

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

**FORM 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended February 29, 2012  
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 RARE EARTH RESOURCES CORP.**

(Exact Name of Registrant as Specified in its Charter)

Nevada  
(State of other jurisdiction of  
incorporation or organization)

87-0294969  
(I.R.S. Employer Identification  
No.)

**304 Inverness Way South, Suite 365**  
Englewood, Colorado  
(Address of Principal Executive Offices)

80112  
(Zip Code)

(303) 597-8737

(Registrant's Telephone Number, including Area Code)

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

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

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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

Number of shares of issuer's common stock outstanding at April 16, 2012: 36,550,009

## Table of Contents

	<u>Page</u>	
Part I		
Item 1	Financial Statements	F-1
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	3
Item 3	Quantitative and Qualitative Disclosures About Market Risk	7
Item 4	Controls and Procedures	7
Part II		
Item 1	Legal Proceedings	9
Item 1A.	Risk Factors	9
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	9
Item 3	Defaults upon Senior Securities	9
Item 4	Mine Safety Disclosures	9
Item 5	Other Information	9
Item 6	Exhibits	10
Signatures		10

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**Texas Rare Earth Resources Corp.**  
**BALANCE SHEETS**

	February 29, 2012 (Unaudited)	August 31, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	\$ 12,744,695	\$ 16,886,066
Prepaid expenses and other current assets	102,792	37,579
Total current assets	12,847,487	16,923,645
Property and equipment, net	332,012	217,519
Mineral properties	422,859	143,356
Deposits	27,010	16,525
<b>TOTAL ASSETS</b>	<b>\$ 13,629,368</b>	<b>\$ 17,301,045</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 615,297	\$ 579,807
Total current liabilities and total liabilities	615,297	579,807
<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 as of February 29, 2012 and August 31, 2011	-	-
Common stock, par value \$0.01; 100,000,000 shares authorized, 36,550,009 and 34,596,260 shares issued and outstanding as of February 29, 2012 and August 31, 2011, respectively	365,501	345,964
Additional paid-in capital	27,979,442	24,818,022
Accumulated deficit	(15,330,872)	(8,442,748)
Total shareholders' equity	13,014,071	16,721,238
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 13,629,368</b>	<b>\$ 17,301,045</b>

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

**TEXAS RARE EARTH RESOURCES CORP**  
**UNAUDITED STATEMENTS OF OPERATIONS**

	<b>Six Months Ended</b>		<b>Three Months Ended</b>	
	<b>February 29, 2012</b>	<b>February 28, 2011</b>	<b>February 29, 2012</b>	<b>February 28, 2011</b>
		(As Restated)		(As Restated)
<b>OPERATING EXPENSES</b>				
Exploration costs	\$ 3,753,492	\$ 118,818	\$ 2,137,873	\$ 71,723
General & administrative expenses	<u>3,152,490</u>	<u>1,420,176</u>	<u>1,929,843</u>	<u>397,541</u>
Total operating expenses	<u>6,905,982</u>	<u>1,538,994</u>	<u>4,067,716</u>	<u>469,264</u>
<b>LOSS FROM OPERATIONS</b>	<u>(6,905,982)</u>	<u>(1,538,994)</u>	<u>(4,067,716)</u>	<u>(469,264)</u>
<b>OTHER (INCOME) EXPENSE</b>				
Interest and other income	(17,992)	(3,339)	(7,965)	(2,562)
Interest expense	<u>134</u>	<u>1,176</u>	<u>134</u>	<u>441</u>
Total other (income) expense	<u>(17,858)</u>	<u>(2,163)</u>	<u>(7,831)</u>	<u>(2,121)</u>
<b>NET LOSS</b>	<u>\$ (6,888,124)</u>	<u>\$ (1,536,831)</u>	<u>\$ (4,059,885)</u>	<u>\$ (467,143)</u>
Net loss per share:				
Basic and diluted net loss per share	<u>\$ (0.19)</u>	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding:				
Basic and diluted	<u>35,338,932</u>	<u>24,973,926</u>	<u>36,044,941</u>	<u>25,756,090</u>

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

**TEXAS RARE EARTH RESOURCES CORP**  
**UNAUDITED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended</b>	
	<b>February 29, 2012</b>	<b>February 28, 2011</b>
		(As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (6,888,124)	\$ (1,536,831)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation expense	39,441	2,466
Stock issued for services	19,200	-
Stock based compensation	2,058,633	1,148,550
Changes in current assets and liabilities:		
Prepaid expenses and other assets	(75,698)	(14,775)
Accounts payable and accrued expenses	35,490	33,043
Net cash used in operating activities	(4,811,058)	(367,547)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in mineral properties	(279,503)	(10,536)
Purchase of fixed assets	(153,934)	-
Net cash used in investing activities	(433,437)	(10,536)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Commissions paid	-	(383,150)
Repayment of notes payable to related parties	-	(73,000)
Proceeds from exercise of common stock warrants and sale of common stock	1,103,124	4,835,813
Net cash provided by financing activities	1,103,124	4,379,663
<b>NET CHANGE IN CASH</b>	(4,141,371)	4,001,580
<b>CASH, BEGINNING OF PERIOD</b>	16,886,066	74,434
<b>CASH, END OF PERIOD</b>	\$ 12,744,695	\$ 4,076,014
 <b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	\$ 134	\$ 18,846
Taxes paid	\$ -	\$ -
Issuance of 131,250 shares of common stock for cash previously received	\$ -	\$ 1,313
Issuance of 61,000 shares of common stock for services previously recorded	\$ -	\$ 610
Issuance of 300,000 shares of common stock for director compensation previously recorded	\$ -	\$ 3,000

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

**Texas Rare Earth Resources Corp**  
**Notes to Unaudited Interim Financial Statements**  
**February 29, 2012**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying unaudited interim financial statements of Texas Rare Earth Resources Corp. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Form 10-K, dated August 31, 2011 and Form DEF 14A dated December 28, 2011, as filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year August 31, 2011 as reported in Form 10-K, have been omitted.

**NOTE 2 – MINERAL PROPERTIES**

September 2011 Lease

On September 2, 2011, we entered into 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 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 so long as minerals are produced in paying quantities.

Under the lease, we will pay the State of Texas a lease bonus of \$197,800, \$35,000 of which was paid upon the execution of the lease, \$65,000 which was paid in April 2011 when we submitted our initial plan of operations to conduct exploration, 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 ¼%) of the market value of all other minerals removed and sold from Round Top.

In August 2011 we paid the State of Texas a delay rental of \$44,718. Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<u>Per Acre Amount</u>	<u>Total Amount</u>
August 17, 2012 – 2014	\$ 50	\$ 44,718
August 17, 2015 – 2019	\$ 75	\$ 67,077
August 17, 2020 – 2024	\$ 150	\$ 134,155
August 17, 2025 – 2029	\$ 200	\$ 178,873

**NOTE 2 – MINERAL PROPERTIES (Continued)**November 2011 Lease

On November 1, 2011, we entered into a mining lease with the State of Texas covering 90 acres, more or less, of land that we purchased in September 2011 near our Round Top site. The deed was recorded with Hudspheth County on September 16, 2011.

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 ¼%) of the market value of all other minerals sold from Round Top.

If production of paying quantities of minerals has not been obtained on or before November 1, 2012, we may pay the State of Texas a delay rental to extend the term of the lease in an amount equal to \$4,500. Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	Per Acre Amount	Total Amount
November 1, 2013-2014	\$ 50	\$ 4,500
November 1, 2015 – 2019	\$ 75	\$ 6,750
November 1, 2020 – 2024	\$ 150	\$ 13,500
November 1, 2025 – 2029	\$ 200	\$ 18,000

**NOTE 3 – SHAREHOLDERS' EQUITY***Capital Stock*

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

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

The Company received cash proceeds from the exercise of Class A Warrants and Class B Warrants to purchase common stock during the six month period ended February 29, 2012 as follows:

Description	Shares of Common Stock Issued	Cash Proceeds Received
Exercise of Class A & B Warrants issued in connection with 2009 – 2010 Private Placement (1)	1,943,750	\$ 1,103,124
Total shares of common stock issued and cash proceeds received from the exercise of Warrants during the six months(2)	1,943,750	\$ 1,103,124

(1) See "2009-2010 Private Placement" below.

(2) Does not include shares of common stock issued for services rendered for services rendered during the six months ended February 29, 2012. See "Other Equity Issues" below.

*2009 – 2010 Private Placement*

During the six months ended February 29, 2012, Class A Warrants to purchase 1,293,750 shares of the Company's common stock and Class B warrants to purchase 650,000 shares of the Company's common stock were exercised, resulting in \$646,874 of proceeds being raised by the Company for the Class A warrants and \$456,250 of proceeds being raised by the Company for the Class B Warrants. Total proceeds to the Company for the issuance of 1,943,750 shares of the Company's common stock as a result of the Class A and Class B Warrant exercise was \$1,103,124. The remaining outstanding warrants expired on December 31, 2011.

### NOTE 3 – SHAREHOLDERS' EQUITY (Continued)

#### *Other Equity Issues*

In November 2010, the Company entered into a non-exclusive investment banking agreement with Sunrise Securities Corp. ("Sunrise") pursuant to which the Company agreed to pay a sales commission with respect to certain financings effected, or alternative transactions entered into, by the Company through introductions by Sunrise. The Company agreed to pay Sunrise a monthly fee of 5,000 shares of restricted common stock beginning in November 2010 and ending October 31, 2011. Since our fiscal year end, the Company has issued the remaining 10,000 shares obligated under this agreement totaling \$19,200 of expense for the six months ended February 29, 2012.

#### *Amended 2008 Stock Option Plan issuances*

In March 2011, the Company granted to Wm Chris Mathers, its chief financial officer, as a part of his employment arrangement, a five year option to purchase up to 400,000 shares of our common stock at an exercise price of \$2.50 per share. These options vest 1/36 each month provided he is employed by the Company on the vesting dates. The Black-Scholes pricing model was used to estimate the fair value of the 400,000 options issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 376%, and an expected life of 5 years. The Company has determined these options to have an approximate fair value of \$1,000,000. Since Mr. Mathers' award vests over a 36 month period, the Company is expensing approximately \$28,000 monthly for this award over the 36 month vesting period in accordance with the Financial Accounting Standards Board ("FASB") ASC 718. The Company expensed approximately \$167,000 as compensation expense for the six months ended February 29, 2012 for these options.

In May 2011, the Company granted to K. Marc LeVier, its chief executive officer, as a part of his employment arrangement, a five year option to purchase up to 2,500,000 shares of our common stock at an exercise price of \$2.50 per share. These options vest 1/36 each month provided he is employed by the Company on the vesting dates. The Black-Scholes pricing model was used to estimate the fair value of the 2,500,000 options issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 376%, and an expected life of 5 years. The Company has determined these options to have an approximate fair value of \$6,250,000. Since Mr. LeVier's award vests over a 36 month period, the Company is expensing approximately \$174,000 monthly for this award over the 36 month vesting period in accordance with FASB ASC 718. The Company expensed approximately \$1,042,000 as compensation expense for the six months ended February 29, 2012 for these options.

On August 19, 2011, the Company granted to Anthony Garcia, its Senior Vice-President of Development, as a part of his employment arrangement, a five year option to purchase up to 750,000 shares of our common stock at an exercise price of \$1.85 per share. These options vest 1/36 each month provided he is employed by the Company on the vesting dates. The Black-Scholes pricing model was used to estimate the fair value of the 750,000 options issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 361%, and an expected life of 5 years. The Company has determined these options to have an approximate fair value of \$1,387,000. Since Mr. Garcia's award vests over a 36 month period, the Company is expensing approximately \$38,500 monthly, beginning in September 2011, for this award over the 36 month vesting period in accordance with FASB ASC 718. The Company expensed approximately \$231,000 as compensation expense for the six months ended February 29, 2012 for these options.

On November 1, 2011, the Company granted to Nadine Wakely, its Director of Investor Relations a five year option to purchase up to 50,000 shares of our common stock at an exercise price of \$1.81 per share. These options vest 1/24 each month provided she is employed by the Company on the vesting dates. The Black-Scholes pricing model was used to estimate the fair value of the 50,000 options issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 353%, and an expected life of 5 years. The Company has determined these options to have an approximate fair value of \$90,000. Since Ms. Wakely's award vests over a 24 month period, the Company is expensing approximately \$3,800 monthly, beginning in November 2011, for this award over the 24 month vesting period in accordance with FASB ASC 718. The Company expensed approximately \$15,000 as compensation expense for the six months ended February 29, 2012 for these options.

On December 30, 2011, the Company granted to four members of the Board of Directors, a ten year option to purchase up to 100,000 shares of common stock each at an exercise price of \$1.51 per share. The Black-Scholes pricing model was used to estimate the fair value of the 400,000 options issued during the period to these directors, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 348%, and an expected life of 10 years. The Company has determined these options to have a total approximate fair value of \$604,000. The Directors' awards immediately vested on the grant date and were awarded for services as a nonemployee director acting in their role as a member of the board of directors. Therefore, the Company has recorded the entire amount of this award on the grant date as an immediate expense for the six month period ending February 29, 2012 in accordance with FASB ASC 718.

#### *Amendment to 2008 Stock Option Plan*

On February 15, 2012, the Company's stockholders approved an increase of 2,000,000 of shares of common stock available for issuance under the Plan. As amended, the Plan provides for 7,000,000 shares of common stock for all awards.



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

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to "Texas Rare Earth Resources Corp," "the Company" "we," "our" or "us" refer to Texas Rare Earth Resources Corp. *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 quarterly report. This Quarterly Report on Form 10-Q may also contain statistical data and estimates we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified their data.*

### Forward-Looking Statements

This Quarterly Report on Form 10-Q and the exhibits attached hereto contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, 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 in this Quarterly Report on Form 10-Q, include, but are not limited to:

- the progress, potential and uncertainties of the Company's 2011-2012 rare-earth drill program and exploration plans at its Round Top project in Hudspeth County, Texas (the "Round Top Project");
- the success of getting the necessary permits for future drill programs and future project development;
- expectations regarding the ability of the Company to raise capital and to continue its exploration and development plans on its properties;
- plans regarding anticipated expenditures at the Round Top Project; and
- plans outlined under the section heading "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Plan of Operation".

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 the Company's history of losses and need for additional financing;
- risks associated with the Company's limited operating history;
- risks associated with the Company's properties all being in the exploration stage;
- risks associated with the Company's lack of history in producing metals from its properties;
- risks associated with a shortage of equipment and supplies;
- risks associated with the Company's need for additional financing to develop a producing mine, if warranted;
- risks associated with the Company's exploration activities not being commercially successful;
- risks associated with increased costs affecting the Company's financial condition;
- risks associated with a shortage of equipment and supplies adversely affecting the Company's 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 the Company's properties ;

- risks associated with uninsured risks;
- risks associated with mineral operations being subject to market forces beyond the Company's 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 the Company's land reclamation requirements;
- risks associated with rare earth and beryllium mining presenting potential health risks;
- risks related to title in the Company's properties
- 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 the Company's dependence on key personnel;
- risks related to the Company's SEC filing history; and
- risks related to the Company's 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 heading "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly 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. **The Company qualifies all the forward-looking statements contained in this Quarterly Report by the foregoing cautionary statements.**

#### **Overview and Organizational History**

We are a mining company engaged in the business of the acquisition, exploration and development of mineral properties. We currently hold two nineteen year leases, executed in September 2011 and November 2011, to explore and develop a total of 950 acre rare earths project located in Hudspeth County, Texas known as the Round Top Project and prospecting permits covering an adjacent 9,345 acres. We also hold prospecting permits on certain other mineral properties located in Texas and New Mexico. We are currently not evaluating any additional prospects, and intend to focus primarily on the development of our Round Top Project. We currently have limited operations and have not established that our Round Top Project contains any proven or probable reserves under SEC Industry Guide 7.

In April 2011, the Texas General Land Office approved the Company's operation plan for the Round Top Project. The plan calls for the completion of approximately 50 drill holes totaling at least 12,000 feet of reverse circulation drilling. The Company began exploratory drilling on the 50 drill whole sites in July 2011. The Company expects the drill program to span the next three to six months while concurrent testing activities will be ongoing.

On November 8, 2011, we announced that our supplementary operating plan to expand exploration activities at our Round Top Project had been approved by the Texas General Land Office (GLO); the expanded development and exploration drill plan now calls for an additional 40 drill holes and 4 diamond core holes for an estimated planned drilled footage of 20,000 feet. The program included 4,000 feet of Core drilling to establish a high level of confidence in the resource, provide physical engineering data and additional metallurgical sample.

The Company submitted for approval on March 20, 2012 an update Plan of operations. The plan of operations consisted of the reclassification of the drilling program through the Feasibility Study into three phases. Phase 1 consists of 25 drill locations, phase 2 consists of 41 drill locations and phase 3 consists of 27 drill locations all located on round top. The plan of operations also included two locations for 100 ton bulk sample collection for additional metallurgical tests.

Drilling on the Round Top Project is planned to twin certain of the historic drill holes, infill drill between existing holes and step out drill beyond the known area to better define the margins of the deposit. Coverage is planned to be adequate to begin block modeling of the deposit. A geologic model of the Round Top project has been developed by TRER and Gustavson as of March 20<sup>th</sup> and will provide the basis for the Scoping study plan to be issued in Q2 2012. The Company has designated the sites for exploration holes on adjacent Little Round Top Mountain, and several additional holes are planned to test the deeper potential. This drilling is expected to produce at least 150 tonnes of sample, all of which will be stored and used for metallurgical testing.

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. We plan to raise additional capital to exploit current projects, including the Round Top Project, and to acquire, evaluate, and develop new properties.

We were incorporated in the State of Nevada in 1970 as Standard Silver Corporation. In July, 2004, our Articles of Incorporation were amended and restated to increase the number of shares of common stock to 25,000,000, and in March 2007, we effected a 1-for-2 reverse stock split. In September, 2008 we amended and restated our Articles of Incorporation to allow the increase of the number of shares of common stock from 25,000,000 to 100,000,000, and to authorize an additional 10,000,000 shares of preferred stock, to be issued at management's discretion. In September 2010, we amended our Amended and Restated Articles of Incorporation to change our name from Standard Silver Corporation to Texas Rare Earth Resources Corp.

Our common stock is listed for quotation on the OTCQB market tier of the OTC Market Group, under the symbol "TRER." The market for our common stock on the OTCQB is limited, sporadic and highly volatile.

#### **Recent Corporate Developments**

On December 31, 2011, Daniel Gorski retired as Chief Operating Officer of the Company. Mr. Gorski continues to serve as a director of the Company.

On February 1, 2012, the Company entered into a Director Appointment Agreement, effective January 25, 2012, with Highline Capital Partners, L.P. and several of its affiliates pursuant to which the Company granted Highline Capital the right to instruct the board of directors of the Company to appoint one nominee to the board of directors of the Company during the term of the agreement.

On February 12, 2012, the Company's common stock began trading on the OTCQX U.S. Premier, the most prestigious tier of the over-the-counter marketplace for broker-dealers operated by OTC Markets Group Inc., under the symbol "TRER."

On February 15, 2012, the Company's stockholders approved an increase to the number of shares of common stock available under the Company's Amended and Restated 2008 Stock Option Plan.

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

As of February 29, 2012, we had a working capital surplus of approximately \$12,192,000. We believe we have sufficient working capital to continue our planned operations through calendar year 2012. We will need to raise additional funding subsequent to fiscal year 2012 to continue our exploration and development activities. As of the date hereof, we are not able to quantify the amount of capital needed to fund our working capital needs after fiscal 2012, nor are we able to quantify the amount of capital needed to develop the Round Top Project. The amount of capital will be dependent upon our exploration results and business strategy to exploit the Round Top Project. We intend to raise additional working capital through best efforts debt or equity financing, as we have no firm commitments for equity capital investments to any established credit facility. No assurance can be given that additional financing will be available on terms acceptable to us or at all. Our viability is contingent upon our ability to receive external financing. Failure to obtain sufficient working capital may result in management resorting to the sale of assets or otherwise curtailing operations. We intend to use cash on hand to fund working capital needs for the balance of fiscal year 2012.

During the six months ended February 29, 2012, Class A Warrants to purchase 1,293,750 shares of the Company's common stock and Class B warrants to purchase 650,000 shares of the Company's common stock were exercised, resulting in \$646,874 of proceeds being raised by the Company for the Class A warrants and \$456,250 of proceeds being raised by the Company for the Class B Warrants. Total proceeds to the Company for the issuance of 1,943,750 shares of the Company's common stock as a result of the Class A and Class B Warrant exercise was \$1,103,124. The remaining outstanding warrants expired on December 31, 2011.

In August 2011, our Board of Directors unanimously approved our capital and operating budget for the twelve month fiscal year ending August 31, 2012. On January 6, 2012, Management proposed a revised budget to the Board of Directors which was unanimously approved. Over the next twelve months we plan to conduct significant geological studies, sampling and drilling at our Round Top Project. The timing of these expenditures is dependent upon a number of factors, including the availability of drilling contractors. We estimate our exploration expenditures will total approximately \$9,800,000 which includes expenditures for, among other things, drilling of samples, metallurgical testing, scoping studies and appropriate staff and consulting expenses. Our exploration activities will be carried out by our geologic staff and such qualified outside contractors as is necessary. Our capital expenditures for the next twelve months will be insignificant.

We estimate that our general and administrative expenditures, which will be spent ratably over the next twelve months, to total approximately \$2,600,000. Payroll, payroll taxes, benefits and associated travel for employees is estimated to be \$796,000 over this period of time. We estimate that we will incur professional fees of approximately \$587,000 over the next twelve months. These fees will be primarily associated with the audit and reviews of our financial statements, legal fees and public relations. We estimate that we will incur investor relations and marketing fees of approximately \$639,000 for the fiscal year. The remainder of our general and administrative expenditures will be for items necessary for us to conduct our general business affairs.

During the six month period ending February 29, 2012, we invested approximately \$279,500 in mineral properties, including approximately \$192,500 for land purchases near our Round Top Project.

During the six months ended February 29, 2012, we purchased furniture and equipment for our Denver office and our Round Top Project totaling approximately \$154,000, of which approximately \$95,000 was spent on vehicles for our Round Top project. The remaining \$59,000 was spent on furniture and IT equipment for our Round Top project and Denver office.

## **Results of Operations**

### **Six months ended February 29, 2012 and February 28, 2011**

#### *General & Revenue*

We had no operating revenues during the six months ended February 29, 2012 and February 28, 2011. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$15,331,000 as of February 29, 2012.

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

We incurred exploration costs for the six months ended February 29, 2012 and February 28, 2011, in the amount of approximately \$3,753,000 and \$119,000, respectively. The increase in expenditures for the six months ended February 29, 2012 over the six months ended February 28, 2011, was primarily due to increased drilling and related geological consulting fees as we intensify the exploration of our Round Top Project. Also included in the current year's expenses is approximately \$231,000 of stock compensation amortization for one of our executive officers.

Our general and administrative expenses for the six months ended February 29, 2012 and February 28, 2011, respectively, were approximately \$3,152,000 and \$1,420,000. For the six months ended February 29, 2012, this amount included non-cash expenses of approximately \$1,827,000 of stock compensation amortization for two of our executive officers and one employee and a one-time charge of approximately \$604,000 for 400,000 options granted to four of our Directors as continuing compensation for their service on the board. The remaining expenditures totaling approximately \$1,325,000 were primarily for investor relations, professional fees associated with the audits of our financial statements, payroll and related taxes and benefits, legal fees and other general and administrative expenses necessary for our operations. Our general and administrative expenses for the six months ended February 28, 2011 were primarily for professional fees associated with the audits of our financial statements and investor relations fees.

We had losses from operations for the six months ended February 29, 2012 and February 28, 2011, respectively, totaling approximately \$6,906,000 and \$1,539,000, and net losses for the six months ended February 29, 2012 and February 28, 2011, respectively, totaling approximately \$6,888,000 and \$1,537,000. The increase in both losses from operations and in net losses from 2011 to 2012 is primarily due to increased exploration costs as we intensify the exploration of our Round Top Project. We earned interest and other income in the amount of approximately \$18,000 and \$3,000, respectively, for the six months ended February 29, 2012 and February 28, 2011.

### Three months ended February 29, 2012 and February 28, 2011

#### *General & Revenue*

We had no operating revenues during the three months ended February 29, 2012 and February 28, 2011. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$15,331,000 as of February 29, 2012.

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

We incurred exploration costs for the three months ended February 29, 2012 and February 28, 2011, in the amount of approximately \$2,138,000 and \$72,000, respectively. The increase in expenditures for the three months ended February 29, 2012 over the three months ended February 28, 2011, was primarily due to increased drilling and related geological consulting fees as we intensify the exploration of our Round Top Project. Also included in the three months expenses for the current year is approximately \$116,000 of stock compensation amortization for one of our executive officers.

Our general and administrative expenses for the three months ended February 29, 2012 and February 28, 2011, respectively, were approximately \$1,924,000 and \$398,000. For the three months ended February 29, 2012, this amount included non-cash expenses of approximately \$1,219,000 of stock compensation amortization for two of our executive officers and one employee and a one-time charge of approximately \$604,000 for 400,000 options granted to four of our Directors as continuing compensation for their service on the board. The remaining expenditures totaling approximately \$711,000 were primarily for investor relations, professional fees associated with the audits of our financial statements, payroll and related taxes and benefits, legal fees and other general and administrative expenses necessary for our operations. Our general and administrative expenses for the three months ended February 28, 2011 were primarily for professional fees associated with the audits of our financial statements and investor relations fees.

We had losses from operations for the three months ended February 29, 2012 and February 28, 2011, respectively, totaling approximately \$4,068,000 and \$469,000, and net losses for the three months ended February 29, 2012 and February 28, 2011, respectively, of approximately \$4,060,000 and \$467,000. The increase in both losses from operations and in net losses from 2011 to 2012, is due primarily to increased exploration costs as we intensify the exploration of our Round Top Project. We earned interest and other income in the amount of approximately \$8,000 and \$2,600, respectively, for the three months ended February 29, 2012 and February 28, 2011.

#### **Off-Balance Sheet Arrangements**

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital resources.

#### **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 the Company's audited annual financial statements for the fiscal year ended August 31, 2011, filed with the Company's Annual Report on Form 10-K, as filed with the SEC on November 22, 2011.

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

Not applicable.

#### **Item 4. Controls and Procedures**

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

At the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operations of the Company's 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 CFO have concluded that as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in our 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.

**Changes in Internal Control over Financial Reporting**

There were no changes to the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially effect, the Company's internal controls over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

*We do not hold the surface rights adjacent to our Round Top Project and may experience difficulties in asserting our mining rights at the Round Top Project in utilizing the surface space to build our facilities.*

We do not currently hold surface rights to the adjacent surfaces at our Round Top Project. GLO currently has adjacent properties under long-term lease agreements. While the GLO, which owns both the surface and the mineral rights at the Round Top Project, has the overriding right to mine the minerals on the property and we believe that we will have the right to construct surface facilities pursuant to our rights under the leases we hold over the Round Top Project granted by the GLO, we and the GLO may experience difficulties in dealing with the current lease and private surface owners in enforcing our rights and developing the Round Top Project. Currently, the surface owners hold rights pursuant to two leases with the GLO which cover areas on the east and west sides of the Round Top Project. There can be no assurance that we will be able to resolve these potential issues and uncertainty may remain regarding our ability to develop and mine the Round Top Project. If we are unable to resolve these potential issues, we may be unable to proceed with the development of a mine at the Round Top Project without becoming involved in a dispute with the holders of the surface rights, which may result in a substantial delay of the development of the Round Top Project or may prevent its development altogether.

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

The following table describes all securities we issued during the period covered by this report without registering the securities under the Securities Act of 1933, as amended (the "Securities Act").

Date	Description	Number	Purchaser	Proceeds (\$)	Consideration	Exemption (A)
December 2011/January 2012	Common Stock	1,786,875	Private Placement Investors	\$1,012,968	Cash	Sec. 4(2)

(A) With respect to sales designated by "Sec. 4(2)," these shares were issued pursuant to the exemption from registration contained in to Section 4(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. We requested our stock transfer agent to affix appropriate legends to the stock certificate issued to each purchaser and the transfer agent affixed the appropriate legends. Each purchaser was given adequate access to sufficient information about us to make an informed investment decision. Except as otherwise set forth in this Quarterly Report on Form 10-Q, none of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Mine Safety Disclosure

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 quarter ended February 29, 2012, 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").

### Item 5. Other Information

None.

**Item 6. Exhibits**

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

<b>Exhibit Number</b>	<b>Description</b>
10.1	Director Appointment Agreement dated January 25, 2012, incorporated by reference to Exhibit 10.1 to Form 8-K as filed with the SEC on February 6, 2012
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

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

**TEXAS RARE EARTH RESOURCES CORP.**

Date: April 16, 2012

/s/ K. Marc LeVier

K. Marc LeVier, duly authorized officer  
Chief Executive Officer and Principal Executive Officer

Date: April 16, 2012

/s/ Wm. Chris Mathers

Wm. Chris Mathers, Chief Financial Officer and Principal Financial and Accounting Officer





**Exhibit 31.1. Certification by Chief Executive Officer**

I, K. Marc LeVier, certify that:

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

Date: April 16, 2012

/s/ K. Marc LeVier

K. Marc LeVier, Chief Executive Officer, Principal Executive Officer

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**Exhibit 31.2. Certification by Chief Financial Officer**

I, Wm. Chris Mathers, certify that:

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

Date: April 16, 2012

/s/ Wm. Chris Mathers

Wm. Chris Mathers, Chief Financial Officer, Principal Financial and Accounting Officer

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

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

In connection with the Quarterly Report of Texas Rare Earth Resources Corp. (the "Company") on Form 10-Q for the quarter ending February 29, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, K. Marc LeVier, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ K. Marc LeVier

K. Marc LeVier, Chief Executive Officer

April 16, 2012

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

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

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

In connection with the Quarterly Report of Texas Rare Earth Resources Corp. (the "Company") on Form 10-Q for the quarter ending February 29, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wm. Chris Mathers, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wm. Chris Mathers

Wm. Chris Mathers, Chief Financial Officer

April 16, 2012

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

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