2020, our accumulated deficit was approximately \$38,893,000 and our cash position was approximately \$2,746,000. We had a working capital surplus of approximately \$1,836,000. We have not commenced commercial production on any of our mineral properties. We have no revenues from operations and anticipate we will have no operating revenues until we place one or more of our properties into production. All properties are in the exploration stage.

During the fiscal year ending August 31, 2020, we expended approximately \$18,000 in certain metallurgical activities. Currently expenditures for metallurgical activities are funded by our joint venture partner, USA Rare Earth. During the next 12 months, USARE is expected to fund the expenditure of approximately \$8.6 million to optimize the leaching and developing of the CIX/CIC processing of the Round Top Project. Initial process design work will be carried out at USARE's facility in Wheat Ridge, Colorado. Pending completion of the initial process development, this facility will either be relocated to or replicated at Round Top where a pilot plant will be established. This work will consist of mining and crushing approximately 20,000 tons of rhyolite and setting up and equipping a facility to conduct pilot plant scale heap leaching. It is estimated that the project will require additional time and further expenditure after the next 12 months of approximately \$8 million to complete a bankable feasibility study. We anticipate (but there can be no assurance) that USARE will fund these required expenditures, and the failure of USARE to fund will require us to effect best efforts to raise sufficient capital to finish this work.

Other than the financial commitment with USA Rare Earth to fund operations to earn a 70% interest in the Round Top Project, we currently do not have funds to pursue exploration or development work on the Round Top Project, which means that we will be required to raise additional capital on best efforts terms if USA Rare Earth ceases funding, or find alternative means to finance the Round Top Project's continued exploration activities, if warranted. Subsequent to the funding of the USA Rare Earth amount, we will need to raise a significant amount of additional capital to exploit the Round Top Project. Failure to obtain required and sufficient financing may result in the (i) delay or indefinite postponement of exploration and, if warranted, development or production in the Round Top Project and/or (ii) curtailment or cessation of our operations. This includes our leases over claims covering the Round Top Project. We cannot be certain that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable or acceptable to us. Our ability to arrange additional financing in the future is dependent upon third parties.

## **Results of Operations**

### ***Fiscal Years ended August 31, 2020 and 2019***

#### *Revenue*

During the fiscal year ended August 31, 2020 and 2019, we had no revenues. For the fiscal year ended August 31, 2020, our net loss was approximately \$1,141,000. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$38,893,000 as of August 31, 2020.

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

We incurred exploration costs for the fiscal years ended August 31, 2020 and 2019, in the amount of approximately \$18,000 and \$139,000, respectively. Expenditures during fiscal year 2020 and 2019 were primarily for metallurgical testing. Currently expenditures for metallurgical activities are funded by our joint venture partner, USA Rare Earth.

Our general and administrative expenses for the fiscal year ended August 31, 2020 were approximately \$1,056,000 of which approximately \$149,000 were stock compensation for services. The remaining expenditures were primarily for payroll, professional fees and other general administrative expenses necessary for our operations.

Our general and administrative expenses for the fiscal year ended August 31, 2019 were approximately \$866,000 of which approximately \$570,000 were stock compensation for services. The remaining expenditures were primarily for accrued payroll, professional fees and other general administrative expenses necessary for our operations.

We had losses from operations for the fiscal years ended August 31, 2020 and 2019 totaling approximately \$1,074,000 and \$1,005,000, respectively, and net losses for the fiscal years ended August 31, 2020 and 2019 totaling approximately \$1,141,000 and \$2,381,000, respectively. We had interest expense for the fiscal years ended August 31, 2020 and 2019 of approximately \$7,000 and \$21,000, respectively, primarily for our note to the Rio Grande Foundation and interest on credit cards. During the year ended August 31, 2019, we recognized a non-cash loss on extinguishment of debt totaling \$722,000 related to modifications to advances received from related parties which included the addition of a substantive conversion option. In addition, we recognized a non-cash loss on settlement of accrued liabilities totaling \$642,000 during the year ended August 31, 2019 related to shares issued for settlement of accrued compensation due employees, officers and directors.

## **Off-Balance Sheet Arrangements**

For the fiscal years ended August 31, 2020 and 2019, we have off-balance sheet arrangements for annual payments in relation to the mineral leases as disclosed in Note 5 of the notes to financial statements.



### **Recently Issued Accounting Pronouncements**

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position, or cash flow.

### **Critical Accounting Estimates**

Management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. Preparation of financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and the related disclosures of contingencies. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are fairly presented in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Management believes that the following critical accounting estimates and judgments have a significant impact on our financial statements; Valuation of options granted to directors and officers using the Black-Scholes model, and fair value of mineral properties. The accounting policies are described in greater detail in Note 2 to our audited financial statements for the fiscal year ended August 31, 2020.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of  
Texas Mineral Resources Corp.  
Sierra Blanca, Texas

### Opinion on the Financial Statements

We have audited the accompanying balance sheets of Texas Mineral Resources Corp. (the Company) as of August 31, 2020 and 2019, and the related statements of operations, shareholders' equity (deficit), and cash flows for each of the years in the two-year period ended August 31, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended August 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/S/ HAM, LANGSTON & BREZINA, L.L.P.

We have served as the Company's auditor since 2019.

Houston, Texas  
November 30, 2020

**Texas Mineral Resources Corp.**  
**BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,746,451	\$ 1,824,546
Prepaid expenses and other current assets	183,199	4,450
Total current assets	2,929,650	1,828,996
Mineral properties, net	354,234	354,234
Deposit	7,500	-
<b>TOTAL ASSETS</b>	<b>\$ 3,291,384</b>	<b>\$ 2,183,230</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 502,427	\$ 1,118,070
Advances from related party	591,401	190,454
Current portion of note payable	-	123,542
Total current liabilities	1,093,828	1,432,066
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, par value \$0.001; 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, par value \$0.01; 100,000,000 shares authorized, 71,323,278 and 56,204,994 shares issued and outstanding as of August 31, 2020 and 2019, respectively	713,233	562,050
Additional paid-in capital	40,376,847	37,940,809
Accumulated deficit	(38,892,524)	(37,751,695)
Total shareholders' equity	2,197,556	751,164
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 3,291,384</b>	<b>\$ 2,183,230</b>

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

**Texas Mineral Resources Corp.**  
**STATEMENTS OF OPERATIONS**  
**For the Years Ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING EXPENSES</b>		
Exploration costs	\$ 18,181	\$ 139,198
General and administrative	<u>1,055,881</u>	<u>865,566</u>
Total operating expenses	<u>1,074,062</u>	<u>1,004,764</u>
<b>LOSS FROM OPERATIONS</b>	<u>(1,074,062)</u>	<u>(1,004,764)</u>
<b>OTHER INCOME (EXPENSE)</b>		
Loss on extinguishment of debt	-	(721,689)
Loss on settlement of accrued liabilities	(66,335)	(641,677)
Other income	6,582	7,767
Interest and other expense	<u>(7,014)</u>	<u>(21,011)</u>
Total other (expense)	<u>(66,767)</u>	<u>(1,376,610)</u>
<b>NET LOSS</b>	<u>\$ (1,140,829)</u>	<u>\$ (2,381,374)</u>
Net loss per common share - basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
Weighted average shares outstanding - basic and diluted	<u>61,201,735</u>	<u>46,737,894</u>

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

**Texas Mineral Resources Corp.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,140,829)	\$ (2,381,374)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of debt discount	-	21,011
Common stock issued for services	157,529	279,130
Other stock-based compensation	74,857	256,637
Loss on settlement of accrued liabilities	66,335	641,677
Loss on extinguishment of debt	-	721,689
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(186,249)	2,883
Accounts payable and accrued liabilities	(570,643)	125,934
Net cash used in operating activities	<u>(1,599,000)</u>	<u>(332,413)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on note payable	(123,542)	(67,188)
Advances from related party	400,947	185,454
Proceeds from sale of common stock, net	280,000	1,971,785
Payment from exercise of common stock options and warrants	1,963,500	35,317
Net cash provided by financing activities	<u>2,520,905</u>	<u>2,125,368</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	921,905	1,792,955
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>1,824,546</u>	<u>31,591</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>\$ 2,746,451</u>	<u>\$ 1,824,546</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Common stock and warrants issued to reduce and modify note payable	\$ -	\$ 133,968
Common stock issued to settle accrued liability	45,000	-
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash paid for interest expense	\$ -	\$ -
Cash paid for income taxes	-	-

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

**Texas Mineral Resources Corp.**  
**STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)**  
**For the Years Ended August 31, 2020 and 2019**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance at August 31, 2018	-	\$ -	44,941,532	\$ 449,416	\$ 33,275,248	\$ (35,370,321)	\$ (1,645,657)
Options issued to officers and directors	-	-	-	-	256,637	-	256,637
Common stock and warrants issued for services	-	-	22,500	225	278,905	-	279,130
Common stock issued for cash	-	-	5,757,680	57,576	1,922,609	-	1,980,185
Syndication costs	-	-	598,666	5,987	(14,387)	-	(8,400)
Common stock issued in connection with debt settlement	-	-	500,000	5,000	100,000	-	105,000
Common stock issued for settlement of accrued liabilities	-	-	2,084,073	20,841	943,463	-	964,304
Modification of note payable	-	-	-	-	28,968	-	28,968
Common stock issued for cashless exercise of options and warrants	-	-	122,811	1,228	(1,228)	-	-
Warrant conversion	-	-	100,907	1,009	34,308	-	35,317
Modification of related party advances	-	-	-	-	1,137,054	-	1,137,054
Common stock issued for note conversion	-	-	2,076,825	20,768	(20,768)	-	-
Net loss	-	-	-	-	-	(2,381,374)	(2,381,374)
Balance at August 31, 2019	-	-	56,204,994	562,050	37,940,809	(37,751,695)	751,164
Common stock issued for services	-	-	101,015	1,010	156,519	-	157,529
Common stock issued for cash	-	-	800,000	8,000	272,000	-	280,000
Common stock issued to settle accrued compensation	-	-	130,892	1,309	110,026	-	111,335
Options issued for services	-	-	-	-	74,857	-	74,857
Common stock issued for exercise of options and warrants	-	-	5,620,000	56,200	1,907,300	-	1,963,500
Common stock issued for cashless exercise of options and warrants	-	-	8,466,377	84,664	(84,664)	-	-
Net loss	-	-	-	-	-	(1,140,829)	(1,140,829)
Balance at August 31, 2020	-	\$ -	71,323,278	\$ 713,233	\$ 40,376,847	\$ (38,892,524)	\$ 2,197,556

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

**TEXAS MINERAL RESOURCES CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

Texas Mineral Resources Corp. (the “Company”) was incorporated in the State of Nevada in 1970 as Standard Silver Corporation. In 2010, the Company changed its name from “Standard Silver Corporation” to “Texas Rare Earth Resources Corp”. In 2012, the Company changed its state of incorporation from Nevada to Delaware under a plan of conversion dated August 24, 2012. In 2016, the Company changed its name to Texas Mineral Resources Corp.

The Company is a mining company engaged in the business of the acquisition and development of mineral properties. The Company holds two nineteen-year leases, executed in August 2010 and November of 2011, to explore and develop a 950-acre rare earths project located in Hudspeth County, Texas known as the Round Top Project. The Company is not currently evaluating any additional prospects, and its focus is on the development of the Round Top rare earth prospect.

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

Exploration-Stage Company

Since January 1, 2009, the Company has been classified as an “exploration stage” company for purposes of Industry Guide 7 of the U.S. Securities and Exchange Commission (“SEC”). Under Industry Guide 7, companies engaged in significant mining operations are classified into three categories, referred to as “stages” - exploration, development, and production. Exploration stage includes all companies that do not have established reserves in accordance with Industry Guide 7. Such companies are deemed to be “in the search for mineral deposits.” Notwithstanding the nature and extent of development-type or production-type activities that have been undertaken or completed, a company cannot be classified as a development or production stage company unless it has established reserves in accordance with Industry Guide 7.

Basis of Presentation

The Company’s financial records are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

COVID-19 Risks and Uncertainties

In March 2020, the World Health Organization declared the novel strain of coronavirus, COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. Although COVID-19 has not had a significant impact on the Company’s operating results in fiscal year 2020, management continues to monitor its impact. The Company is unable to predict the future impact that COVID-19 will have on its future financial position and operating results due to numerous uncertainties, including the duration and severity of the outbreak.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents currently consist only of demand deposits at commercial banks. The Company maintains cash and cash equivalents at banks selected by management based upon their assessment of the financial stability of the institution. Balances periodically exceed the federal depository insurance limit; however, the Company has not experienced any losses on deposits.

Property and Equipment

Property and equipment consist primarily of vehicles, furniture and equipment, and are recorded at cost. Expenditures related to acquiring or extending the useful life of property and equipment are capitalized. Expenditures for repair and maintenance are charged to operations as incurred. Depreciation is computed using the straight-line method over an estimated useful life of 3-20 years.

Lease Deposits

From time to time, the Company makes deposits in anticipation of executing leases. The deposits are capitalized upon execution of the applicable agreements.

**TEXAS MINERAL RESOURCES CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

Long-lived Assets

The Company reviews the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through operations. To determine if these costs are in excess of their recoverable amount, periodic evaluation of carrying value of capitalized costs and any related property and equipment costs are based upon expected future cash flows and/or estimated salvage value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC 360”), *Property, Plant and Equipment*. The Company’s assets susceptible to impairment analysis are the mineral properties described in Note 5.

Revenue Recognition

The Company’s revenue recognition policies are established in accordance with the Revenue Recognition topics of ASC 606, and accordingly, revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Costs of acquisition and option costs of mineral rights are capitalized upon acquisition. Costs incurred to maintain current production or to maintain assets on a standby basis are charged to operations. If the Company does not continue with exploration after the completion of the feasibility study, the mineral rights will be expensed at that time. Costs of abandoned projects are charged to mining costs including related property and equipment costs. To determine if these costs are in excess of their recoverable amount, periodic evaluation of carrying value of capitalized costs and any related property and equipment costs are based upon expected future cash flows and/or estimated salvage value in accordance with ASC 360-10-35-15, *Impairment or Disposal of Long-Lived Assets*.

Share-based Payments

The Company estimates the fair value of share-based compensation using the Black-Scholes valuation model, in accordance with the provisions of ASC 718, *Stock Compensation*. Key inputs and assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, market price of the underlying common stock, volatility of the common stock, risk-free rate, and dividend yield. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by the option holders, and subsequent events are not indicative of the reasonableness of the original estimates of fair value.

Income Taxes

Income taxes are computed using the asset and liability method, in accordance with ASC 740, *Income Taxes*. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Basic and Diluted Loss Per Share

The Company computes loss per share in accordance with ASC 260, *Earnings Per Share*, which requires presentation of both basic and diluted earnings per share on the face of the Statements of Operations. Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the period, including stock options and warrants using the treasury method. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**TEXAS MINERAL RESOURCES CORP.**  
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**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurements

The Company accounts for assets and liabilities measured at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified with Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The three levels of inputs used to measure fair value are as follows:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities and note payable. The carrying amounts of such financial instruments in the accompanying financial statements approximate their fair values due to their relatively short-term nature. It is management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.

Joint Venture Arrangements

The accounting for the Company's involvement in joint venture arrangements is determined by the amount of influence the Company exercises over the operations of the joint venture. The amount of influence the Company exercises depends on an evaluation of the Company's representation on the joint venture's board and ownership level. Joint ventures in which the Company holds a greater than 50% voting interest, are generally consolidated. Joint ventures that are not consolidated, but over which the Company exercises significant influence, which is generally those in which the Company's interest is between 20% to 50%, are accounted for under the equity method of accounting. Under the equity method of accounting, the Company's share of the earnings or losses of a joint venture is reflected in a single line item in the statements of operations. The Company's carrying value in an equity method investment is reflected in a single line item in the Company's balance sheets. Investments in joint ventures in which the Company does not exercise significant influence, generally those in which the Company owns less than a 20% interest, are accounted for at fair value, except for non-public joint ventures without readily determinable fair values. Investments in non-public joint ventures without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment in the joint venture.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, modifies and adds disclosure requirements for fair value measurements. The amendments in this ASU are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the effects of this ASU on its financial statements and related disclosures.

**TEXAS MINERAL RESOURCES CORP.**  
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**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which supersedes the guidance in former ASC 840, *Leases*. The new standard, as amended by subsequent ASUs on the Topic, requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. For the Company, this standard was effective for the annual and interim reporting periods beginning after September 1, 2019. Its adoption did not have a significant impact on its financial statements and related disclosures.

The FASB issued ASU No. 2018-10 “Codification Improvements to Topic 842, Leases” and ASU No. 2018-11 “Leases (Topic 842) Targeted Improvements” in July 2018. ASU 2018-10 provides certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 provides an optional transition method allowing entities to apply the new lease standard at the adoption date with a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption (modified retrospective approach) as opposed to restating prior period financial statements. The Company elected to adopt the standard on September 1, 2019. Its adoption did not have a significant impact on its financial statements and related disclosures.

**NOTE 3 – JOINT VENTURE ARRANGEMENTS**

In August 2018, the Company and Morzev Pty. Ltd. (“Morzev”) entered into an agreement (the “2018 Option Agreement”) whereby Morzev was granted the exclusive right to earn and acquire a 70% interest, increasable to an 80% interest, in the Round Top Project from the Company by funding certain expenditures described below. The 2018 Option Agreement contained customary representations, warranties and covenants. In September 2018 and October 2018, the Company and Morzev entered into minor, non-substantive amendments to the 2018 Option Agreement and, in connection with the agreement, Morzev purchased 646,054 shares of Company Common Stock for \$140,000 in November 2018. Morzev began engaging in business as USA Rare Earth and in May 2019 notified the Company that it was nominating USA Rare Earth, LLC (“USARE”) as the optionee under the terms of the 2018 Option Agreement. In August 2019, the Company and USARE entered into an amended and restated option agreement as further amended on June 29, 2020 (the “2019 Option Agreement”), whereby the Company restated its agreement to grant USARE the exclusive right to earn and acquire a 70% interest, increasable to an 80% interest, in the Round Top Project from the Company by funding certain expenditures described below. The 2019 Option Agreement has substantially similar terms to the 2018 Option Agreement except that that 2019 Option Agreement acknowledges the investment by USA Rare Earth into the Company and recognized a broader range of expenditures advancing the Round Top Project as contributing to the total \$10,000,000 earn-in commitment for the initial 70% interest. The agreement contained customary representations, warranties and covenants. In order to acquire and earn the 70% interest in the Round Top Project, USA Rare Earth must perform and complete the following:

- commit to expend a total of \$2,500,000 for mining operations (as described below) on the Round Top Project prior to December 13, 2020 (inclusive of the \$140,000 Morzev 2018 stock purchase) which was achieved by expenditure commitments USARE made on December 10, 2019; and

**TEXAS MINERAL RESOURCES CORP.**  
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**NOTE 3 – JOINT VENTURE ARRANGEMENTS (CONTINUED)**

- expend amounts for mining operations on the Round Top Project, up to a maximum of \$10,000,000 (including the \$2,500,000 referred to above), which mining operations include: (i) the work of de-risking Round Top (including specifically optimizing the leaching cycle and determining final leach pad design, undertaking the pilot plant, and developing the process and procedure to separate and purify other economically important elements from the primary leach solution including but not limited to lithium, aluminum sulfate, hafnium and other fertilizer and industrial products); (ii) property maintenance; (iii) process development solar evaporation; (iv) chemical processing; (v) baseline studies; (vi) engineering; (vii) assessment, geophysical, geochemical and geological surveys; (viii) studies and mapping; (ix) investigating, drilling, assaying, prospecting, designing, examining, equipping, improving, surveying, shaft-sinking, raising, cross-cutting and drifting, searching for, digging, trucking, sampling, working and procuring minerals, ores and metals; (x) surveying and bringing any mining claims to lease or patent; (xi) reclaiming and all other work usually considered to be prospecting, exploration, development, mining and reclamation work; (xii) paying wages and salaries of workers engaged in the work and in supplying food, lodging, transportation and other reasonable needs of the workers; (xiii) paying assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to those workers; (xiv) paying rentals, license renewal fees, taxes and other governmental charges required to keep the mineral interests comprising the Round Top Project in good standing; (xv) purchasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies and in installing, erecting, detaching and removing them; and (xvi) mining, milling, concentrating, rehabilitation, reclamation, and environmental protections and in the management of any work which may be done on Round Top or in any other respect necessary for the due carrying out of the prospecting, exploration and development work or any other expenditure approved by the Operating Committee. USARE has the right to fund the balance of the \$10,000,000 of mining operations expenditures into the Round Top Project at any time and, simultaneously with such funding, USARE will acquire a 70% interest in Round Top. As of the date of this Annual Report, USARE has funded an aggregate of \$3,790,516 of the \$10,000,000 commitment.

If and when USARE acquires the 70% interest in the Round Top Project, the Company's interest in Round Top will immediately reduce to 30% and each party will be required to contribute to future expenditures with respect to Round Top in proportion to their ownership and all budgets and timelines to be determined and agreed by an operating committee established between the parties, consisting of 2 appointees of USARE and one appointee of the Company. Additionally, the failure of a party to fund its proportionate expenditure request shall result in dilution of any ownership interest.

USA Rare Earth shall have the option to acquire an additional 10% in the Round Top Project by:

- providing written notice to the Company at any time prior to the 180-day anniversary of the date of the completion of the bankable feasibility study; and
- paying to the Company \$3,000,000.

The additional option is only effective if USARE earns a 70% interest in the Round Top Project.

USARE serves as the project manager of Round Top, with responsibility to manage, supervise, direct, and control the mining operation with respect to Round Top. Specifically, the project manager responsibilities include:

- arranging for and carrying out the mining operations at Round Top;
- making payments to maintain the mining interests and leases free of encumbrances and in good standing;
- maintaining insurance; and
- customary indemnification obligations in connection with its mining properties.

The parties have agreed not to transfer any rights under the 2019 Option Agreement, without consent of the other, providing each other with a customary right of first refusal, and the Company agreed to participate in a customary drag-along provision if USA Rare Earth sells its interest in the 2019 Option Agreement to an unrelated third party.

The 2019 Option Agreement can be terminated by the Company if USA Rare Earth fails to timely pay for mining operation expenditures as set forth in the 2019 Option Agreement.

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**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consist of office furniture, equipment and vehicles. Property and equipment are depreciated using the straight-line method over their estimated useful life of 3-20 years. Following is an analysis of property and equipment at August 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Furniture and office equipment	\$ 75,606	\$ 75,606
Vehicles	89,185	89,185
Computers and software	48,711	48,711
Field equipment	71,396	71,396
Total cost basis	284,898	284,898
Less: Accumulated depreciation	(284,898)	(284,898)
Property and equipment, net	\$ -	\$ -

Depreciation expense for the years ending August 31, 2020 and 2019 was \$-0-.

**NOTE 5 – MINERAL PROPERTIES**

August 2010 Lease

On August 17, 2010, the Company executed a new 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 the Company 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 nineteen years so long as minerals are produced in paying quantities.

Under the terms of the lease, the Company will pay the State of Texas a total lease bonus of \$142,518. The Company paid \$44,718 upon the execution of the lease, and will pay the remaining \$97,800 upon submission of a supplemental plan of operations to conduct mining. Upon sale of any minerals removed from Round Top, the Company will pay the State of Texas a \$500,000 minimum advance royalty. Thereafter, if paying quantities of minerals are obtained, the Company 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. If paying quantities have not been obtained, the Company may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<b>Per Acre Amount</b>	<b>Total Amount</b>
September 2, 2020 – 2024	\$ 150	\$ 134,155
September 2, 2025 – 2029	200	178,873

In August 2020, the Company paid a delay rental to the State of Texas in the amount of \$134,155.

November 2011 Lease

On November 1, 2011, the Company executed a mining lease with the State of Texas covering approximately 90 acres of land that is adjacent to the August 2010 Lease. Under the lease, the Company paid the State of Texas a lease bonus of \$20,700 upon the execution of the lease. Upon the sale of minerals removed from Round Top, the Company will pay the State of Texas a \$50,000 minimum advance royalty.

**TEXAS MINERAL RESOURCES CORP.**  
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**NOTE 5 – MINERAL PROPERTIES (CONTINUED)**

Thereafter, if paying quantities of minerals are obtained, the Company 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. If paying quantities have not been obtained, the Company 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>
November 1, 2020 – 2024	\$	150	\$	13,500
November 1, 2025 – 2029		200		18,000

In August 2020, the Company paid a delay rental to the State of Texas of \$13,500.

March 2013 Lease

On March 6, 2013, the Company purchased the surface lease at the Round Top Project, known as the West Lease, from the Southwest Wildlife and Range Foundation (since renamed the Rio Grande Foundation) for \$500,000 cash and 1,063,830 shares of common stock valued at \$500,000. The Company also agreed to support the Foundation through an annual payment of \$45,000 for ten years to support conservation efforts within the Rio Grande Basin, particularly Lake Amistad, a large and well-known fishing lake near Del Rio, Texas. The West Lease comprises approximately 54,990 acres. Most importantly, the purchase of the surface lease provides the Company unrestricted surface access for the potential development and mining of the Round Top Project.

October 2014 Surface Option and Water Lease

On October 29, 2014, the Company announced the execution of agreements with the Texas General Land Office securing the option to purchase the surface rights covering the potential Round Top project mine and plant areas and, separately, a lease to develop the water necessary for the potential Round Top project mine operations. The option to purchase the surface rights covers approximately 5,670 acres over the mining lease and the additional acreage adequate to site all potential heap leaching and processing operations as currently anticipated by the Company. The Company may exercise the option for all or part of the option acreage at any time during the sixteen-year primary term of the mineral lease. The option can be maintained through annual payments of \$10,000. The purchase price will be the appraised value of the surface at the time of option exercise. All annual payments have been made as of the date of this filing.

The ground water lease secures the right to develop the ground water within a 13,120-acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top project mine operations would be satisfied by the existing wells covered by this water lease. This lease terms include an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production the Company will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains in effect so long as the mineral lease is in effect. The minimum production payment for all fiscal years have been made as of the date of this filing.

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at August 31, 2020 and 2019, consist of the following:

		<u>2020</u>		<u>2019</u>
Accounts payable – trade	\$	113,251	\$	376,077
Accrued payroll and related expenses		382,853		731,011
Other		6,323		10,982
Total accounts payable and accrued liabilities	\$	<u>502,427</u>	\$	<u>1,118,070</u>

**TEXAS MINERAL RESOURCES CORP.**  
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**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (CONTINUED)**

During the year ended August 31, 2019, the Company negotiated the settlement of \$322,627 of accrued compensation due to officers, directors and employees through issuance of 2,084,073 shares of common stock. The Company recognized a loss on the settlement of \$641,677 based on the difference between the \$964,304 estimated fair value of the common stock issued at the date the settlements were negotiated and the recorded liability.

**NOTE 7 – NOTES PAYABLE**

In relation to the Foundation lease discussed in Note 5, the Company recorded a note payable for an amount for the initial \$45,000 due upon signing of the lease and the nine (9) future payments due of \$45,000 which was recorded at its present value discounted with an imputed interest rate of 5% for a total note payable of \$364,852. At August 31, 2018, the Company was \$135,000 behind on required payments and in order to obtain a waiver of its violation of the lease agreement and negotiate a settlement, in October 2018 the Company issued 500,000 shares with a fair value of \$105,000 to the Rio Grande Foundation as consideration for not declaring the Company in default on the note and in connection with settlement negotiations. In January 2019, the Company and the Rio Grande Foundation reached a settlement agreement pursuant to which the Company agreed to pay the three (3) past installments totaling \$135,000 and two (2) future installments of \$45,000 each, totaling \$225,000. The Foundation also provided some relief to the Company by waiving two installments totaling \$90,000. The outstanding balance is payable in one (1) payment of \$10,000 upon signing the settlement agreement and sixteen (16) monthly installments of approximately \$13,000 beginning March 1, 2019. During the year ended August 31, 2019, the Company made five monthly installments representing principal totaling \$66,626. The payments were funded by advances from USARE as described below. Under ASC 470-50, the modification was accounted for as a modification of the note payable. During the year ended August 31, 2020, all remaining amounts due under the loan established under the lease agreement were paid.

Related Party Notes Payable and Advances

The Company had notes payable to directors totaling \$421,415 at August 31, 2018. The notes payable were due March 1, 2017, were non-interest bearing, and unsecured.

At various dates prior to 2019 the Company received proceeds of \$415,365 under uncollateralized, non-interest-bearing notes payable to various directors. In July 2019, the Company amended these notes payable to extend their term and included a conversion option allowing the holders to convert the outstanding principal at a conversion price of \$0.20 per share. As additional consideration for the loan extensions, the Company issued in total 832,830 common stock purchase warrants. The warrants had an exercise price of \$0.20 and term of five years. The warrants were determined to have a fair value of \$268,621 at the date of grant based on use of the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value were as follows: (i) risk-free interest rate of 1.880% (ii) estimated volatility of 91% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years.

The Company's analysis concluded that the added conversion option was substantive, as defined in ASC 470, and the debt modification required extinguishment accounting. The new debt instrument was recorded at its fair value which was determined to be the value of the common stock on the modification date multiplied by the number of shares issuable upon conversion, or \$868,433. In addition, the \$268,621 fair value of the warrants was included in the extinguishment transaction resulting in a loss on extinguishment of \$721,689. Upon conversion of the notes, the Company issued at total 2,076,825 common shares and 832,830 warrants to six directors. The following summarizes warrants issued with the modification of the debt and common stock issued upon conversion, by director:

	<u>Original Debt Amount</u>	<u>Common Shares Issued</u>	<u>Warrants Issued</u>	<u>Warrant Fair Value</u>
Director	\$ 3,000	15,000	6,000	\$ 1,919
Director	165,500	827,500	333,000	107,627
Director	5,000	25,000	10,000	4,155
Director	1,000	5,000	2,000	831
Director	89,625	448,125	179,250	57,336
Director	151,240	756,200	302,580	96,753
Total converted	<u>\$ 415,365</u>	<u>2,076,825</u>	<u>832,830</u>	<u>\$ 268,621</u>

**TEXAS MINERAL RESOURCES CORP.**  
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**NOTE 7 – NOTES PAYABLE (CONTINUED)**

On January 12, 2017 the Company entered into loan agreements totaling \$10,000 from an officer of the Company. The loans include a stated due date of July 12, 2017, are non-interest accruing, and unsecured. At origination, as additional consideration for the loans, the Company issued 20,000 common stock purchase warrants with an exercise price of \$0.10 and term of five years. The loans were determined, based on the Black-Scholes option-pricing model, to have a relative fair value of \$6,771 and the warrants a relative fair value of \$3,229 at the date of issuance. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.87% (ii) estimated volatility of 240% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance at August 31, 2019 was \$4,000 and the notes were paid in full during the year ended August 31, 2020.

During the years ended August 31, 2020 and 2019, USARE, the Company’s joint venture partner, provided cash advances of \$404,947 and \$185,454, respectively, to pay certain deferred lease rental costs and amounts due under the Rio Grande Foundation note discussed above. These advances are uncollateralized and are non-interest-bearing.

At both August 31, 2020 and 2019, the Company had a \$1,000 non-interest-bearing advance from a stockholder that is due upon demand.

**NOTE 8 – INCOME TAXES**

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (“the Act”), which made significant changes to U.S. federal income tax law including, among other things, lowering corporate income tax rates, permitting bonus depreciation that allows for full expensing of qualified property and eliminating the expiration date for net operation losses incurred after its enactment.

The following table sets forth a reconciliation of the federal income tax benefit to the United States federal statutory rate of 21% for the years ended August 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Income tax benefit at 21% statutory rate	\$ 239,574	\$ 500,088
Stock-based compensation	(72,181)	-
Non-deductible loss on extinguishment of debt	-	(151,555)
Non-deductible loss on settlement of accrued compensation	(12,548)	(315,014)
Other	-	11,831
Decrease (increase) in valuation allowance	(154,845)	(45,350)
	\$ -	\$ -

The tax effects of the temporary differences between reportable financial statement income and taxable income are recognized as a deferred tax asset and liability. Significant components of the deferred tax assets are set out below along with a valuation allowance to reduce the net deferred tax asset to zero.

Management has established a valuation allowance because, based on an analysis of the tax benefits underlying deferred tax assets, it is unable to establish that it is more-likely-than-not that a tax benefit will be realized. Significant components of deferred tax asset at August 31, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Net operating loss carryforward	\$ 3,238,098	\$ 3,126,016
Difference in property and equipment basis	2,191,659	2,187,841
Accrued liabilities	-	(38,945)
Less valuation allowance	(5,429,757)	(5,274,912)
Net deferred tax asset	\$ -	\$ -

As a result of a change in control effective in April 2007, net operating losses prior to that date may be partially or entirely unavailable under tax law, to offset future income and; accordingly, these net operating losses are excluded from deferred tax assets.

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**NOTE 8 – INCOME TAXES (CONTINUED)**

The net operating loss carryforward in the approximate amount of \$14,886,000 will begin to expire in 2022. The Company files income tax returns in the United States and in one state jurisdiction. With few exceptions, the Company is no longer subject to United States federal income tax examinations for fiscal years ending before 2011 and no longer subject to state tax examinations for years before 2010.

We also records any financial statement recognition and disclosure requirements for uncertain tax positions taken or expected to be taken in a tax return. Financial statement recognition of the tax position is dependent on an assessment of a 50% or greater likelihood that the tax position will be sustained upon examination, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions are recorded as interest expense. Management believes the Company has no uncertain tax positions at August 31, 2020 and 2019.

**NOTE 9 – SHAREHOLDERS' EQUITY**

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. 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 common stock are entitled to equal ratable rights to dividends and distributions with respect to the common stock, as may be declared by the Company's Board of Directors (the "Board") out of funds legally available. In the event of a liquidation, dissolution or winding up of the affairs of the 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.

Following is an analysis of common stock issuances during the years ended August 31, 2020 and 2019:

During the year ended August 31, 2020, the Company issued 800,000 shares of common stock to investors for total consideration of \$280,000.

During the year ended August 31, 2020, the holder of 70,000 common stock options with an exercise price of \$0.30 per share, exercised such options for total consideration of \$21,000. In addition, a total of 3,420,000 common stock options were exercised on a cashless basis into 2,813,310 shares of common stock. The common stock options had exercise prices ranging from \$0.19 to \$0.45 per share.

During the year ended August 31, 2020, the holders of 5,550,000 common stock warrants with an exercise price of \$0.35 per share, exercised such options for total consideration of \$1,942,500. In addition, a total of 7,631,702 common stock warrants were exercised on a cashless basis into 5,653,067 shares of common stock. The common stock warrants had exercise prices ranging from \$0.10 to \$0.50 per share.

In October 2019, the Company issued 13,514 shares of common stock to a new Advisory Board Member and recognized compensation expense of \$5,000 based on the \$0.37 quoted market price of the common stock on the date of issuance.

In January 2020, the Company issued 130,892 shares of common stock issued to settle \$45,000 in accrued compensation to an employee. The common stock was valued at \$111,335, based on the \$0.85 quoted market price of the common stock on the date the settlement was reached. A loss on settlement of \$66,335, representing the difference between the carrying amount of the liability and the fair value of the stock issued, was recognized as a result of this transaction.

In January 2020, the Company entered into three separate consulting agreements for total consideration of 699,999 shares of common stock (233,333 per agreement). The common stock underlying the agreements had a total value of \$448,000, based on the \$0.64 quoted market price of the common stock on the date the consulting agreements were reached. The right to receive the common stock is subject to ratable vesting over a 24-month period and at August 31, 2020, 233,333 shares had vested and 87,501 had been issued. The Company recognized \$152,529 of compensation expense under these consulting agreements during the year ended August 31, 2020 and included the expense in general and administrative expenses. The consultants have requested that the Company hold the remaining shares issuable under the consulting agreements in trust to allow the consultants to request their shares as they vest.



**TEXAS MINERAL RESOURCES CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

**NOTE 9 – SHAREHOLDERS’ EQUITY (CONTINUED)**

During the year ended August 31, 2019, the Company issued 5,757,680 shares of common stock to investors for total consideration of \$1,971,785, including cost of capital in the amount of \$8,400 and 598,666 shares of common stock.

During the year ended August 31, 2019, the Company received proceeds of \$35,317 and issued 100,907 shares of common stock upon the exercise of common stock warrants. In addition, 122,811 shares of common stock were issued upon a cashless exercise of common stock warrants.

In October 2018, the Company issued 500,000 shares of common stock valued at \$105,000 to the director of the Rio Grande Foundation as consideration for not placing the Company in default of the note payable to the Foundation and in connection with settlement negotiations.

In June 2019, the Company issued 22,500 shares of common stock valued at \$11,500 for website services.

In August 2019, the Company issued 2,084,073 shares of common stock to its directors for director’s fees in arrears and recognized a loss on settlement of accrued liabilities in the amount of \$641,677.

In August 2019, the Company issued 2,076,825 shares of common stock to certain directors upon conversion of notes payable.

Options

The following table sets forth certain information as of August 31, 2020 and 2019 concerning common stock that may be issued upon the exercise of options not covered by the Amended 2008 plan and pursuant to purchases of stock under the Amended 2008 Plan (All options are fully vested and exercisable at August 31, 2020 and 2019):

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (In Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding, vested and exercisable at August 31, 2018	3,920,000	\$ 0.32	-	-
Options granted	2,130,000	0.21	-	-
Options exercised	-	-	-	-
Options cancelled/forfeited/expired	<u>340,000</u>	<u>0.41</u>	<u>-</u>	<u>-</u>
Outstanding, vested and exercisable at August 31, 2019	5,710,000	0.28	5.41	\$ 571,000
Options granted	43,500	0.6	-	-
Options exercised	3,490,000	0.25	-	-
Options cancelled/forfeited/expired	<u>500,000</u>	<u>0.23</u>	<u>-</u>	<u>-</u>
Outstanding, vested and exercisable at August 31, 2020	<u>1,763,500</u>	<u>\$ 0.35</u>	<u>3.45</u>	<u>\$ 2,028,025</u>

Amended 2008 Stock Option Plan

In September 2008, the Board adopted the 2008 Stock Option Plan (the “2008 Plan”), which was approved by the Company’s shareholders and provided 2,000,000 shares available for grant. In 2011, 2012, and 2016, the Board adopted amendments to the 2008 Plan, approved by the shareholders, that increased the shares available for issuance under the 2008 Plan by a total of 7,000,000 shares. Accordingly, at August 31, 2020 and 2019, 9,000,000 shares were designated for issuance under the 2008 Plan, as amended. At August 31, 2020, a total of 7,750,000 shares of common stock remained available for future grants under the Amended 2008 Plan.

**TEXAS MINERAL RESOURCES CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

**NOTE 9 – SHAREHOLDERS’ EQUITY (CONTINUED)**

During the year ended August 31, 2020, the Company granted a total of 43,500 stock options with a fair value of approximately \$75,000 on the date of grant to a consultant. The fair value of the options was determined using the Black-Scholes option-pricing model. The weighted average assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 0.29% (ii) estimated volatility of 209.79% (iii) dividend yield of 0.00% and (iv) expected life of all options of 5 years.

During the year ended August 31, 2019, the Company granted a total of 2,130,000 stock options with a fair value of approximately \$524,000 on the date of grant. The fair value of the options was determined using the Black-Scholes option-pricing model. The weighted average assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 2.5 to 2.9% (ii) estimated volatility of 84% (iii) dividend yield of 0.00% and (iv) expected life of all options of 5 years.

The total intrinsic value of options exercised during the years ended August 31, 2020 and 2019 was \$4,895,000 and \$0, respectively.

During the years ended August 31, 2020 and 2019, the Company recognized total stock-based compensation expenses of \$74,857 and \$535,767, respectively, for vesting options. There is no unrecognized compensation expense associated with options at August 31, 2020.

Warrants

Warrant activity for the years ended August 31, 2020 and 2019 was as follows:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (In Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding and exercisable at August 31, 2018	16,849,010	\$ 0.37	-	-
Warrants granted	832,830	0.2	-	-
Warrants exercised	<u>(1,182,100)</u>	<u>0.35</u>	<u>-</u>	<u>-</u>
Outstanding and exercisable at August 31, 2019	16,499,740	0.36	1.16	\$ 3,501,332
Warrants exercised	<u>(13,181,702)</u>	<u>0.34</u>	<u>-</u>	<u>-</u>
Outstanding and exercisable at August 31, 2020	<u>3,318,038</u>	<u>\$ 0.4</u>	<u>0.28</u>	<u>\$ 3,649,842</u>

In December 2019, the Company extended the expiration date of the Class A and Class B warrants to December 7, 2020. At August 31, 2020, there are issued and outstanding Class A warrants to purchase an aggregate of 1,114,412 shares of Company common stock at an exercise price of \$0.35 per share, and Class B warrants to purchase an aggregate of 1,128,626 shares of Company common stock at an exercise price of \$0.50 per share.

During the year ended August 31, 2019, the Company granted a total of 832,830 common stock warrants with a fair value of approximately \$269,000 on the date of grant. The fair value of the options was determined using the Black-Scholes option-pricing model. The weighted average assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 2.5 to 2.9% (ii) estimated volatility of 84% (iii) dividend yield of 0.00% and (iv) expected life of all warrants of 5 years.

During the year ended August 31, 2019, the fair value of the warrants totaling \$268,621 were treated as a component of a debt extinguishment transaction more fully described in Note 7 and included in loss on extinguishment of debt.

**TEXAS MINERAL RESOURCES CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

**NOTE 10 – RELATED PARTY TRANSACTIONS**

In July 2019, as additional consideration for the related party notes payable, the Company issued in total 832,830 common stock purchase warrants. The warrants have an exercise price of \$0.40 and term of five years. The warrants have a fair value of \$268,621 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.880% (ii) estimated volatility of 91% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The \$268,621 was recognized as loss on extinguishment of debt during the year ended August 31, 2019.

The Company issued 2,076,825 common shares to various directors upon conversion of \$415,365 in notes payable on August 16, 2019.

Mr. Gorski, the Company's chief executive officer, is paid \$120,000 per year by USARE for serving as director of operations of the Round Top Project.

The Company issued 4,432,529 common shares to various directors upon conversion of plan options and warrants in June and July 2020.

**NOTE 11 – SUBSEQUENT EVENTS**

In October 2020, we issued 61,936 shares of common stock to our Directors for accrued Director fees earned in June through August 2020. These shares were valued at the closing price at the end of each month at a discount of 20%. The discounted price per share ranged from \$1.26 - \$1.52.

In September 2020, the Company received notice from the US Department of Energy that we were awarded a grant for the production of mixed rare earth oxides from coal-based resources. The performance for the base award is from October 1 through December 30, 2020. The total amount awarded under the grant is \$1,041,500.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

At the end of the period covered by this Annual Report on Form 10-K for the fiscal year ended August 31, 2020, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation the CEO and the CFO have concluded that as of the end of the period covered by this Annual Report, our disclosure controls and procedures were not effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

#### **Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting 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 (“GAAP”). Management has assessed the effectiveness of internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in *Internal Control-Integrated Framework*. A material weakness, as defined by SEC rules, is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses in internal control over financial reporting that were identified are:

- a) We did not maintain sufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of GAAP commensurate with our complexity and our financial accounting and reporting requirements. We have limited experience in the areas of financial reporting and disclosure controls and procedures. As a result, there is a lack of monitoring of the financial reporting process and there is a reasonable possibility that material misstatements of the consolidated financial statements, including disclosures, will not be prevented or detected on a timely basis; and
- b) Due to our small size, we do not have a proper segregation of duties in certain areas of our financial reporting process. The areas where we have a lack of segregation of duties include cash receipts and disbursements, approval of purchases and approval of accounts payable invoices for payment. This control deficiency, which is pervasive in nature, results in a reasonable possibility that material misstatements of the financial statements will not be prevented or detected on a timely basis.

As a result of the existence of these material weaknesses as of August 31, 2020, management has concluded that we did not maintain effective internal control over financial reporting as of August 31, 2020, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

This annual report does not include an attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit the company to provide only management’s report in this annual report.

#### **Changes to Internal Controls and Procedures over Financial Reporting**

We regularly review our system of internal control over financial reporting to ensure we maintain an effective internal control environment. There were no changes in our internal control over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management's Remediation Plans**

We will look to increase our personnel resources and technical accounting expertise within the accounting function. Management believes that hiring additional knowledgeable personnel with technical accounting expertise will remedy the material weakness: insufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of GAAP commensurate with our complexity and our financial accounting and reporting requirements.

**ITEM 9B. OTHER INFORMATION**

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth certain information with respect to our current directors and executive officers. The term for each director expires at our next Annual Meeting or until his or her successor is appointed and qualified. The ages of the directors and officers are shown as of August 2020:

<u>Name</u>	<u>Age</u>	<u>Current Office with Company</u>	<u>Positions Held Since</u>
Daniel E. Gorski	83	Director Chief Executive Officer	January 2007 August 2012
Anthony Marchese	64	Director	December 2009
Cecil Wall	89	Director	August 2012
Nicholas Pingitore	76	Director	August 2012
Peter Denetclaw	61	Director	August 2019
Clark Moseley	69	Director	August 2019
Kevin Francis	60	Director	November 2020
Wm Chris Mathers	61	Chief Financial Officer	February 2016

**Daniel E. Gorski** – Mr. Gorski has served as a director of the Company since January 2006 and as the Company’s chief executive officer since August 2012. Prior thereto, Mr. Gorski served as the Company’s president and chief executive officer from January 2007 to May 2011 and chief operating officer from May 2011 to December 2011. From July 2004 to January 2006, Mr. Gorski was the co-founder and vice president of operations for High Plains Uranium Inc., a uranium exploration and development company that went public on the Toronto Stock Exchange in December 2005. Between June 1996 to May 2004, Mr. Gorski served as an officer and director of Metalline Mining Co., a publicly traded mining and development company with holdings in the Sierra Mojada Mining District, Coahuila, Mexico. From January 1992 to June 1996, Mr. Gorski was the exploration geologist under contract to USMX Inc. and worked exclusively in Latin America. Mr. Gorski earned a BS in 1960 from Sul Ross State College, in Alpine, Texas and an MA in 1970 from the University of Texas in Austin, Texas. Mr. Gorski has over forty-four years of experience in the mining industry.

Mr. Gorski’s extensive technical knowledge and experience in the mining industry combined with his historical relationship with the Company’s principal property, the Round Top project, permits Mr. Gorski to provide the Board with valuable insight to the exploration and development of the Round Top project. Accordingly, the Board believes that Mr. Gorski should serve on the Board.

**Anthony Marchese** – Mr. Marchese has served as a director since December 2009. Since July 2018, Mr. Marchese has served as President of Marchese Management Co., LLC, a strategic advisory firm that consults to both public and private emerging growth companies. Mr. Marchese also serves as the general partner and chief investment officer of the Insiders Trend Fund, LP, an investment partnership whose mandate is to invest in those public companies whose officers and/or directors have been active acquirers of their own stock. Mr. Marchese’s prior experience includes TriPoint Global Equities (Managing Director/Capital Markets- 2012-2018), Axiom Capital Management, Inc. (Managing Director – 2011-2012), Monarch Capital Group, LLC (President and Chief Operating Officer – 2003 to 2011), Laidlaw Equities (senior vice president - April 1997 to March 2002), Southcoast Capital (senior vice president – May 1988 to April 1997), Oppenheimer & Co (limited partner – September 1982 to May 1988), Prudential-Bache (vice president – July 1981 to August 1982) and the General Motors Corporation (analyst – June 1980 to June 1981). Mr. Marchese served in the military with the Army Security Agency and the U.S. Army Intelligence and Security Command. Mr. Marchese received an MBA in Finance from the University of Chicago. Mr. Marchese provides the Board with exceptional leadership and management knowledge, having gained extensive management and corporate finance experience during the course of his career. Mr. Marchese’s specific experience, qualifications, attributes and skills described above led the Board to conclude that Mr. Marchese should serve as a member of the Board of Directors.

**Cecil C. Wall** – Cecil C. Wall was born in Duchene County, Utah in 1931. Mr. Wall attended Carbon County College and Utah State University. In 1969, he acquired control of a publicly traded company, Altex Oil Co. (formerly known as Mountain Valley Uranium), listed on the American Stock Exchange. Under Mr. Wall’s leadership, Altex established a 20,000 acre position in what became the Greater Altamont Field at Altamont, Utah. Mr. Wall sold his interest in Altex in 1985. Mr. Wall was also part of the founding group for the 2007 reorganization of Standard Silver Corp. which became TMRC. He sat on the TMRC board of directors and served as the Secretary and Treasurer from January 2004 to April 2012. He is currently the manager for C-Wall Investment Company, LLC, a Utah Limited Liability Company. In addition, he is the president of several family-owned private companies, and he brings wide business experience and close relations with many of the original shareholders.

Mr. Wall’s past experience with the Company as its Secretary and Treasurer and his past experience with public companies serve the Board at this time by providing needed guidance on public company matters and insight into the Company’s historical operations. Mr. Wall’s specific experience, qualifications, attributes and skills described above led the Board to conclude that Mr. Wall should serve as a member of the Board of Directors.

**Dr. Nicholas Pingitore** – Dr. Nicholas Pingitore was born in New York City in 1944. Dr. Pingitore holds an AB degree from Columbia College (NYC, 1965) and a Masters (ScM) and PhD from Brown University (Providence RI, 1968 & 1973) in Geology. Since 1977, he has held a full-time faculty appointment at UTEP. In addition to being a Texas Licensed Geoscientist, Dr. Pingitore is a member of the American Chemical Society, Geochemical Society, American Association for the Advancement of Science, American Geophysical Union, Materials Research Society, Mineralogical Society of America, Society of Economic Paleontologists and Mineralogists, and Society of the Sigma Xi. He has served for 25 years as Director of UTEP’s Electron Microprobe Laboratory, and he expects to use this instrument to study the Round Top minerals. The 2,500-foot-square geochemical laboratory that Dr. Pingitore also anticipates using to conduct research sponsored by TMRC includes three x-ray fluorescence units, a high resolution inductively coupled plasma mass spectrometer, various optical microscopes, and sample preparation facilities. Since 2000, he has been project director of approximately \$7,000,000 in research funding, and a co-investigator on another \$10,000,000 in grants. He has established a record for successfully managing and completing large institutional projects on time and on budget. Dr. Pingitore considers Round Top to be a national treasure. He is ready to bring his wide geologic and chemical experience, his project skills, and his insight from decades of investment in the extractive industries, to help unlock the riches of this deposit. Mr. Pingitore’s extensive experience and education in geology bring valuable expertise to the Board in relation to the Board’s oversight of the Company’s exploration and potential development activities at its Round Top project. Mr. Pingitore’s specific experience, qualifications, attributes and skills described above led the Board to conclude that Mr. Pingitore should serve as a member of the Board of Directors.

**Peter Denetclaw, Jr.** – Mr. Denetclaw has served as a manager of Freeport McMoran since 2008. Mr. Denetclaw has served as vice-chair of the management committee for Navajo Transitional Energy Company since 2014.

**Clark A. Moseley** – Mr. Moseley has served as chief executive officer of the Morrow Pacific Project on behalf of Ambre Energy from February 2010 through September 2014. Mr. Moseley has served as chief executive officer for Navajo Transitional Energy Company since December 2014.

**Kevin Francis** – Mr. Francis has served as principal of Mineral Resource Management LLC since April 2016, providing project management, technical and expert witness services, and permitting leadership to the mining industry. Mr. Francis served as vice president of project development of Aurcana Corporation from March 2017 to June 2019, managing and advancing all technical studies. Mr. Francis served as vice president, technical services and general manager of Oracle Mining Corp. from May 2012 to May 2016 (a wholly-owned subsidiary of Oracle Mining Corp. was placed into a court-ordered receivership in 2015), managing interdisciplinary technical functions including direction of geologists, mining engineers and consultants, as well as developing scopes of work, managing budgets and reviewing deliverables of studies.

**Wm. Chris Mathers** – Mr. Mathers is a senior finance and accounting professional with more than 30 years of experience in financial accounting, mergers and acquisition, Securities and Exchange Commission compliance and operational and administrative support. Mr. Mathers holds a BBA in Accounting from Southwestern University at Georgetown, Texas, and is a certified public accountant. Mr. Mathers began his career in public accounting in 1981 with the accounting firm of Price Waterhouse focusing on multi-national public audits. From 1983 through 1989, Mr. Mathers was in private practice focusing on tax preparation, and the financial audits of corporations, partnerships and individuals. From 1989 through 1993, Mr. Mathers was a Controller and Administrative Officer of GJR Investments, Inc., a national real estate firm.

Beginning in 1994, Mr. Mathers began work as chief financial officer for several privately and publicly held companies, including: InterSystems, Inc. of Houston, Texas, a multi-state manufacturing firm; Nexus Custom Electronics, Inc., a manufacturer of circuit boards to private industry and the U.S. Department of Defense; Interactive Nutrition International, Inc., Ottawa, Canada, a manufacturer of Nutritional products.

#### **Arrangements between Officers and Directors**

To our knowledge, there is no arrangement or understanding between any of our officers and any other person, including directors, pursuant to which the officer was selected to serve as an officer.

#### **Family Relationships**

None of our Directors are related by blood, marriage, or adoption to any other Director, executive officer, or other key employees.

#### **Other Directorships**

No directors of the Company are also directors of issuers with a class of securities registered under Section 12 of the United States Securities Exchange Act (or which otherwise are required to file periodic reports under the Exchange Act).

## **Board of Directors Structure**

The Company's current bylaws require the Board to consist of one or more directors, the number of directors to be determined from time to time by resolution of the stockholders or by resolution of the Board. The current Board is composed of seven directors.

## **Director Independence**

The Company had five independent directors as of August 31, 2020 as follows:

- Anthony Marchese
- Cecil Wall
- Nicholas Pingitore
- Peter Denetclaw
- Clark Moseley

## **Meetings of the Board and Board Member Attendance at Annual Meeting**

During the fiscal year ending August 31, 2020, the Board held four (4) meetings of the Board. None of the incumbent Directors attended fewer than 75% of the board meetings which occurred during their tenure on the Board.

## **Communications to the Board**

Stockholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Corporate Secretary, at 539 El Paso Street, Sierra Blanca, Texas 79851. The Company's Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to the particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Secretary will review all communications before forwarding them to the appropriate Board member.

## **Board Committees**

The Board has established three board committees: an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee.

The information below sets out the current members of each of the Company's board committees and summarizes the functions of each of the committees in accordance with their mandates.

### **Audit Committee and Audit Committee Financial Experts**

The Company has a standing Audit Committee and audit committee charter, which complies with Rule 10A-3 of the Exchange Act. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee is comprised of three (3) directors all of whom, in the opinion of the Board, are independent (in accordance with Rule 10A-3 of the Exchange Act: Anthony Marchese (Chairman), Cecil Wall and Nicholas Pingitore. Mr. Marchese is a "financial expert" as defined under Item 407(d)(5) of Regulation S-K.

The Audit Committee is responsible for the oversight of the Company's accounting and financial reporting processes. This includes the selection and engagement of the Company's independent registered public accounting firm and review of the scope of the annual audit, audit fees and results of the audit.

The Audit Committee monitors the Company's audit and the preparation of financial statements and all financial disclosure contained in the Company's SEC filings. The Audit Committee appoints the Company's external auditors, monitors their qualifications and independence and determines the appropriate level of their remuneration. The external auditors report directly to the Audit Committee. The Audit Committee has the authority to terminate the Company's external auditors' engagement and approve in advance any services to be provided by the external auditors that are not related to the audit.

### **Audit Committee Report**

The Company's Audit Committee oversees the Company's financial reporting process on behalf of the Board. The Committee has three (3) members, each of whom is "independent" as determined under Rule 10A-3 of the Exchange Act. The Committee operates under a written charter adopted by the Board.



The Committee assists the Board by overseeing the (1) integrity of the Company's financial reporting and internal control, (2) independence and performance of the Company's independent auditors, (3) and provides an avenue of communication between management, the independent auditors and the Board.

In the course of providing its oversight responsibilities regarding the audited annual financial statements for the year ended August 31, 2020, the Committee reviewed the audited annual financial statements for the year ended August 31, 2020 with management and the Company's independent auditors. The Committee reviewed accounting principles, practices, and judgments as well as the adequacy and clarity of the notes to the financial statements.

The Committee reviewed the independence and performance of the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, and such other matters as required to be communicated by the independent auditors in accordance with Statement of Auditing Standards 61, as superseded by Statement of Auditing Standard 114 – the Auditor's Communication With Those Charged With Governance, as modified or supplemented.

The Committee meets with the independent auditors to discuss their audit plans, scope and timing on a regular basis, with or without management present. The Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board for independent auditor communications with Audit Committees concerning independence, as may be modified or supplemented.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Annual Report to the SEC on Form 10-K for the year ended August 31, 2020. The Committee and the Board have also recommended the selection of Ham, Langston & Brezina, L.L.P. as independent auditors for the Company for the fiscal year ending August 31, 2021.

#### ***Submitted by the Audit Committee Members***

- Anthony Marchese (Chairman)
- Nicolas Pingitore
- Cecil Wall

#### **Compensation Committee**

The Company has a Compensation Committee comprised of two (2) directors, each of whom, in the opinion of the Board, are independent: Cecil Wall (Chairman) and Anthony Marchese.

The Compensation Committee has adopted a charter. The Compensation Committee is responsible for considering and authorizing terms of employment and compensation of executive officers and providing advice on compensation structures in the various jurisdictions in which the Company operates. The Company's Chief Executive Officer may not be present during the voting determination or deliberations of his or her compensation; however, the Compensation Committee does consult with the Company's Chief Executive Officer in determining and recommending the compensation of directors and other executive officers.

In addition, the Company's Compensation Committee reviews both our overall salary objectives and significant modifications made to employee benefit plans, including those applicable to executive officers, and proposes awards of stock options. The Compensation Committee has determined that the Company's compensation policies and practices for its employees generally, not just executive officers, are not reasonably likely to have a material adverse effect on the Company.

The Compensation Committee does not and cannot delegate its authority to determine director and executive officer compensation. Our Compensation Committee and management did not engage the services of an external compensation consultant during fiscal year 2020.

A copy of the Compensation Committee charter is available on the Company's website at [www.TMRC.com](http://www.TMRC.com).

#### ***Compensation Committee Interlocks and Insider Participation***

There are no Compensation Committee or Board interlocks among the members of the Company's Board.

## **Corporate Governance and Nominating Committee**

### ***General***

The Company has a Corporate Governance and Nominating Committee composed of 1 director, Nicholas Pingitore. It is the opinion of the Board that this individual is independent.

The Company's Corporate Governance and Nominating Committee are responsible for developing the Company's approach to corporate governance issues. The Committee evaluates the qualifications of potential candidates for director and recommends to the Board nominees for election at the next annual meeting or any special meeting of stockholders, and any person to be considered to fill a Board vacancy resulting from death, disability, removal, resignation or an increase in Board size. The Committee has not adopted a formal policy which sets forth the criteria the Board will assess in connection with the consideration of a candidate. Instead the Committee considers a multitude of qualifications and characteristics, including the candidate's integrity, reputation, judgment, knowledge, independence, experience, accomplishments, commitment and skills, all in the context of an assessment of the perceived needs of the Board at that time.

A copy of the Corporate Governance and Nominating Committee charter is available on the Company's website at [www.TMRC.com](http://www.TMRC.com).

### ***Board Diversity***

The Company does not have a formal policy regarding diversity in the selection of nominees for directors. The Corporate Governance and Nominating Committee does, however, consider diversity as part of its overall selection strategy. In considering diversity of the Board as a criteria for selecting nominees, the Corporate Governance and Nominating Committee takes into account various factors and perspectives, including differences of viewpoint, professional experience, education, skills and other individual qualities and attributes that contribute to Board heterogeneity, as well as race, gender and national origin. The Corporate Governance and Nominating Committee seeks persons with leadership experience in a variety of contexts. The Corporate Governance and Nominating Committee believes that this conceptualization of diversity is the most effective means to implement Board diversity. The Corporate Governance and Nominating Committee will assess the effectiveness of this approach as part of its annual review of its charter.

### ***Recommendations to the Board***

The Committee will consider recommendations for director nominees made by stockholders and others if these individuals meet the criteria for consideration. For consideration by the Committee, the nominating stockholder or other person must provide the Corporate Secretary at the Company's principal offices with information about the nominee, including the detailed background of the suggested candidate that will demonstrate how the individual meets the Company's director nomination criteria. If a candidate proposed by a stockholder meets the criteria, the individual will be considered on the same basis as other candidates.

### **Board Leadership Structure**

The Board has reviewed the Company's current Board leadership structure in light of the composition of the Board, the Company's size, the nature of the Company's business, the regulatory framework under which the Company operates, the Company's stockholder base, the Company's peer group and other relevant factors. Considering these factors the Board has determined to have a separate Chief Executive Officer and Chairman of the Board. The Chairman of the Board is a non-executive position. The Board has determined that this structure is currently the most appropriate Board leadership structure for the Company. The Board noted the following factors in reaching its determination:

- The Board acts efficiently and effectively under its current structure.
- A structure of a separate Chief Executive Officer and non-executive Chairman of the Board puts the Company in the best position efficiently handle major issues facing the Company on a day-to-day and long-term basis, and still ensure that the Board is in the best position to have an independent director identify key risks and developments facing the Company and have those risks and developments brought promptly to the Board's attention.
- This structure eliminates the potential for confusion and duplication of efforts at the highest executive level.
- Companies within the Company's peer group utilize similar Board structures.

The Company's non-executive Chairman of the Board acts as a lead independent director. Given the size of the Board, the Board believes that having a non-executive Chairman of the Board combined with the presence of three other independent directors out of the five directors on the Board and independent directors sitting on all of the Board's committees is sufficient independent oversight of the Chief Executive Officer. The independent directors work well together in the current board structure and the Board does not believe that selecting a lead independent director outside of the non-executive Chairman of the Board would add significant benefits to the Board's oversight role.

### **The Board of Director's Role in Risk Management Oversight**

The understanding, identification and management of risk are essential elements for the successful management of the Company. Risk oversight begins with the Board and the Audit Committee. The Audit Committee reviews and discusses policies with respect to risk assessment and risk management. The Audit Committee also has oversight responsibility with respect to the integrity of the Company's financial reporting process and systems of internal control regarding finance and accounting, as well as its financial statements.

At the management level, an internal audit provides reliable and timely information to the Board and management regarding the Company's effectiveness in identifying and appropriately controlling risks. Annually, management presents to the Audit Committee a report summarizing the review of the Company's methods for identifying and managing risks.

Based on a review of the nature of operations, the Board does not believe that any areas of the Company have incentive to take excessive risks that would likely have a material adverse effect on the Company's operations.

### **Code of Business and Ethical Conduct**

The Company has adopted a corporate Code of Business and Ethical Conduct administered by its President and Chief Executive Officer, Daniel Gorski. The Company believes its Code of Business and Ethical Conduct is reasonably designed to deter wrongdoing and promote honest and ethical conduct, to provide full, fair, accurate, timely and understandable disclosure in public reports, to comply with applicable laws, to ensure prompt internal reporting of code violations, and to provide accountability for adherence to the code. The Company's Code of Business and Ethical Conduct provides written standards that are reasonably designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the Commission and in other public communications made by an issuer;
- Compliance with applicable governmental laws, rules and regulations; and
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- Accountability for adherence to the code.

The Company's Code of Business and Ethical Conduct is available on its web site at [www.TMRC.com](http://www.TMRC.com). A copy of the Code of Business and Ethical Conduct will be provided to any person without charge upon written request to the Company at its executive offices: 516 S. Spring Avenue, Tyler, Texas 75702. We intend to disclose any waiver from a provision of the Code of Business and Ethical Conduct that applies to any of the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions that relates to any element of the Company's Code of Business and Ethical Conduct on the Company's website. No waivers were granted from the requirements of the Code of Business and Ethical Conduct during the year ended August 31, 2017, or during the subsequent period to the date of this Proxy Statement.

### **ITEM 11. EXECUTIVE COMPENSATION**

The following summary compensation tables set forth information concerning the annual and long-term compensation for services in all capacities to the Company for the years stated for those persons who were, at August 31, 2019 named executive officers. "Named Executive Officer" means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year; and (d) each individual who would be an Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

## Summary Compensation Table

<u>Name and principal position</u>	<u>Year</u>	<u>Salary (US\$)</u>	<u>Option Awards (US\$)</u>	<u>All Other Compensation (US\$)</u>	<u>Total compensation (US\$)</u>
Daniel Gorski	2020	\$ 120,000	\$ -	\$ -	\$ 120,000
<i>Chief Executive Officer</i>	2019	\$ 120,000	\$ 100,000 <sup>(1)</sup>	\$ -	\$ 220,000
Wm Chris Mathers	2020	\$ 60,000	\$ -	\$ -	\$ 60,000
<i>Chief Financial Officer</i>	2019	\$ 60,000	\$ -	\$ -	\$ 60,000

- (1) In October 2018, our Board approved and granted an option to purchase 500,000 shares of common stock to Mr. Gorski. These options are exercisable at \$0.20 per share for a period of ten years, vesting immediately and at a fair value of approximately \$100,000 using the Black-Sholes pricing model. With respect to these options, the Black-Sholes pricing model was used to estimate the fair value of the option, using the assumption of a risk free interest rate of 2.880%, a dividend yield of 0%, volatility of 220.02 and an expected life of 10 years. Mr. Gorski exercised these options in June 2020.

In August 2012, the Company agreed to accrue compensation to Mr. Daniel Gorski, in the amount of \$120,000 annually in connection with his appointment as Chief Executive Officer of the Company. The Company and Mr. Gorski have not entered into a formal written employment agreement in relation to Mr. Gorski's compensation and employment terms as Chief Executive Officer. Mr. Gorski is currently being paid \$120,000 per year. Mr. Mathers had been accruing \$60,000 per year pursuant to an at-will employment arrangement. He is currently being paid \$60,000 per year. The Company does not believe that its compensation arrangements with its named executive officers creates inherent risks that may have a material adverse effect on the Company. Of payroll that had been accrued, Mr. Gorski is currently owed approximately \$143,000 and Mr. Mathers is currently owed approximately \$69,000.

### Executive Compensation Agreements and Summary of Executive Compensation

#### *Report on Executive Compensation*

During the year ended August 31, 2020, the Board and the Company's Compensation Committee, was responsible for establishing a compensation policy and administering the compensation programs of the Company's executive officers.

#### Salary

The amount of compensation paid by the Company to each of the Company's officers and the terms of those persons' employment is determined by the Compensation Committee. The Compensation Committee evaluates past performance and considers future incentive and retention in considering the appropriate compensation for the Company's officers. The Company believes that the compensation paid to the Company's directors and officers is fair to the Company.

#### Stock Incentive Awards

The Compensation Committee believes that the use of direct stock awards is at times appropriate for employees, and in the future intends to use direct stock awards to reward outstanding service or to attract and retain individuals with exceptional talent and credentials. The use of stock options and other awards is intended to strengthen the alignment of interests of executive officers and other key employees with those of our stockholders.

In this regard, during the fiscal year ended August 31, 2019, the Compensation Committee and the Board authorized the issuance of 500,000 stock option awards to Mr. Gorski, which were all exercised in June 2020.

### Executive Compensation Agreements

#### *Agreement with Mr. Gorski*

The Company pays Mr. Daniel Gorski a salary in the amount of \$120,000 annually in connection with his appointment as Chief Executive Officer of the Company. The Company and Mr. Gorski have not entered into a formal written employment agreement.

#### *Agreement with Wm. Chris Mathers*

The Company pays Mr. Wm. Chris Mathers a salary in the amount of \$60,000 annually in connection with his appointment as Chief Financial Officer of the Company. The Company and Mr. Mathers have not entered into a formal written employment agreement.

## Outstanding Equity Awards At Fiscal Year-End

There were 1,763,500 stock options fully vested and outstanding as of August 31, 2020.

## Nonqualified Deferred Compensation

The Company does not offer nonqualified deferred compensation to any of its named executive officers.

## Director Compensation

The following table sets forth the compensation granted to our directors during the fiscal year ended August 31, 2020. Compensation to directors that are also named executive officers is detailed above and is not included on this table.

Name	Fees Paid or Earned in Cash (\$)	Fee Paid or Earned in Stock (\$)	Option Awards (\$)	Total (\$)
Anthony Marchese	\$ -	\$ 27,500	\$ -	\$ 27,500
Cecil Wall	\$ -	\$ 16,500	\$ -	\$ 16,500
Nicholas Pingitore	\$ -	\$ 12,500	\$ -	\$ 12,500
Peter Denetclaw, Jr.	\$ -	\$ 12,000	\$ -	\$ 12,000
Clark A. Moseley	\$ -	\$ 12,000	\$ -	\$ 12,000

The Company does not currently pay directors' fees in cash and paid the above-referenced directors' fees in fiscal 2020 through the issuance of shares of common stock valued at the market price at the time such fees were earned. Each of our directors are reimbursed reasonable out of pocket expenses associated with attending our board meetings.

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

The following tables set forth information as of November 23, 2020, regarding the ownership of the Company's common stock by: (i) each named officer, each director and all of the Company's directors and executive officers as a group; and (ii) each person who is known by us to own more than 5% of the Company's shares of common stock. The number of shares beneficially owned and the percentage of shares beneficially owned are based on 73,457,846 shares of common stock outstanding as of November 23, 2020.

Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. Shares subject to options that are exercisable within 60 days following November 23, 2020 are deemed to be outstanding and beneficially owned by the optionee for the purpose of computing share and percentage ownership of that optionee but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table, and as affected by applicable community property laws, all persons listed have sole voting and investment power for all shares shown as beneficially owned by them.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Class Beneficially Owned
Daniel E. Gorski	8,016,708 <sup>(1)</sup>	10.9%
Anthony Marchese	5,499,844 <sup>(2)</sup>	7.5%
Cecil Wall	1,334,490 <sup>(3)</sup>	1.80%
Nicholas Pingitore	1,048,714 <sup>(4)</sup>	1.4%
Wm Chris Mathers	488,454 <sup>(5)</sup>	*
Peter Denetclaw, Jr.	5,111,626 <sup>(6)</sup>	13.8%
Clark A. Moseley	5,111,626 <sup>(7)</sup>	13.8%
All directors and executive officers as a group (6 persons)	26,500,093	35.7%
SC Fundamental Value Fund LP	3,600,000 <sup>(8)</sup>	4.9%
Navajo Transitional Energy Company	5,111,626 <sup>(9)</sup>	13.8%

\* Less than 1%.

- (1) Represents 7,653,068 shares of Common Stock and 363,640 shares of Common Stock acquirable upon exercise of 5 year warrants at an exercise price ranging from \$0.35-\$0.50.
- (2) Represents 3,475,804 shares of Common Stock and 2,024,040 shares of common stock registered in the name of the Insiders Trend Fund, LP., an entity in which Mr. Marchese serves as general partner and chief investment officer.
- (3) Consists of 11,200 shares of Common Stock owned by Cecil Wall and 1,323,290 shares of Common Stock in the name of various trusts controlled by Mr. Wall.
- (4) Consists of 551,770 shares of Common Stock and (i) a ten year option to purchase up to 100,000 shares of Common Stock at an exercise price of \$0.45, (ii) a ten year option to purchase up to 60,000 shares of Common Stock at an exercise price of \$0.45; (iii) a ten year option to purchase up to 50,000 shares of Common Stock at an exercise price of \$0.22; (iv) a 10 year option to purchase up to 100,000 shares of Common Stock at an exercise price of \$0.20 and 5 year warrants to purchase up to 6,000 shares of Common Stock ranging from \$0.10-\$0.20.
- (5) Represents 488,454 shares of Common Stock.
- (6) Mr. Denetclaw is deemed to be a beneficial owners of the shares of common stock owned by Navajo Transitional Energy Company.
- (7) Mr. Moseley is deemed to be a beneficial owners of the shares of common stock owned by Navajo Transitional Energy Company.
- (8) Represents shares held by related persons and entities SC Fundamental Value Fund, L.P., SC Fundamental LLC, Peter M. Collery, Neil H. Koffler, John T. Bird, David Hurwitz and SC Fundamental LLC Employee Savings & Profit Sharing Plan. Represents (i) 100,000 shares of Common Stock and, (ii) 3,500,000 Common Stock purchase warrants exercisable at \$0.35 per share for a period of five years. Represents shares held by the Navajo Transitional Energy Corp.
- (9) Messrs. Denetclaw and Moseley have voting and investment power with respect to these shares.

It is believed by the Company that all persons named have full voting and investment power with respect to the shares indicated, unless otherwise noted in the table and the footnotes thereto. Under the rules of the Securities and Exchange Commission, a person (or group of persons) is deemed to be a “beneficial owner” of a security if he or she, directly or indirectly, has or shares the power to vote or to direct the voting of such security, or the power to dispose of or to direct the disposition of such security. Accordingly, more than one person may be deemed to be a beneficial owner of the same security. A person is also deemed to be a beneficial owner of any security, which that person has the right to acquire within 60 days, such as options or warrants to purchase our common stock.

The Company is not, to the best of our knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

#### **Change in Control**

The Company is not aware of any arrangement that might result in a change in control in the future. The Company has no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in the Company’s control.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company’s officers, directors, and persons who beneficially own more than 10% of the Company’s common stock, to file reports of ownership and changes in ownership with the SEC.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, the Company believes that during fiscal year ended August 31, 2020 the filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In August 2019, the Navajo Transitional Energy Corp. purchased 5,111,626 shares of our common stock for \$1,840,185. In connection with this investment, Messrs. Denetclaw and Moseley were elected and appointed directors of the Company.

Mr. Gorski, the Company's chief executive officer, is paid \$120,000 per year by USARE for serving as director of operations of the Round Top Project.

The Company has a policy for the review of transactions with related persons as set forth in the Company's Audit Committee Charter and internal practices. The policy requires review, approval or ratification of all transactions in which the Company is a participant and in which any of the Company's directors, executive officers, significant stockholders or an immediate family member of any of the foregoing persons has a direct or indirect material interest, subject to certain categories of transactions that are deemed to be pre-approved under the policy - including employment of executive officers, director compensation (in general, where such transactions are required to be reported in the Company's proxy statement pursuant to SEC compensation disclosure requirements), as well as certain transactions where the amounts involved do not exceed specified thresholds.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

LBB & Associates Ltd., LLP ("LBB") was the Independent Registered Public Accounting Firm for the Company in the fiscal year ended August 31, 2019. Effective February 6, 2020, LBB was suspended by the SEC and resigned as the Company's independent registered public accounting firm effective March 2, 2020. On March 6, 2020, the Company appointed Ham, Langston & Brezina, L.L.P. ("HLB") to serve as the Company's independent registered public accounting firm for the fiscal year ended August 31, 2020 and to re-audit the Company's financial statements for the fiscal year ended August 31, 2019.

The following table sets forth information regarding the amount billed to us by our independent auditor, HLB, for our two fiscal years ended August 31, 2020 and 2019, respectively:

	<u>Years Ended August 31,</u>	
	<u>2020</u>	<u>2019</u>
Audit Fees	\$ 50,500	\$ 76,500 <sup>(1)</sup>
Audit Related Fees	\$ 0	\$ 0
Tax Fees	\$ 14,000	\$ 0
All Other Fees	\$ 0	\$ 0
Total	\$ 64,500	\$ 76,500

(1) Includes \$40,500 billed by LBB and \$36,000 billed by HLB.

#### **Audit Fees**

Consist of fees billed for professional services rendered for the audit of our financial statements and review of interim consolidated financial statements included in quarterly reports and services that are normally provided by the principal accountants in connection with statutory and regulatory filings or engagements.

#### **Audit Related Fees**

Consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees".

#### **Tax Fees**

Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include preparation of federal and state income tax returns.

#### **All Other Fees**

Consist of fees for product and services other than the services reported above.

### **Policy on Pre-Approval by Audit Committee of Services Performed by Independent Auditors**

The Audit Committee has adopted procedures requiring the Audit Committee to review and approve in advance, all particular engagements for services provided by the Company's independent auditor. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit, review or attest services, to be approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided the Audit Committee is informed of each particular service. All of the engagements and fees for 2020 were pre-approved by the Audit Committee. The Audit Committee reviews with HLB whether the non-audit services to be provided are compatible with maintaining the auditor's independence.



## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

Documents filed as part of this Annual Report on Form 10-K or incorporated by reference:

- (1) The financial statements are listed on the “Index to Financial Statements” in Item 8.
- (2) Financial Statement Schedules (omitted because the Company is a smaller reporting issuer).

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

<b>Exhibit No.</b>	<b>Description</b>
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<a href="#">2.1</a>	Plan of Conversion, dated August 24, 2012, incorporated by reference to Exhibit 2.1 of our Form 8-K filed with the SEC on August 29, 2012.
<a href="#">3.1</a>	Delaware Certificate of Conversion, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on August 29, 2012.
<a href="#">3.2</a>	Delaware Certificate of Incorporation, incorporated by reference to Exhibit 3.2 of our Form 8-K filed with the SEC on August 29, 2012.
<a href="#">3.3</a>	Delaware Certificate of Amendment, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on March 18, 2016
<a href="#">3.4</a>	Delaware Bylaws, incorporated by reference to Exhibit 3.3 of our Form 8-K filed with the SEC on August 29, 2012.
<a href="#">4.1</a>	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.1 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011.
<a href="#">4.2</a>	Form of Warrant Indenture, incorporated by reference to Exhibit 4.2 of our Form S-1/A filed with the SEC on December 10, 2014.
<a href="#">4.3</a>	Form of Class A Warrant, included as Schedule A in Exhibit 4.2.
<a href="#">4.4</a>	Form of Class B Warrant, included as Schedule B in Exhibit 4.2.
<a href="#">10.1</a>	Amended and Restated 2008 Stock Option Plan, incorporated by reference to Exhibit 10.1 of our Form 10-Q for the period ended May 31, 2011 filed with the SEC on July 15, 2011.
<a href="#">10.2</a>	Mining Lease, incorporated by reference to Exhibit 10.2 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011.
<a href="#">10.3</a>	Mining Lease dated November 2011 with the State of Texas, incorporated by reference to Exhibit 10.3 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.
<a href="#">10.4</a>	Purchase option agreement dated September 2014 with the State of Texas, incorporated by reference to Exhibit 10.4 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.
<a href="#">10.5</a>	Groundwater lease dated September 2014 with the State of Texas, incorporated by reference to Exhibit 10.5 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.
<a href="#">10.6</a>	ReeTech Operating Agreement, incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K as filed with the Commission on July 21, 2015
<a href="#">10.7</a>	Amendment Number One to the Reetech Operating Agreement, incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K as filed with the Commission on November 30, 2015

- [10.8](#) Amendment Number One to the TRER License, incorporated by reference to Exhibit 10.3 to the Company’s Form 8-K as filed with the Commission on November 30, 2015
- [10.9\\*](#) Director’s Agreement by and between the Company and Anthony Marchese, incorporated by reference to Exhibit 10.6 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011.
- [10.10\\*](#) Summary of Dan Gorski Employment Arrangement, incorporated by reference to Exhibit 10.10 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019
- [10.11\\*](#) Summary of Wm. Chris Mathers Employment Arrangement, incorporated by reference to Exhibit 10.11 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019
- [10.12\\*](#) Option Agreement for Wm. Chris Mathers incorporated by reference to Exhibit 10.21 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.13\\*](#) Form of Directors Option Agreement incorporated by reference to Exhibit 10.22 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.14](#) Consulting Agreement between the Company and Chemetals, Inc., dated January 22, 2013, incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the SEC on January 28, 2013.
- [10.15](#) Lease Agreement between the Company and Southwest Range & Wildlife Foundation, Inc., dated March 6, 2013, incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the SEC on March 12, 2013.
- [10.16](#) Variation agreement with Morzev PTY LTD. (USA Rare Earth) dated October 2018, incorporated by reference to Exhibit 10.16 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.
- [10.17](#) Amended and Restated Option Agreement with Morzev (USA Rare Earth) dated August 2019, incorporated by reference to Exhibit 10.17 of the Company’s Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.
- [10.18](#) First Amendment to the Amended and Restated Option Agreement with USA Rare Earth dated June 29, 2020, incorporated by reference to the definitive proxy statement on Schedule 14A filed with the SEC on July 15, 2020
- [10.19](#) Mining Lease dated September 2011 <sup>(1)</sup>
- [31.1](#) Section 302 Certification <sup>(1)</sup>
- [31.2](#) Section 302 Certification <sup>(1)</sup>
- [32.1](#) Section 906 Certification <sup>(1)</sup>
- [32.2](#) Section 906 Certification <sup>(1)</sup>
- 101.INS<sup>(2)</sup> XBRL Instance Document
- 101.SCH<sup>(2)</sup> XBRL Taxonomy Extension — Schema
- 101.CAL<sup>(2)</sup> XBRL Taxonomy Extension — Calculations
- 101.DEF<sup>(2)</sup> XBRL Taxonomy Extension — Definitions
- 101.LAB<sup>(2)</sup> XBRL Taxonomy Extension — Labels
- 101.PRE<sup>(2)</sup> XBRL Taxonomy Extension — Presentations

\* Management contract or compensatory plan or arrangement.

(1) Filed herewith.

(2) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Balance Sheets at August 31, 2020 and 2019; (ii) Statements of Operations for the years ended August 31, 2020 and 2019; (iii) Statements of Cash Flows for the years ended August 31, 2020 and 2019; (iv) Statements of Shareholders’ Equity for the years ended August 31, 2020 and 2019; and (v) Notes to Financial Statements.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 MINERAL RESOURCES CORP.

/s/ Daniel E Gorski

Daniel E Gorski, Chief Executive Officer

DATED: November 30, 2020

/s/ Wm Chris Mathers

Wm Chris Mathers, Chief Financial Officer

DATED: November 30, 2020

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Daniel E Gorski</u> Daniel E Gorski	Chief Executive Officer, Principal Executive Officer and Director	November 30, 2020
<u>/s/ Wm Chris Mathers</u> Wm Chris Mathers	Chief Financial Officer	November 30, 2020
<u>/s/Anthony Marchese</u> Anthony Marchese	Chairman of the Board	November 30, 2020
<u>/s/ Cecil C Wall</u> Cecil C Wall	Director	November 30, 2020
<u>/s/ Nicholas Pingitore</u> Nicholas Pingitore	Director	November 30, 2020
<u>/s/ Peter Denetclaw, Jr</u> Peter Denetclaw, Jr	Director	November 30, 2020
<u>/s/ Clark A Moseley</u> Clark A Moseley	Director	November 30, 2020
<u>/s/ Kevin Francis</u> Kevin Francis	Director	November 30, 2020