

**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, 2022

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)
<u>(361) 790-5831</u> (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 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 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 | <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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 28, 2022 the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was \$89,281,646 based upon the closing sale price of the common stock as reported by the OTC.QB.

The number of shares of the Registrant's common stock outstanding as of November 21, 2022 was 72,896,053.

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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 or Round Top Mountain Development	Round Top Mountain Development, LLC, the entity that owns the Round Top Project.
Round Top Project	The Round Top Project is owned by Round Top and consists of the following: <ul style="list-style-type: none"> • 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; • the 54,990 acre surface lease, known as the West Lease, that provides unrestricted surface access for the potential development and mining of the Round Top Project; • 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 • 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.
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 the rare-earth exploration program of the Round Top Project, located near Sierra Blanca, Texas;
- cost, timing and actual obtainable results from feasibility studies, including PEAs for the Round Top Project;
- the success of getting the necessary permits for future drill programs and future project exploration;
- funding amounts and timing of funding for the Round Top Project;
- plans regarding anticipated expenditures and required capital 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;
- risks associated with our operating history;
- risks associated with owning a 20% interest in Round Top;
- risks associated with our properties;
- risks associated with the lack of history in producing metals from the Round Top Project;
- risks associated with our need for additional financing to maintain our ownership interest in, as well as the requirement in general for additional capital to further develop, the Round Top Project;
- risks associated with exploration activities not being commercially successful;
- risks associated with ownership of surface rights and other title issues with respect to the Round Top Project;
- risks associated with increased costs affecting our financial condition;
- risks associated with a shortage of equipment and supplies adversely affecting the ability to operate properties;
- 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 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 land reclamation requirements;
- risks associated with rare earth and mining in general 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.

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 risks set forth herein 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 own a 20% membership interest in Round Top, which entity holds 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 approximately 19 and 18 years, each currently have remaining terms of approximately eight years and provisions for automatic renewal if Round Top is in production. Round Top also holds prospecting permits covering 9,345 acres adjacent to the Round Top Project. The strategy with Round Top is to develop a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project's rhyolite, conduct additional engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study and then to extract mineral resources from the Round Top Project. The Round Top Project has not established as of the date hereof that any of the properties contain any probable mineral reserves or proven mineral reserves under Item 1300 of Regulation S-K.

Rare earth elements 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 critical in a wide range of technologies, products, and applications and are critical inputs in existing and emerging applications. Without these elements, multiple high-tech technologies would not be possible. These technologies include:

- cell phones,
- computer and television screens,
- battery operated vehicles,
- clean energy technologies, such as hybrid and electric vehicles and wind power turbines,
- fiber optics, lasers and hard disk drives,
- numerous defense applications, such as guidance and control systems and global positioning systems,
- advanced water treatment technology for use in industrial and military, and
- outdoor recreation applications.

Because of these applications, 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 to continue to fund our participation interest in the Round Top Project may be impacted by future prices for REEs.

As a part of our ongoing operations, we will occasionally investigate new mining opportunities. We may also incur expenses associated with our investigations. These costs are expensed as incurred until such time when we have agreements in place to purchase such mining rights. See “Properties – Santa Fe Gold Corporation.”

History of the Round Top Project

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 exclusive surface access to the area for the potential development and mining of the Round Top Project.

In October 2014, we executed agreements with the GLO securing the option to purchase the surface rights covering the 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 option may be exercised for all or part of the option acreage at any time during the primary term of the mineral lease as defined above. The “primary term” of the GLO mineral leases and the option is through August 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 the right to develop the ground water within a 13,120-acre lease area located approximately 4 miles from the Round Top Project. 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 payments of \$0.95 per thousand gallons or \$20,000 annually, whichever is greater, is required. 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 the 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 in October 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. 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: (i) a REE stream, (ii) a tech metal stream that includes lithium and uranium, and (iii) 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 Item 1300 of Regulation S-K under the United States Securities Act of 1933, as amended (the “Securities Act”). Under Item 1300 of Regulation S-K 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” while defined in NI 43-101 and Item 1300 of Regulation S-K are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part 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 Item 1300 of Regulation S-K 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. The Round Top Project as described in the PEA currently does not contain any known proven or probable mineral reserves under Item 1300 of Regulation S-K reporting standards. U.S. investors are urged to consider closely the disclosure in the Registrant’s latest reports filed with the SEC. **U.S. Investors are cautioned not to assume that any defined resources in these categories will ever be converted into Item 1300 of Regulation S-K 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 USARE 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. In order to acquire and earn the 70% interest in the Round Top Project, USARE was required to perform and complete the following:

- commit to expend a total of \$2,500,000 for mining operations 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 had the right to fund the balance of the \$10,000,000 into the Round Top Project at any time.

USA Rare Earth was granted the option to acquire an additional 10% in the Round Top Project by paying to the Company \$3,000,000.

On May 17, 2021, and in accordance with the terms of the Option Agreement, the Company and USARE entered into a contribution agreement ("Contribution Agreement") whereby the Company and USARE contributed assets to Round Top, at the time a wholly-owned subsidiary of the Company, in exchange for their ownership interests in Round Top, of which the Company now owns membership interests equating to 20% of Round Top and USARE owns membership interests equating to 80% of Round Top. Concurrently therewith, the Company and USARE as the two members entered into a limited liability company agreement ("Operating Agreement") governing the operations of Round Top which contains customary and industry standard terms as contemplated by the Option Agreement. USARE will serve as manager of Round Top and Mr. Gorski, on behalf of the Company, will serve as one of the three members of the management committee.

Upon entry into the Contribution Agreement, the Company assigned the following contracts and assets to Round Top in exchange for its 20% membership interest in Round Top:

- the assignment and assumption agreement with respect to the mineral leases from the Company to Round Top;
- the assignment and assumption agreement with respect to the surface lease from the Company to Round Top;
- the assignment and assumption agreement with respect to the surface purchase option from the Company to Round Top;
- the assignment and assumption agreement with respect to the water lease from the Company to Round Top; and
- the bill of sale and assignment agreement of existing data and other relevant contracts and permits with respect to Round Top owned by the Company.

and USARE assigned the following assets to Round Top (or the Company, as applicable) for its 80% membership interest in Round Top:

- cash to Round Top to continue to fund Round Top operations in the amount of approximately \$3,761,750 comprising the balance of the \$10 million required expenditure to earn a 70% interest in Round Top;
- cash in the amount of \$3 million to the Company upon exercise of the USARE option to acquire from the Company an additional 10% interest in Round Top, resulting in the aggregate ownership interest of 80% in Round Top;
- bill of sale and assignment agreement of the Pilot Plant and other relevant contracts and permits to Round Top; and
- bill of sale and assignment agreement of existing data and intellectual property owned by USARE to Round Top.

The Operating Agreement provides for the following:

Interests. Pursuant to the Operating Agreement, USARE owns membership interests equating to 80% of Round Top and the Company owns membership interests equating to 20% of Round Top. These ownership interests will be adjusted further under a variety of circumstances, including a decision by a member not to participate fully in a program and budget (“Budget”). USARE’s contribution of approximately \$3,761,750 in cash to Round Top was used first to fund operations pursuant to the initial Budget. Subsequently, USARE and the Company will be obligated, subject to an election to dilute, to fund further expenditures in proportion to their respective ownership interests. We funded \$1,937,332 during the fiscal year ended August 31, 2022. In accordance with the Round Top Budget of approximately \$77.1 million during the fiscal year (of which the Company’s portion is approximately \$15.4 million), the Company does not have sufficient capital to fund its total cash calls and expected G&A expenses during the fiscal year ending August 31, 2023; accordingly, we will be required to raise additional capital to fund our obligations during this fiscal year. There can be no assurance that we will be able to raise the necessary capital to fund our cash calls and expected G&A expenses. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.”

Cash Calls. USARE, as manager, will issue monthly cash calls pursuant to adopted Budgets. Both parties, as members, will have 10 days after receipt of such a billing to meet the cash call. Failure to meet a cash call results in dilution; provided that successive failures in the same budgetary period can result in accelerated dilution or a default loan at a default interest rate. If a member (the “Delinquent Member”) does not contribute all or any portion of any additional capital contribution that such member is required to contribute (the “Default Amount”), then the other member (the “Non-Defaulting Member”) may elect to contribute the Default Amount to Round Top, or not to contribute the Default Amount to Round Top and, in both cases, the interests of the members will be recalculated. If the default by the Delinquent Member is the second or any subsequent default during the period of any adopted Budget, the Non-Defaulting Member may elect to contribute the Default Amount to Round Top on behalf of the Delinquent Member and to reduce the ownership interest of the Delinquent Member by an amount (expressed as a percentage) equal to: (i) 150%; multiplied by the Default Amount; divided by (ii) the aggregate contributed capital of all members (determined after taking into account the contribution of the Default Amount on behalf of the Delinquent Member). The interest of the Non-Defaulting Member will be increased by the reduction in the interest of the Delinquent Member.

Management. A management committee will make the major decisions of Round Top, such as approval of Budgets, and the manager will implement such decisions. The management committee consists of three representatives of the members, with two being appointed by USARE and one by the Company (initially being Dan Gorski). The representatives vote the ownership percentage interests of their appointing member.

Management Committee Meetings. Meetings will be held every three months unless otherwise agreed. For matters before the management committee that require a vote, voting is by simple majority except for certain “major decisions” that require a unanimous vote. So long as the Company maintains a 15% or greater ownership interest, the nine decisions identified in the bullet points below require unanimous approval. If the Company’s ownership interest falls below 15%, the number of unanimous decisions is reduced to five (being the first five bullet points below). If the Company is acquired by a REE mining company or sells its ownership interest to a REE mining company, in each case who elects a majority of the Company’s board, this unanimous approval requirement can be suspended by USARE, at its option. The major decisions requiring unanimous approval, as set forth above, are:

- approval of an amendment to any Budget that causes the Budget to increase by 15% or more, except for emergencies;
- other than purchase money security interests or other security interests in Round Top equipment to finance the acquisition or lease of Round Top equipment used in operations, the consummation of a project financing or the incurrence by Round Top of any indebtedness for borrowed money that requires the guarantee by any member of any obligations of Round Top;
- substitution of a member under certain circumstances and dissolution of Round Top;
- the issuance of an ownership interest or other equity interest in Round Top, or the admission of any person as a new member of Round Top, other than in connection with the exercise of a right of first offer by a member;
- the redemption of all or any portion of an ownership interest, except for limited circumstances provided for in the Operating Agreement;
- a decision to grant authorization for Round Top to file a petition for relief under any chapter of the United States Bankruptcy Code, to consent to such relief in any involuntary petition filed against Round Top by any third party, or to admit in writing any insolvency of Round Top or inability to pay its debts as they become due, or to consent to any receivership of Round Top;
- acquisition or disposition of significant mineral rights, other real property or water rights outside of the area of interest as set forth in the Operating Agreement or outside of the ordinary course of business;
- the merger of Round Top into or with any other entity; and
- the sale of all or substantially all of Round Top’s assets.

Manager. The manager will manage, direct and control operations in accordance with Budgets, will prepare and present to the management committee proposed Budgets, and will generally oversee and implement all of the day to day activities of Round Top. The manager will conduct necessary equipment and materials procurement and property and equipment maintenance activities, with all operations to be conducted in accordance with adopted Budgets. Before completion of the initial Budget, the manager will propose the next Budget. The Company will have the ability to accept, comment on and propose rejection of the proposed Budget and the manager is obligated to negotiate with the Company in good faith to develop an acceptable Budget. Voting for the adoption of such next proposed program and Budget will be by a simple majority vote.

Each member has the right to elect not to contribute fully or not to contribute at all to an adopted Budget. If a member does not contribute fully or at all, the other member has the right to make up some or all of the shortfall. In either case, the ownership interests of the members are recalculated and the non-contributing member is “diluted” on a straight-line basis. The same process is applied if the manager proposes to amend an adopted Budget by more than 15% and the proposal is approved.

Reports. The manager shall provide to the management committee periodic reports, including statements of accounts reflecting in detail the charges and credits to the business account during the preceding month, quarterly progress reports that include statements of expenditures and comparisons of such expenditures to the adopted Budget, summaries of data, and a final report after completion of a Budget.

Distributions. Cash in excess of authorized reserves will be distributed to the members on a periodic basis as determined by the management committee. No member will have the right to demand distributions in kind. Round Top will be required to make tax distributions to each member. USARE will have the right to purchase products at fair value or to market and sell products to third parties. If, during any period, products have been produced by Round Top and are available for sale but are not sold and a cash call or cash calls are made, then USARE is obligated to fund the monthly cash call or monthly cash calls on behalf of the Company, at no cost or expense to the Company, and the monthly cash call or monthly cash calls will be recovered by USARE solely out of the Company’s proportional interest in such products when sold.

Permitted Transfers. Certain transfers are permitted under the Operating Agreement, including transfers to affiliates or through certain mergers or other forms of business reorganization. A member may also encumber its ownership interest provided that if the ownership interest is foreclosed upon, the other member has a pre-emptive right to acquire such ownership interest at the foreclosure sale. If the transfer is a “permitted transfer,” the transferee is automatically admitted as a member; otherwise unless the other member agrees, the transferee is only an economic interest holder with no voting or other rights held by a member.

Right of First Offer. If a member desires to transfer all or a portion of its ownership interest to a third party (other than a permitted transfer), it may do that without the consent of the other member so long as it gives the other member the first right to purchase its ownership interest on the same terms. If the other member does not elect to purchase the ownership interest on such terms, the member may sell its ownership interest on such terms and the transfer will be a permitted transfer.

Drag-Along Right. If USARE accepts a bona fide offer to purchase its entire ownership interest and all other rights under the Operating Agreement from an unrelated third party, the Company will then be obligated to sell its entire ownership interest and all other rights under the Operating Agreement to the unrelated third party on the same terms and conditions as are accepted by USARE.

Involuntary Resignation – Elimination of Interest. If a member’s ownership interest is reduced through dilution to less than 5%, the member will be deemed to have resigned from Round Top and will relinquish its ownership interest to Round Top, in exchange for the right to receive 5% of net proceeds, if any, from the sale of products by Round Top.

Operations of the Round Top Project

During the current fiscal year, Round Top is expected to fund the expenditure of approximately \$77.1 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 the Round Top Project where a pilot plant is expected to be established. This work will consist of mining and crushing approximately 40,000 tonnes of rhyolite and setting up and equipping a facility to conduct pilot plant scale heap leaching. It is estimated that the Round Top Project will require additional time and further expenditure to complete a bankable feasibility study. In accordance with our current Budget, the Company does not have sufficient capital to fund its total cash calls (anticipated to be approximately \$15.4 million) and expected G&A expenses during the fiscal year ending August 31, 2023; accordingly, we will be required to raise additional capital to fund our obligations during this fiscal year. There can be no assurance that we will be able to raise the necessary capital to fund our cash calls and expected G&A expenses.

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

The Round Top Project is currently in the exploration stage and as such Round Top does not require any significant raw materials in order to carry out its primary operating activities. Our primary operating objective is to continue to fund the exploration and development of the Round Top Project. The raw materials that the current operations of Round Top rely upon are gasoline and diesel fuel for the exploration vehicles and for the heavy equipment required to build roads and conduct drilling operations. Water is expected to be provided per service contract by Eagle Mountain Gang or through other sources.

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. Round Top competes with numerous companies, substantially all of which have greater financial resources available to them. Round Top is, therefore, operating at a significant disadvantage in the course of acquiring mining properties and obtaining materials, supplies, labor, and equipment. Additionally, Round Top is and 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. 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. The Round Top 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, Round Top is 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, 2022, 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 full-time employees. We also utilize the services of qualified consultants with geological and mineralogical expertise as well as an individual for accounting services.

Investment Company Act Exclusion

Section 3(a)(9) of the Investment Company Act of 1940, as amended (“1940 Act”), provides that a company “substantially all of whose business consists of owning or holding oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests” is not an investment company within the meaning of the 1940 Act. The Company has determined that this exemption applies to it giving consideration to the following four factors:

- whether the exempted activity constitutes “substantially all” of our business;
 - The Company has owned mineral leases since 2010, all of our business to date has been comprised of owning and developing the mineral leases and, after the May 2021 “farm-down” of its 100% interest in the mineral leases, substantially all of our business continues to be comprised of owning and holding a certificate of interest and a participation in the mineral leases owned by Round Top. The Company’s mineral assets historically, as well as the value of the certificate of interest at August 31, 2022, have been booked at cost in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). We have an accumulated deficit of approximately \$39.8 million at August 31, 2022 as a result of owning and developing the Round Top Project.
- whether we own or trade in the mineral leases;
 - The Company has owned the mineral leases, which are now owned by Round Top, since 2010 and neither the Company nor Round Top is in the business of dealing or trading in the mineral leases.
- what qualifies as an eligible asset for purposes of the exception; and
 - The statute specifically references mineral leases and our mineral leases were owned by the Company and are now owned by Round Top. In accordance with Regulation S-K Item 1300 that governs disclosure by registrants engaged in mining operations, the definition of mineral resource is “a concentration or occurrence of material of economic interest in or on the Earth’s crust.” Our rare earth elements and minerals underlying the mineral leases meet that definition, as well as does coal, silver, gold and other material mined for economic value by registrants involved in mining operations. The SEC staff has recognized that an exempted entity can also engage in related business activities such as exploring, developing, and operating the eligible assets.
- what qualifies as a “certificate of interest or participation in” or an “investment contract relative to” the eligible assets.
 - The statute allows a Company to own a “certificate of interest” or “participation in” the mineral leases. The SEC staff has advised that limited partnership interests and/or similar securities issued by entities that themselves own the leases constitute “certificate of interest or participation in or investment contracts” related to such leases. The Company’s 20% membership interest in Round Top constitutes a “certificate of interest” and a “participation in” the mineral leases that are owned by Round Top.

The Company intends to continue to conduct its business operations in order to continue to be excluded from the definition of an “investment company” under the 1940 Act.

Available Information

We make available, free of charge, on or through our Internet website, at 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.

Risks Associated with our investment in Round Top

Failure to fund cash calls.

USARE, as manager, will issue monthly cash calls pursuant to adopted Budgets. Both parties, as members, will have 10 days after receipt of such a billing to meet the cash call. Failure to meet a cash call results in dilution; provided that successive failures in the same budgetary period can result in accelerated dilution or a default loan at a default interest rate. If we become a Delinquent Member and fail to contribute all or any portion of any additional capital contribution that we are required to contribute, then USARE may elect to contribute the Default Amount to Round Top, or not to contribute the Default Amount to Round Top and, in both cases, our membership interest will be recalculated. If the default by us is the second or any subsequent default during the period of any adopted Budget, USARE may elect to contribute the Default Amount to Round Top on behalf of us and to reduce our ownership interest by an amount (expressed as a percentage) equal to: (i) 150%; *multiplied by* the Default Amount; *divided by* (ii) the aggregate contributed capital of all members (determined after taking into account the contribution of the Default Amount on behalf of us). The interest of USARE will be increased by the reduction in the interest of us. Accordingly, in the event that the Company is unable to fund monthly cash calls pursuant to the adopted Budget, the Company's percentage membership interest will be diluted. In accordance with our current Budget, the Company does not have sufficient capital to fund its total cash calls and expected G&A expenses during the fiscal year ending August 31, 2023; accordingly, we will be required to raise additional capital to fund our obligations during this fiscal year. There can be no assurance that we will be able to raise the necessary capital to fund our cash calls and expected G&A expenses.

Involuntary resignation as a result of dilution.

If the Company's ownership interest is reduced through dilution to less than 5%, we will be deemed to have resigned from Round Top and will relinquish our ownership interest to Round Top, in exchange for the right to receive 5% of net proceeds, if any, from the sale of products by Round Top.

Certain matters that require unanimous management committee approval will not be applicable if the Company's membership interest falls below 15% in Round Top.

Meetings will be held every three months unless otherwise agreed. For matters before the management committee that require a vote, voting is by simple majority except for certain "major decisions" that require a unanimous vote. So long as the Company maintains a 15% or greater ownership interest, the nine decisions identified in the bullet points below require unanimous approval. If the Company's ownership interest falls below 15%, the number of unanimous decisions is reduced to five (being the first five bullet points below). If the Company is acquired by a REE mining company or sells its ownership interest to a REE mining company, in each case who elects a majority of the Company's board, this unanimous approval requirement can be suspended by USARE, at its option. The major decisions requiring unanimous approval, as set forth above, are:

- approval of an amendment to any Budget that causes the Budget to increase by 15% or more, except for emergencies;
- other than purchase money security interests or other security interests in Round Top equipment to finance the acquisition or lease of Round Top equipment used in operations, the consummation of a project financing or the incurrence by Round Top of any indebtedness for borrowed money that requires the guarantee by any member of any obligations of Round Top;
- substitution of a member under certain circumstances and dissolution of Round Top;
- the issuance of an ownership interest or other equity interest in Round Top, or the admission of any person as a new member of Round Top, other than in connection with the exercise of a right of first offer by a member;
- the redemption of all or any portion of an ownership interest, except for limited circumstances provided for in the Operating Agreement;
- a decision to grant authorization for Round Top to file a petition for relief under any chapter of the United States Bankruptcy Code, to consent to such relief in any involuntary petition filed against Round Top by any third party, or to admit in writing any insolvency of Round Top or inability to pay its debts as they become due, or to consent to any receivership of Round Top;
- acquisition or disposition of significant mineral rights, other real property or water rights outside of the area of interest as set forth in the Operating Agreement or outside of the ordinary course of business;
- the merger of Round Top into or with any other entity; and
- the sale of all or substantially all of Round Top's assets.

We have relied on an exclusion from the definition of "investment company" in order to avoid being subject to the Investment Company Act of 1940, or the 1940 Act. To the extent the nature of our business changes in the future, we may become subject to the requirements of the 1940 Act, which would limit our business operations and require us to spend significant resources in order to comply with such Act.

The 1940 Act defines an “investment company,” among other things, as an issuer that is engaged in the business of investing, reinvesting, owning, holding or trading in securities and owns investment securities having a value exceeding 40 percent of the issuer’s unconsolidated assets, excluding cash items and securities issued by the federal government. However, the 1940 Act excludes from this definition any person substantially all of whose business consists of owning or holding oil, gas or other mineral royalties or leases or fractional interests therein, or certificates of interest or participation relating to such mineral royalties or leases. We believe that we satisfy this mineral company exception to the definition of “investment company.” If our reliance on the mineral company exclusion from the definition of investment company is misplaced, we may have been in violation of the 1940 Act, the consequences of which can be significant. For example, investment companies that fail to register under the 1940 Act are prohibited from conducting business in interstate commerce, which includes selling securities or entering into other contracts in interstate commerce.

If in the future the nature of our business changes, or a regulatory agency would disagree with our analysis regarding the exclusion from the 1940 Act, such that the mineral company exception to the threshold definition of investment company is not available to us, we will be required to register as an investment company with the SEC. The ramifications of becoming an investment company, both in terms of the restrictions it would have on our Company and the cost of compliance, would be significant. For example, in addition to expenses related to initially registering as an investment company, the 1940 Act also imposes various restrictions with regard to our ability to enter into affiliated transactions, the diversification of our assets and our ability to borrow money. If we became subject to the 1940 Act at some point in the future, our ability to continue pursuing our business plan would be severely limited as it would be significantly more difficult for us to raise additional capital in a manner that would comply with the requirements of the 1940 Act. To the extent we are unable to raise additional capital, we may be forced to discontinue our operations or sell or otherwise dispose of our mineral assets.

Risk Related to Our Business, Including Being an Owner of a 20% membership interest in a Mineral Project Being Operated by Round Top

Our financial statements have been prepared assuming that the Company will continue as a going concern.

Our financial statements have been prepared assuming that the Company will continue as a going concern. The Company has an accumulated deficit from inception through August 31, 2022, of approximately \$39,752,000 and has yet to achieve profitable operations, and projects further losses in the development of its business. At August 31, 2022, the Company had a working capital surplus of approximately \$2,352,000; however the Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

In accordance with our current projected Budget, the Company does not have sufficient capital to fund its (i) total cash calls expected during the fiscal year ending August 31, 2023 (expected to be approximately \$15.4 million) and (ii) expected general and administrative expenses during the fiscal year ending August 31, 2023 (expected to be approximately \$603,000). Failure of the Company to make required cash calls to Round Top would result in significant dilution to its 20% ownership interest. Accordingly, the Company will be required to raise additional capital to fund its obligations (pursuant to the Budget and to fund general and administrative expenses) during the fiscal year ended August 31, 2023. There can be no assurance that the Company will be able to raise the necessary capital to fund its cash calls and expected general and administrative expenses. We have no firm commitments for equity or debt financing and any financing that may be obtained will be on a best efforts basis. Based on these factors, there is substantial doubt as to the Company’s ability to continue as a going concern for a period of twelve months from the issuance date of these financial statements. The failure to obtain sufficient financing may cause us to curtail or discontinue operations.

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, 2022, we had no revenues. For the fiscal year ended August 31, 2022, our net loss was approximately \$2.9 million and our accumulated deficit at August 31, 2022 was approximately \$39.8 million. At August 31, 2022, our cash position was approximately \$1.8 million and our working capital surplus was approximately \$2.6 million. Round Top has not commenced commercial production on any of our mineral properties. We have no revenues from operations and anticipate we will have no operating revenues during the fiscal year ended August 31, 2023.

During the fiscal year ending August 31, 2023, Round Top is expected to fund the expenditure of approximately \$77.1 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 the Round Top Project where a pilot plant is expected to be established. This work will consist of mining and crushing approximately 40,000 tons of rhyolite and setting up and equipping a facility to conduct pilot plant scale heap leaching. It is estimated that the Round Top Project will require additional time and further expenditure to complete a bankable feasibility study. We plan to fund up to approximately \$15.4 million of the expected expenditures by Round Top during our fiscal year ending August 31, 2023.

In accordance with our current Budget, the Company does not have sufficient capital to fund its total cash calls and expected general and administrative expenses during the fiscal year ending August 31, 2023; accordingly, we will be required to raise additional capital to fund our obligations during this fiscal year. There can be no assurance that we will be able to raise the necessary capital to fund our cash calls and expected general and administrative expenses. Failure to fund our portion of the Round Top Budget, would result in the dilution of our 20% membership interest Round Top and/or could cause us to curtail or cease our operations. The most likely source of future financing presently available to us is through the sale of our securities, of which there is no assurance that we will be able to raise additional capital on reasonable terms, if at all. 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 principal 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 no firm commitments with respect to obtaining equity or debt financing and, accordingly, we will be reliant upon a best efforts financing strategy. The failure to obtain sufficient financing may cause us to curtail or discontinue operations.

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 the Round Top Project and this does not provide a meaningful basis for an evaluation of the Round Top Project. Other than through conventional and typical exploration methods and procedures, we have no additional way to evaluate the likelihood of whether the 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 in connection with our 20% membership interests in Round Top without realizing any revenues during the foreseeable future. To date, substantially all of our business consists of owning a 20% membership interest in Round Top.

The Round Top Project is in the exploration stage. There is no assurance that Round Top can establish the existence of any mineral reserve from the Round Top Project in commercially exploitable quantities. Until then, 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 Round Top or in other potential future mineral property that we may acquire an interest in.

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 maintain our 20% membership interest in Round Top and fund our proportionate costs to develop the property into a producing mine. If we cannot raise this additional capital, we will likely be diluted and 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. Each of the entity Round Top, the owner of the Round Top Project, and us, as a 20% member in Round Top, will need to raise capital to fund the expenditure. Our failure to raise money could result in our 20% membership interest being diluted. We do not have adequate capital to develop necessary facilities and infrastructure and will need to raise additional funds. 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 20% membership interest may be diluted and/or 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 in Round Top or any other mineral project we may pursue. 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 the Round Top operations as well as our funding requirements as a 20% member of Round Top.

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

Round Top is and will be dependent on various supplies and equipment to carry out mining exploration and, if warranted, development operations. The shortage of such supplies, equipment and parts could have a material adverse effect on the ability to carry out Round Top's 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. Round Top 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. Round Top may suffer a material adverse effect on its business if not covered by 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.

Analytical uncertainties of resource estimates.

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.

The Round Top operations may contain significant uninsured risks which could negatively impact future profitability.

The 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 investment in Round Top as well as result in increased costs and a decline in the value of our investment.

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

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 the Round Top operations and, if significant enough, could impact our investment.

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 by Round Top. Changes in demand for, and the market price of, these minerals could significantly affect us. 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 us. 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 the operations at the Round Top Project and obtaining and maintaining required permits and licenses is subject to conditions which may be unable to be achieved.

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 Round Top recovers uranium at the Round Top Project, it will be required to obtain a source material license from the United States Nuclear Regulatory Commission. Round Top 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 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 the Round Top activities is subject to the discretion of government authorities, and Round Top 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 Round Top 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 Round Top or we cannot accomplish these objectives, our business could face difficulty and/or fail.

Round Top is subject to significant governmental regulations, which affect its operations and costs of conducting its business.

Round Top's 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. Round Top may be required to compensate those suffering loss or damage by reason of its 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 Round Top's 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 Round Top, 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 the 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 the Round Top operations or any other mineral projects we may pursue.

Round Top's exploration and development activities are subject to environmental risks, which could expose Round Top to significant liability and delay, suspension or termination of our operations.

The exploration, possible future development and production phases of the Round Top 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 Round Top fails to comply with any of the applicable environmental laws, regulations or permit requirements, it could face regulatory or judicial sanctions. Penalties imposed by either the courts or administrative bodies could delay or stop operations or require a considerable capital expenditure. Although Round Top intends to comply with all environmental laws and permitting obligations in conducting its business, there is a possibility that those opposed to exploration and mining will attempt to interfere with its operations, whether by legal process, regulatory process or otherwise.

Environmental hazards unknown to Round Top, which have been caused by previous or existing owners or operators of the properties, may exist on the properties comprising the Round Top Project. It is possible that these properties could be located on or near the site of a Federal Superfund cleanup project; as such, 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.

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 SDWA 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 the Round Top Project. There can be no assurance that any defense of such claims will be successful. A successful claim against Round Top could have an adverse effect on not only Round Top, but us and our business prospects, financial condition and results of operation.

Land reclamation requirements for the Round Top Project 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 Round Top in connection with potential development activities, Round Top must allocate financial resources that might otherwise be spent on further exploration and development programs. Round Top plans to set up a provision for our reclamation obligations on its properties, as appropriate, but this provision may not be adequate. If Round Top is required to carry out unanticipated reclamation work, its financial position could be adversely affected. In accordance with 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.

Mining presents potential health risks; payment of any liabilities that arise from these health risks may adversely impact Round Top.

Complying with health and safety standards will require additional expenditure on testing and the installation of safety equipment. Moreover, inhalation of certain minerals can result in specific potential health risks. Symptoms of these associated diseases may take years to manifest. Failure to comply with health and safety standards could result in statutory penalties and civil liability. Round Top does not currently maintain any insurance coverage against these health risks. The payment of any liabilities that arise from any such occurrences could have a material, adverse impact on Round Top.

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

We expect that any additional properties to be acquired by Round Top or by us will be by unpatented claims or by lease from those owning the property. The lease of the Round Top Project 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 Round Top's titles to its properties or our title to properties we may purchase in the future will be upheld or that third parties will not otherwise invalidate those rights. In the event the validity of Round Top's or our titles with respect to any future properties are not upheld, such an event would have a material adverse effect on Round Top and us.

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.

We have a history of losses and fluctuating operating results that raises doubt about our ability to continue as a going concern.

From inception through August 31, 2022, we have incurred aggregate losses of approximately \$39.8 million. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as general economic conditions, market price of minerals and exploration and development costs. If we cannot raise sufficient financing to continue our operations, then we may be forced to scale down or even close our operations. Until such time as we generate revenues (not in the foreseeable future), we expect an increase in development costs and operating costs. Consequently, we expect to incur operating losses and negative cash flow until our properties enter commercial production (if such event occurs).

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 21, 2022, we have 72,896,053 shares of Common Stock issued and outstanding, and 532,000 shares of our Common Stock underlying common stock equivalents at exercise prices between \$0.10 and \$0.60 per share, expiring through August 2026.

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 OTCQB 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 up to 10,000,000 shares of blank check preferred stock at \$0.001 par value 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

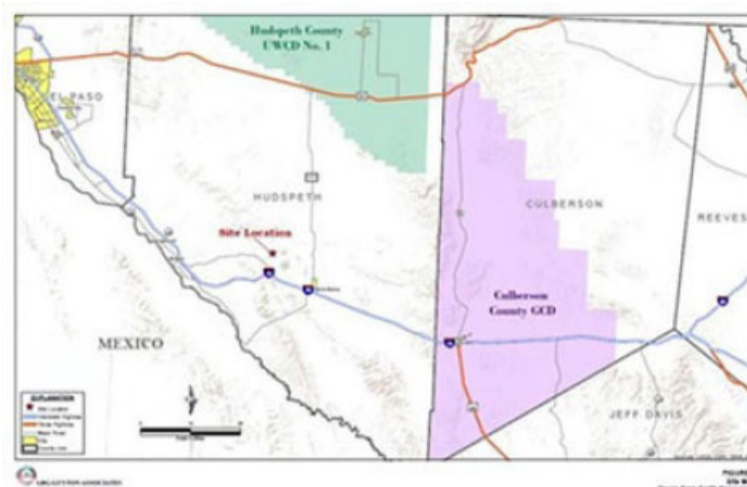
Executive and Field Offices. Our headquarters are located at 539 El Paso Street, Sierra Blanca, Texas 79851. Our accounting functions are conducted by personnel in Galveston, Texas and Denver, Colorado, all under the supervision of our chief financial officer.

Overview of the Round Top Project. We are currently in the exploration stage and have not established that the Round Top Project contains proven mineral reserves or probable mineral reserves as defined under Item 1300 of Regulation S-K. The Round Top Project is currently owned by Round Top Development, LLC in which we have a 20% interest.

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.

Round Top Location Map



Acquisition and Ownership

August 2010 Lease

In August 2010, 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 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 the execution date of the lease so long as minerals are produced in paying quantities.

Under the lease, Round Top is obligated to pay the State of Texas a lease bonus of \$142,518; \$44,718 of which the Company previously paid upon the execution of the lease, and \$97,800 which will be due and payable by Round Top upon the submission of a supplemental plan of operations to conduct mining. Upon the sale of minerals removed from the Round Top Project, Round Top will pay the State of Texas a \$500,000 minimum advance royalty.

Thereafter, Round Top will pay the State of Texas a production royalty equal to eight percent of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent of the market value of all other minerals removed and sold from the Round Top Project.

If paying quantities have not been obtained, Round Top 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
September 2, 2015 – 2019	\$ 75	\$ 67,077
September 2, 2020 – 2024	\$ 150	\$ 134,155
September 2, 2025 – 2029	\$ 200	\$ 178,873

In August 2022, Round Top paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$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 the Round Top Project, Round Top will pay the State of Texas a \$50,000 minimum advance royalty. Thereafter, Round Top will pay the State of Texas a production royalty equal to eight percent of the market value of uranium and other fissionable materials removed and sold from the Round Top Project and six and one quarter percent of the market value of all other minerals sold from the Round Top Project. The term of the lease is nineteen years from the execution date of the lease so long as minerals are produced in paying quantities.

If paying quantities have not been obtained, Round Top 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, 2015 – 2019	\$ 75	\$ 6,750
November 1, 2020 – 2024	\$ 150	\$ 13,500
November 1, 2025 – 2029	\$ 200	\$ 18,000

In August 2022, Round Top paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$13,500.

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. Round Top 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 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, but cannot be assured, that all potential water needs for the Round Top Project 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 Round Top 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.

March 2021 Purchased the South ½ of Section 45, Block 71, Township 6, T&P RR Survey.

This ½ Section comprising 320 acres more or less was purchased for a price of \$400 per acre, or a total of approximately \$128,000. This tract was purchased for siting the demonstration plant when it is relocated from its present location at Wheatridge, Colorado. This tract is contiguous with the Surface Option area.

May 2021 Easements

On May 7, 2021, we purchased a road, water line and power line easement extending slightly over a mile from the western boundary of the Water lease to the southeastern corner of the Section 45 tract. These easements complete the arrangements for the main access road from State Highway 111, across the Water Lease and into the Surface Option area.

Existing Infrastructure

The Round Top Project rare earth prospect was initially developed in the late 1980s. 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 believed to be 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. Round Top intends 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 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, but not assured, 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 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 within the intrusive rhyolite body.

Tertiary diorite which predates 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 mineralization.

The Round Top Project was initially developed in the late 1980's. During the course of this exploration, approximately 200 drill holes penetrated varying thicknesses of the rhyolite volcanic rock that makes up the mass of Round Top Mountain.

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.

Project Exploration History

The Round Top rare earths 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. Cyprus ultimately put the project on hold. Cyprus eventually allowed the lease with the State of Texas to lapse.

Santa Fe Gold Corporation

In November 2021, the Company entered into a mineral exploration and option agreement with Santa Fe Gold Corporation (“Santa Fe”). Under the option agreement, the Company and Santa Fe plan to pursue, negotiate and subsequently enter into a joint venture agreement to jointly explore and develop a target silver property to be selected by the Company among patented and unpatented mining claims held by Santa Fe within the Black Hawk Mining District in Grant County, New Mexico. Completion of a joint venture agreement, if any, is subject to the successful outcome of a multi-phase exploration plan leading to a bankable feasibility study to be undertaken in the near future by the Company. Under the contemplated terms of the proposed joint venture agreement, the Company would be project operator and initially own 50.5% of the joint venture while Santa Fe would initially own 49.5%. Additional terms of the joint venture are expected to be negotiated between the Company and Santa Fe in the future. There can be no assurance that the Company and Santa Fe will enter into a formal joint venture agreement.

Under the terms of the option agreement, the Company plans to conduct a district-wide evaluation among the patented and unpatented claims held by Santa Fe, consisting of geologic mapping, sampling, trenching, radiometric surveying, geophysics, drilling and/or other methods as warranted. Based on the district-wide evaluation, the Company will designate one 80-acre tract as the “project area” and commence detailed exploration work. The property covered in the option agreement is approximately 1,300 acres and covers approximately 75% of the known mining district. The area to be studied also includes a two-mile radius “area of interest.” The option agreement provides the Company with the right to designate any properties within the “area of interest” as “project area” properties. The term of the option is for so long as the Company continues to conduct exploration activities in the Project Area and can be exercised on 60 days’ notice to Santa Fe.

Additionally, in November 2021, the Company entered into a financing and purchase option agreement with Greentech Minerals Holdings, Inc. (“Greentech”); however, Greentech determined not to pursue this financing option. The Company is currently pursuing other financing sources. There can be no assurance that the Company will be able to arrange and procure necessary financing to commercially exploit a silver property currently held by Santa Fe within the Black Hawk Mining District in Grant County, New Mexico.

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, 2022, 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.

Fiscal Year 2022	High	Low
Quarter ended August 31, 2022	\$ 2.30	\$ 1.70
Quarter ended May 31, 2022	\$ 2.21	\$ 1.65
Quarter ended February 28, 2022	\$ 2.38	\$ 1.62
Quarter ended November 30, 2021	\$ 2.49	\$ 1.41
Fiscal Year 2021	High	Low
Quarter ended August 31, 2021	\$ 2.33	\$ 1.45
Quarter ended May 31, 2021	\$ 4.35	\$ 2.00
Quarter ended February 28, 2021	\$ 4.70	\$ 1.35
Quarter ended November 30, 2020	\$ 1.70	\$ 1.20

The last bid price of our Common Stock on November 16, 2022 was \$1.82 per share.

Holders

The approximate number of holders of record of our Common Stock as of November 21, 2022 was 537.

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, 2022, a total of 9,000,000 shares of our Common Stock have been reserved for issuances under our plan, with 5,625,000 shares being reserved for future issuance.

The following table sets forth certain information as of August 31, 2022 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:

Plan Category	(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options	(b) Weighted- Average Exercise Price of Outstanding Options	(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	440,000	\$ 0.34	5,625,000
Nonplan equity compensation	80,000	\$ 0.30	—
Total	520,000	\$ 0.34	5,625,000

Recent Sales of Unregistered Securities During Fiscal 2022

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 (D)
June 2022	Common Stock	33,438(A)	Directors	\$Nil	Services	Sec. 4(a)(2)
July 2022	Common Stock	77,330(C)	Director	\$Nil	Cashless exercise	Sec. 4(a)(2)
August 2022	Common Stock	6,000(C)	Director	1,200	Cash	Sec. 4(a)(2)
August 2022	Common Stock Options	30,000(B)	Consultant	\$Nil	Services	Sec. 4(a)(2)

- (A) Common Stock issued for Board of Director's services.
- (B) Common Stock Options issued pursuant to a consulting agreement for professional services.
- (C) Exercise of Common Stock Options into 77,330 and 6,000 shares of Common Stock at \$0.45 and \$0.20 per share, respectively. The 77,330 shares of Common Stock were through a cashless exercise.
- (D) 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. RESERVED

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 are a mining company engaged in the business of the acquisition, exploration and development of mineral properties. We currently own a 20% membership interest in Round Top, which entity holds 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 approximately 19 and 18 years, each currently have remaining terms of approximately nine years and provisions for automatic renewal if Round Top is in production. Round Top also holds prospecting permits covering 9,345 acres adjacent to the Round Top Project. The strategy with Round Top is to develop a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project's rhyolite, conduct additional engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study and then to extract mineral resources from the Round Top Project. The Round Top Project has not established as of the date hereof that any of the properties contain any probable mineral reserves or proven mineral reserves under Item 1300 of Regulation S-K.

Rare earth elements 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 critical in a wide range of technologies, products, and applications and are critical inputs in existing and emerging applications. Without these elements, multiple high-tech technologies would not be possible. These technologies include:

- cell phones,
- computer and television screens,
- battery operated vehicles,
- clean energy technologies, such as hybrid and electric vehicles and wind power turbines,
- fiber optics, lasers and hard disk drives,
- numerous defense applications, such as guidance and control systems and global positioning systems,
- advanced water treatment technology for use in industrial, military and
- outdoor recreation applications

Because of these applications, 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 to continue to fund our participation interest in the Round Top Project may be impacted by future prices for REEs.

History of the Round Top Project

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 exclusive surface access to the area for the potential development and mining of the Round Top Project.

In October 2014, we executed agreements with the GLO securing the option to purchase the surface rights covering the 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 option may be exercised for all or part of the option acreage at any time during the primary term of the mineral lease as defined above. The “primary term” of the GLO mineral leases and the option is through August 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 the right to develop the ground water within a 13,120-acre lease area located approximately 4 miles from the Round Top Project. 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 payments of \$0.95 per thousand gallons or \$20,000 annually, whichever is greater, is required. 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 the contemplated pilot plant development.

In May 2021, we contributed our assets to Round Top in exchange for a 20% membership interest in Round Top.

As a part of our ongoing operations, we will occasionally investigate new mining opportunities. We may also incur expenses associated with our investigations. These costs are expensed as incurred until such time when we have agreements in place to purchase such mining rights.

Investment Company Act Exclusion

Section 3(a)(9) of the 1940 Act provides that a company “substantially all of whose business consists of owning or holding oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests” is not an investment company within the meaning of the 1940 Act. The Company has determined that this exemption applies to it giving consideration to the following four factors:

- the exempted activity (ownership of our certificate of interest in the underlying mineral leases) constitutes “substantially all” of our business;
- we own, and do not trade, in the certificate of interest in the mineral leases or the underlying mineral leases;
- mineral leases qualify as an eligible asset for purposes of the exception; and
- a membership interest in a limited liability company constitutes a “certificate of interest or participation in” or an “investment contract relative to” the eligible assets.

The Company intends to continue to conduct its business operations in order to continue to be excluded from the definition of an “investment company” under the 1940 Act.

Our financial statements have been prepared assuming that the Company will continue as a going concern.

Our financial statements have been prepared assuming that the Company will continue as a going concern. The Company has an accumulated deficit from inception through August 31, 2022, of approximately \$39,752,000 and has yet to achieve profitable operations, and projects further losses in the development of its business. At August 31, 2022, the Company had a working capital surplus of approximately \$2,352,000; however the Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

In accordance with our current projected Budget, the Company does not have sufficient capital to fund its (i) total cash calls expected during the fiscal year ending August 31, 2023 (expected to be approximately \$15.4 million) and (ii) expected general and administrative expenses during the fiscal year ending August 31, 2023 (expected to be approximately \$603,000). Failure of the Company to make required cash calls to Round Top would result in significant dilution to its 20% ownership interest. Accordingly, the Company will be required to raise additional capital to fund its obligations (pursuant to the Budget and to fund general and administrative expenses) during the fiscal year ended August 31, 2023. There can be no assurance that the Company will be able to raise the necessary capital to fund its cash calls and expected general and administrative expenses. We have no firm commitments for equity or debt financing and any financing that may be obtained will be on a best efforts basis. Based on these factors, there is substantial doubt as to the Company's ability to continue as a going concern for a period of twelve months from the issuance date of these financial statements. The failure to obtain sufficient financing may cause us to curtail or discontinue operations.

Liquidity and Capital Resources

At August 31, 2022, our accumulated deficit was approximately \$39,752,000 and our cash position was approximately \$1,838,000. We had a working capital surplus of approximately \$2,596,000. Round Top has not commenced commercial production on the Round Top Project. 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, 2022, we funded approximately \$1,937,000 to Round Top pursuant to our funding obligations set forth in the Operating Agreement. Round Top funded approximately \$8,402,000 in connection with advancing the Round Top Project.

During the current fiscal year, Round Top is expected to fund the expenditure of approximately \$77.1 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 the Round Top Project where a pilot plant is expected to be established. This work will consist of mining and crushing approximately 40,000 tonnes of rhyolite and setting up and equipping a facility to conduct pilot plant scale heap leaching. It is estimated that the Round Top Project will require additional time and further expenditure to complete a bankable feasibility study. We plan to fund up to approximately \$15.4 million of the expected expenditures by Round Top during our current fiscal year.

We do not have sufficient cash on hand to fund our portion of the Round Top Budget during our current fiscal year. Therefore, we will need to raise additional funding to implement our business strategy and to continue to fund our portion of the Round Top Budget, the failure of which could cause us to curtail or cease our operations. The most likely source of future financing presently available to us 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 no firm commitment with respect to obtaining debt or equity financing and, accordingly, we will be reliant upon a best efforts financing strategy. Accordingly, there is no assurance that we will be able to raise necessary capital to fund our portion of the Round Top Budget and our general administrative expenses during the fiscal year ending August 31, 2023.

Results of Operations

Fiscal Years ended August 31, 2022 and 2021

Grant Income

Grants received from government and other agencies in advance of a specific project's expenses are deferred and recognized as other income in the statements of operations in the period they are earned and the related project costs are incurred. For the years ended August 31, 2022 and 2021, we recognized \$561,950 and \$712,000, respectively, of grant income which is presented in other income net of grant related expenses totaling approximately \$561,860 and \$438,000, respectively.

Revenue

During the fiscal year ended August 31, 2022 and 2021, we had no revenues. For the fiscal year ended August 31, 2022, our net loss was approximately \$2,904,000. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$39,752,000 as of August 31, 2022.

Operating expenses and resulting losses from operations.

We incurred exploration costs for the fiscal years ended August 31, 2022 and 2021, in the amount of approximately \$1,535,000 and \$220,000, respectively. Expenditures during fiscal year 2022 were primarily for our obligation to fund our portion of the cash requirements set forth by our joint venture agreement with USARE. Currently eighty-percent of the expenditures associated with the joint venture are funded by our joint venture partner, USARE.

Our general and administrative expenses for the fiscal year ended August 31, 2022 were approximately \$1,376,000 of which approximately \$503,000 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, 2021 were approximately \$1,343,000 of which approximately \$880,000 were stock compensation for services. The remaining expenditures were primarily for payroll, professional fees and other general administrative expenses necessary for our operations.

We had losses from operations for the fiscal years ended August 31, 2022 and 2021 totaling approximately \$2,911,000 and \$1,563,000, respectively. We had a net loss for the fiscal year ended August 31, 2022 totaling approximately \$2,904,000 and net income for the fiscal year ended August 31, 2021 totaling approximately \$2,044,000. We earned interest from our cash balances of approximately \$7,000 and \$6,000 for the years ended August 31, 2021 and 2020, respectively.

In May 2021, USARE met its obligations under the Option Agreement and acquired a 70% interest in Round Top. In addition, USARE exercised its option to acquire an additional 10% interest in Round Top for \$3 million. In connection with this transaction, the Company received total consideration of approximately \$3,728,000, consisting of the \$3 million upon exercise of the option and approximately \$728,000 in previous advances from USARE, and derecognized 80% of the carrying amount of mineral properties, or approximately \$402,000. The resulting gain on sale of interest in mineral properties in the amount of approximately \$3,327,000 is included as its own line item in other income (expense).

Off-Balance Sheet Arrangements

None

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 U.S. 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 U.S. 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, 2022.

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 consolidated balance sheets of Texas Mineral Resources Corp. (the Company) as of August 31, 2022 and 2021, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended August 31, 2022, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended August 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's inability to meet funding requirements for its interest in Round Top Mountain Development, LLC would result in significant dilution of its ownership interest. The Company has not generated any revenues and the Company does not have resources sufficient to meet the projected funding requirements. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) represented especially challenging, subjective, or complex judgements. We determined that there are no critical audit matters.

/s/ Ham, Langston & Brezina, L.L.P.

We have served as the Company's auditor since 2020.

Houston, Texas
November 29, 2022

PCAOB ID #298

Texas Mineral Resources Corp.
CONSOLIDATED BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,838,300	\$ 5,106,653
Short-term investments	505,611	—
Prepaid expenses and other current assets	293,130	73,029
Total current assets	2,637,041	5,179,682
Property and equipment, net	23,853	30,834
Mineral properties, net	415,607	181,755
Deposit	7,500	12,620
Total assets	\$ 3,084,001	\$ 5,404,891
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 41,101	\$ 191,394
Accounts payable - related parties	—	10,000
Total current liabilities	41,101	201,394
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
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, 72,869,220 and 71,934,065 shares issued and outstanding as of August 31, 2022 and 2021, respectively	728,692	719,341
Additional paid-in capital	42,066,269	41,332,478
Accumulated deficit	(39,752,061)	(36,848,322)
Total shareholders' equity	3,042,900	5,203,497
Total liabilities and shareholders' equity	\$ 3,084,001	\$ 5,404,891

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

Texas Mineral Resources Corp.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING EXPENSES		
Exploration costs	\$ 1,534,915	\$ 220,051
General and administrative	1,376,274	1,342,805
Total operating expenses	<u>2,911,189</u>	<u>1,562,856</u>
LOSS FROM OPERATIONS	<u>(2,911,189)</u>	<u>(1,562,856)</u>
OTHER INCOME (EXPENSE)		
Gain on sale of assets	—	3,326,899
Grant income, net of related expenses	93	274,072
Interest and other income	7,357	6,088
Total other income (expense)	<u>7,450</u>	<u>3,607,059</u>
NET INCOME (LOSS)	<u>\$ (2,903,739)</u>	<u>\$ 2,044,202</u>
Net income (loss) per common share		
Basic	<u>\$ (0.04)</u>	<u>\$ 0.03</u>
Diluted	<u>\$ (0.04)</u>	<u>\$ 0.03</u>
Weighted average shares outstanding		
Basic	<u>72,403,029</u>	<u>71,651,114</u>
Diluted	<u>72,403,029</u>	<u>72,862,214</u>

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

Texas Mineral Resources Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (2,903,739)	\$ 2,044,202
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	6,981	4,072
Stock based compensation	503,442	787,939
Gain on sale of mineral properties	—	(3,326,899)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(220,101)	110,170
Accounts payable and accrued liabilities	(150,293)	(218,533)
Accounts payable – related parties	(10,000)	—
Net cash used in operating activities	<u>(2,773,710)</u>	<u>(599,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of (payments for) deposits	5,120	(5,120)
Purchases of short-term investments	(505,611)	—
Purchases of property and equipment	—	(34,906)
Purchases of mineral properties	(233,852)	(229,849)
Proceeds from sale of interest in mineral properties	—	3,000,000
Net cash (used in) provided by investing activities	<u>(734,343)</u>	<u>2,730,125</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related party	—	147,826
Proceeds from exercise of common stock options and warrants	239,700	81,300
Net cash provided by financing activities	<u>239,700</u>	<u>229,126</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,268,353)	2,360,202
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>5,106,653</u>	<u>2,746,451</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 1,838,300</u>	<u>\$ 5,106,653</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for interest expense	<u>\$ —</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued as payment of accrued expenses	<u>\$ —</u>	<u>\$ 92,500</u>
Advances from related parties applied to consideration in sale of interest in mineral properties	<u>\$ —</u>	<u>\$ 729,227</u>

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

Texas Mineral Resources Corp.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Years Ended August 31, 2022 and 2021

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance at August 31, 2020	—	\$ —	71,323,278	\$ 713,233	\$ 40,376,847	\$ (38,892,524)	\$ 2,197,556
Stock based compensation	—	—	83,345	834	787,105	—	787,939
Common stock issued as payment of accrued directors' fees	—	—	61,936	619	91,881	—	92,500
Common stock issued upon exercise of options and warrants	—	—	296,000	2,960	78,340	—	81,300
Common stock issued upon cashless exercise of options and warrants	—	—	169,506	1,695	(1,695)	—	—
Net income	—	—	—	—	—	2,044,202	2,044,202
Balance at August 31, 2021	—	—	71,934,065	719,341	41,332,478	(36,848,322)	5,203,497
Stock based compensation	—	—	131,825	1,318	176,689	—	178,007
Common stock options and warrants issued for services	—	—	—	—	325,435	—	325,435
Common stock issued upon exercise of options and warrants	—	—	726,000	7,260	232,440	—	239,700
Common stock issued upon cashless exercise of options and warrants	—	—	77,330	773	(773)	—	—
Net loss	—	—	—	—	—	(2,903,739)	(2,903,739)
Balance at August 31, 2022	—	\$ —	72,869,220	\$ 728,692	\$ 42,066,269	\$ (39,752,061)	\$ 3,042,900

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

TEXAS MINERAL RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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.

We are a mining company engaged in the business of the acquisition, exploration and development of mineral properties. We currently own a 20% membership interest in Round Top Mountain Development Company, LLC (“Round Top”), a Delaware limited liability Company, which entity holds 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 approximately 19 and 18 years, each currently have remaining terms of approximately eight years and provisions for automatic renewal if Round Top is in production. Round Top also holds prospecting permits covering 9,345 acres adjacent to the Round Top Project. The strategy with Round Top is to develop a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project’s rhyolite, conduct additional engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study and then to extract mineral resources from the Round Top Project. The Round Top Project has not established as of the date hereof that any of the properties contain any probable mineral reserves or proven mineral reserves under Item 1300 of Regulation S-K (“Item 1300”).

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 Item 1300 of the U.S. Securities and Exchange Commission (“SEC”). Under Item 1300, 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 Item 1300. 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 Item 1300.

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”).

Principles of Consolidation

The consolidated financial statements include the accounts of Texas Mineral Resources Corp and its proportionate interest in the assets, liabilities, and operations of Round Top. All significant intercompany balances and transactions have been eliminated.

Going Concern

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has an accumulated deficit from inception through August 31, 2022, of approximately \$39,752,000 and has yet to achieve profitable operations, and projects further losses in the development of its business.

At August 31, 2022, the Company had a working capital surplus of approximately \$2,352,000, however the Company’s ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should we be unable to continue as a going concern.

In accordance with our current projected budget, the Company does not have sufficient capital to fund its total cash calls and expected general and administrative expenses during the fiscal year ending August 31, 2023. Failure by the Company to make required cash calls to Round Top would result in significant dilution to its 20% ownership interest. Accordingly, the Company will be required to raise additional capital to fund its obligations during the fiscal year ended August 31, 2023. There can be no assurance that the Company will be able to raise the necessary capital to fund its cash calls and expected general and administrative expenses. The Company may also seek to obtain short-term loans from the directors of the Company. Based on these factors, there is substantial doubt as to the Company’s ability to continue as a going concern for a period of twelve months from the issuance date of these financial statements.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

Short-term investments

Short-term investments consists of certificates of deposit and similar time-based deposits with financial institutions with original maturity dates over three months and up to twelve months. The carrying value approximates fair value due to the short duration of the instrument.

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.

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.

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.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

The Company recognizes and measures a tax benefit from uncertain tax positions when it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company recognizes a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company adjusts these liabilities when its judgement changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate or future recognition of an unrecognized tax benefit. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined. The Company recognizes interest and penalties related to unrecognized tax positions within the income tax expense line in the statements of operations. Management believes the Company has no uncertain tax positions at August 31, 2022 and 2021.

Basic and Diluted Income (Loss) Per Share

The Company computes income (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 income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted income (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 income (loss) per share excludes all potential common shares if their effect is anti-dilutive.

The following table sets forth the computation of basic and dilutive weighted average shares for the years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Weighted average basic shares	72,403,029	71,651,114
Dilutive securities:		
Stock options and warrants	—	1,211,100
Weighted average dilutive shares	<u>72,403,029</u>	<u>72,862,214</u>

At August 31, 2022, options and warrants to purchase 532,000 shares of common stock were outstanding but not included in the computation of dilutive earnings per share, because these options and warrants were antidilutive.

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.

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 and accounts payable and accrued liabilities. 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.

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 in the Company’s Round Top Project (“Project” or “Round Top” or “Round Top Project”) by financing \$10 million of expenditures in connection with the Project, increasable to an 80% interest for an additional \$3 million payment to the Company. Morzev began operating as USA Rare Earth, LLC (“USARE”) and in May 2019 notified the Company that it was nominating 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” and collectively with the 2018 Option Agreement, the “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. The 2019 Option Agreement has substantially similar terms to the 2018 Option Agreement.

On May 17, 2021, and in accordance with the terms of the Option Agreement, the Company and USARE entered into a contribution agreement (“Contribution Agreement”) whereby the Company and USARE contributed assets to Round Top, a wholly-owned subsidiary of the Company, in exchange for their ownership interests in Round Top, of which the Company now owns membership interests equating to 20% of Round Top and USARE owns membership interests equating to 80% of Round Top. Concurrently therewith, the Company and USARE as the two members entered into a limited liability company agreement (“Operating Agreement”) governing the operations of Round Top which contains customary and industry standard terms as contemplated by the Option Agreement. USARE will serve as manager of Round Top and Mr. Gorski, on behalf of the Company, will serve as one of the three members of the management committee.

In connection with USARE meeting its obligations to acquire a 70% interest in Round Top and exercising its right to an additional 10% interest, the Company received total consideration of approximately \$3,728,000, consisting of the \$3 million upon exercise of the option and approximately \$729,000 in previous advances to the Company by USARE, and derecognized 80% of the carrying amount of mineral properties, or approximately \$402,000. The resulting gain on sale of interest in mineral properties in the amount of approximately \$3,327,000 is included as its own line item in other income (expense).

Upon entry into the Contribution Agreement, the Company assigned the following contracts and assets to Round Top in exchange for its 20% membership interest in Round Top:

- the assignment and assumption agreement with respect to the mineral leases from the Company to Round Top;
- the assignment and assumption agreement with respect to the surface lease from the Company to Round Top;
- the assignment and assumption agreement with respect to the surface purchase option from the Company to Round Top;
- the assignment and assumption agreement with respect to the water lease from the Company to Round Top; and
- the bill of sale and assignment agreement of existing data with respect to Round Top owned by the Company.

and USARE assigned the following assets to Round Top (or the Company, as applicable) for its 80% membership interest in Round Top:

- cash to Round Top to continue to fund Round Top operations in the amount of approximately \$3,761,750 comprising the balance of the \$10 million required expenditure to earn a 70% interest in Round Top;
- cash in the amount of \$3 million to the Company upon exercise of the USARE option to acquire from the Company an additional 10% interest in Round Top, resulting in the aggregate ownership interest of 80% in Round Top;
- bill of sale and assignment agreement of the Pilot Plant to Round Top;
- the assignment and assumption regarding relevant contracts and permits with respect to Round Top; and
- bill of sale and assignment agreement of existing data and intellectual property owned by USARE to Round Top.

USARE, as manager, will issue monthly cash calls pursuant to adopted Budgets. Both parties, as members, will have 10 days after receipt of such a billing to meet the cash call. Failure to meet a cash call results in dilution. Successive failures in the same budgetary period can result in accelerated dilution or a default loan at a default interest rate. If a member (the “Delinquent Member”) does not contribute all or any portion of any additional capital contribution that such member is required to contribute (the “Default Amount”), then the other member (the “Non-Defaulting Member”) may elect to contribute the Default Amount to Round Top, or not to contribute the Default Amount to Round Top and, in both cases, the interests of the members will be recalculated. If the default by the Delinquent Member is the second or any subsequent default during the period of any adopted Budget, the Non-Defaulting Member may elect to contribute the Default Amount to Round Top on behalf of the Delinquent Member and to reduce the ownership interest of the Delinquent Member by an amount (expressed as a percentage) equal to: (i) 150%; *multiplied by* the Default Amount; *divided by* (ii) the aggregate contributed capital of all members (determined after taking into account the contribution of the Default Amount on behalf of the Delinquent Member). The interest of the Non-Defaulting Member will be increased by the reduction in the interest of the Delinquent Member

NOTE 3 – JOINT VENTURE ARRANGEMENTS (CONTINUED)

The Company accounts for its interest in Round Top using the proportionate consolidation method, which is an exception available to entities in the extractive industries, thereby recognizing its pro-rate share of the assets, liabilities, and operations of Round Top in the appropriate classifications in the financial statements.

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, 2022 and 2021:

	2022	2021
Furniture and office equipment	\$ 75,606	\$ 75,606
Vehicles	124,092	124,092
Computers and software	48,711	48,711
Field equipment	71,396	71,396
Total cost basis	319,805	319,805
Less: accumulated depreciation	(295,951)	(288,970)
Property and equipment, net	<u>\$ 23,853</u>	<u>\$ 30,834</u>

Depreciation expense for the years ending August 31, 2022 and 2021 was \$6,981 and \$4,072, respectively.

NOTE 5 – MINERAL PROPERTIES

As further discussed in Note 3, Joint Venture Arrangements, in May 2021, the Company assigned all rights and obligations related to the Round Top Project to Round Top in exchange for a 20% interest. The following discussion of the “August 2010 Lease”, “November 2011 Lease”, “March 2013 Lease”, and “October 2014 Surface Option and Water Lease” pertain to the Round Top Project.

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 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 is obligated to pay the State of Texas a total lease bonus of \$142,518. The Company paid \$44,718 upon the execution of the lease, and Round Top will pay the remaining \$97,800 upon submission of a supplemental plan of operations to conduct mining. Upon the sale of any minerals removed from the Round Top Project, Round Top will pay the State of Texas a \$500,000 minimum advance royalty. Thereafter, if paying quantities of minerals are obtained, Round Top will pay the State of Texas a production royalty equal to eight percent of the market value of uranium and other fissionable materials removed and sold from the Round Top Project and six and one quarter percent of the market value of all other minerals removed and sold. If paying quantities have not been obtained, Round Top 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
September 2, 2020 – 2024	\$ 150	\$ 134,155
September 2, 2025 – 2029	200	178,873

In August 2022, our joint venture partner paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$134,155.

NOTE 5 – MINERAL PROPERTIES (CONTINUED)

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 the Round Top Project, Round Top will pay the State of Texas a \$50,000 minimum advance royalty. Thereafter, if paying quantities of minerals are obtained, Round Top will pay the State of Texas a production royalty equal to eight percent of the market value of uranium and other fissionable materials removed and sold from the Round Top Project and six and one quarter percent of the market value of all other minerals. If paying quantities have not been obtained, Round Top 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, 2020 – 2024	\$ 150	\$ 13,500
November 1, 2025 – 2029	200	18,000

In August 2022, our joint venture partner 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

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. Round Top 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.

Santa Fe Gold Corporation

In November 2021, the Company entered into a mineral exploration and option agreement with Santa Fe Gold Corporation (“Santa Fe”). Under the option agreement, the Company and Santa Fe plan to pursue, negotiate and subsequently enter into a joint venture agreement to jointly explore and develop a target silver property to be selected by the Company among patented and unpatented mining claims held by Santa Fe within the Black Hawk Mining District in Grant County, New Mexico. Completion of a joint venture agreement, if any, is subject to the successful outcome of a multi-phase exploration plan leading to a bankable feasibility study to be undertaken in the near future by the Company. Under the contemplated terms of the proposed joint venture agreement, the Company would be project operator and initially own 50.5% of the joint venture while Santa Fe would initially own 49.5%. Additional terms of the joint venture are expected to be negotiated between the Company and Santa Fe in the future.

Under the terms of the option agreement, the Company plans to conduct a district-wide evaluation among the patented and unpatented claims held by Santa Fe, consisting of geologic mapping, sampling, trenching, radiometric surveying, geophysics, drilling and/or other methods as warranted. Based on the district-wide evaluation, the Company will designate one 80-acre tract as the “project area” and commence detailed exploration work. The property covered in the option agreement is approximately 1,300 acres and covers approximately 75% of the known mining district. The area to be studied also includes a two-mile radius “area of interest.” The option agreement provides the Company with the right to designate any properties within the “area of interest” as “project area” properties.

NOTE 5 – MINERAL PROPERTIES (CONTINUED)

The term of the option is for so long as the Company continues to conduct exploration activities in the Project Area and can be exercised on 60 days' notice to Santa Fe.

Additionally, in November 2021, the Company entered into a financing and purchase option agreement with Greentech Minerals Holdings, Inc. ("Greentech"); however, Greentech determined not to pursue this financing option. The Company is currently pursuing other financing sources.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at August 31, 2022 and 2021, consist of the following:

	2022	2021
Accounts payable – trade	\$ 41,101	\$ 175,328
Accrued payroll and related expenses	—	16,049
Other	—	17
Total accounts payable and accrued liabilities	<u>\$ 41,101</u>	<u>\$ 191,394</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

During the year ended August 31, 2021, USARE, the Company's joint venture partner, provided cash advances of \$147,826, to pay certain deferred lease rental costs and amounts due under a note payable to the Rio Grande Foundation. These advances are uncollateralized and are non-interest-bearing. The cumulative balance of advances from USARE on May 17, 2021 totaling \$728,227 was applied as consideration for the sale of 80% interest in Round Top as further discussed in Note 3, Joint Venture Arrangements.

NOTE 8 – INCOME TAXES

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, 2022 and 2021:

	2022	2021
Income tax benefit (expense) at 21% statutory rate	\$ 609,785	\$ (429,282)
Stock-based compensation	(105,723)	(184,893)
(Increase) decrease in valuation allowance	(504,062)	614,175
	<u>\$ —</u>	<u>\$ —</u>

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, 2022 and 2021 are as follows:

	2022	2021
Net operating loss carryforward	\$ 4,522,754	\$ 4,341,024
Difference in property and equipment basis	796,890	474,558
Less valuation allowance	(5,319,644)	(4,815,582)
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

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.

The net operating loss carryforward in the approximate amount of \$13,692,000 began 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.

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.

NOTE 9 – SHAREHOLDERS' EQUITY (CONTINUED)

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, 2022 and 2021:

August 31, 2022

In October 2021, the Company issued 41,231 shares of common stock related to Director fees earned and expensed during the year ended August 31, 2021.

During the year ended August 31, 2022, the Company issued 90,594 shares of common stock valued at \$136,505, as payment for director fees. In addition, the Company recognized stock compensation and a corresponding charge to additional paid-in capital in the amount of \$41,502 for director's fees earned during the quarter ended August 31, 2022. The Company issued the related 26,833 shares of common stock in October 2022.

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 agreement date. The right to receive the common stock is subject to ratable vesting over a 24-month period and at May 31, 2022, 699,999 shares had vested and 87,501 had been issued. The Company recognized \$74,667 and \$224,000 of compensation expense under these consulting agreements during the years ended August 31, 2022 and 2021, respectively, which is included in general and administrative expenses in the accompanying consolidated statements of operations. The consultants have requested that the Company hold the remaining shares issuable under the agreements in trust to allow the consultants to request their shares as they vest.

During the year ended August 31, 2022, the holders of 720,000 common stock options and 6,000 common stock warrants exercised the related instruments for total cash consideration of \$239,700. The exercise price of the common stock options ranged from \$0.30 to \$0.45 per share and the exercise price of the common stock warrants were \$0.20 per share.

During the year ended August 31, 2022, a total of 100,000 common stock options were exercised on a cashless basis into 77,330 shares of common stock. The common stock options had an exercise price of \$0.45 per share.

August 31, 2021

In October 2020, the Company issued 61,936 shares of common stock to Directors as payment for accrued fees totaling \$92,500 earned in June through August 2020.

During the year ended August 31, 2021, the Company issued 83,345 shares of common stock valued at \$142,500, as payment for directors' fees. In addition, the Company recognized stock compensation and a corresponding charge to additional paid-in capital in the amount of \$47,500 for directors' fees earned during the quarter ended August 31, 2021. The Company issued the related 41,233 shares of common stock in October 2021.

During the year ended August 31, 2021, the holders of 76,000 common stock warrants and 220,000 common stock options were exercised for total cash consideration of \$81,300. The exercise price of the common stock warrants ranged from \$0.10 to \$0.35 per share and the exercise price of the common stock options ranged from \$0.20 to \$0.45 per share.

During the year ended August 31, 2021, a total of 200,000 common stock options were exercised on a cashless basis into 169,506 shares of common stock. The common stock options had exercise prices ranging from \$0.22 to \$0.45.

NOTE 9 – SHAREHOLDERS’ EQUITY (CONTINUED)

Options

The following table sets forth certain information as of August 31, 2022 and 2021 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, 2022 and 2021):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding, vested and exercisable at August 31, 2021	1,763,500	\$ 0.35	3.45	\$ 2,028,025
Options granted	174,000	0.60	—	—
Options exercised	(420,000)	0.28	—	—
Options cancelled/forfeited/expired	(40,000)	0.30	—	—
Outstanding, vested and exercisable at August 31, 2021	1,477,500	0.40	2.68	\$ 1,523,430
Options granted	120,000	0.30	—	—
Options exercised	(820,000)	0.35	—	—
Options cancelled/forfeited/expired	(257,500)	0.45	—	—
Outstanding, vested and exercisable at August 31, 2022	520,000	\$ 0.31	2.79	\$ 693,300

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 (as amended, the “Amended 2008 Plan”). Accordingly, at August 31, 2022 and 2021, 9,000,000 shares were designated for issuance under the 2008 Plan, as amended. At August 31, 2022, a total of 5,625,000 shares of common stock remained available for future grants under the Amended 2008 Plan.

During the year ended August 31, 2022, the Company granted a total of 120,000 stock options, with a fair value of \$250,768 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 between 0.25% and 2.33% (ii) estimated volatility between 197% and 202% (iii) dividend yield of 0.00% and (iv) expected life of all options of 5 years. The Company recognized the full \$250,768 as compensation expense during the year ended August 31, 2022.

During the year ended August 31, 2021, the Company granted a total of 174,000 stock options, with a fair value of \$353,497 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 0.27% (ii) estimated volatility of 205.58% (iii) dividend yield of 0.00% and (iv) expected life of all options of 5 years. The Company recognized the full \$353,497 as compensation expense during the year ended August 31, 2021.

Warrants

Warrant activity for the years ended August 31, 2021 and 2020 was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding and exercisable at August 31, 2020	3,318,038	\$ 0.40	0.28	\$ 3,649,842
Warrants granted	10,000	0.01	—	—
Warrants exercised	(76,000)	0.33	—	—
Warrants cancelled/forfeited/expired	(3,218,038)	0.10	—	—
Outstanding and exercisable at August 31, 2021	34,000	\$ 0.10	1.2	\$ 45,660
Warrants granted	—	—	—	—
Warrants exercised	(6,000)	0.20	—	—
Warrants cancelled/forfeited/expired	(16,000)	0.10	—	—
Outstanding and exercisable at August 31, 2022	12,000	\$ 0.04	1.0	\$ 23,780

NOTE 9 – SHAREHOLDERS' EQUITY (CONTINUED)

During the year ended August 31, 2021, the Company granted a total of 10,000 stock warrants, with a fair value of \$20,442 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 0.27% (ii) estimated volatility of 205.58% (iii) dividend yield of 0.00% and (iv) expected life of all options of 3 years. The Company recognized the full \$20,442 as compensation expense during the year ended August 31, 2021.

NOTE 10 – SUBSEQUENT EVENTS

In October 2022, we issued 26,833 shares of common stock to our Directors for accrued Director fees earned from June through August 2022.

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, 2022, 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 U.S. 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 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, 2022, management has concluded that we did not maintain effective internal control over financial reporting as of August 31, 2022, 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.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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 31, 2022:

Name	Age	Current Office with Company	Positions Held Since
Daniel E. Gorski	85	Director Chief Executive Officer	January 2007 August 2012
Anthony Marchese	66	Director	December 2009
Cecil Wall	91	Director	August 2007
Peter Denetclaw	63	Director	August 2019
LaVern (Vern) Kenneth Lund	49	Director	May 2022
Kevin Francis	62	Director	November 2020
Wm Chris Mathers	63	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.

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.

LaVern Kenneth Lund – Mr. Lund began his career as an Engineer with North American Coal Corporation (NACoal) in 1996. Mr. Lund has served as chief executive officer of Navajo Transitional Energy Company since February 1, 2022. Over the past 25 years prior to Navajo Transitional Energy Company, Mr. Lund had held various technical, operational management and executive level positions, including over 18 years of field operating experience while working at five different surface mines located in North Dakota, Texas and Mississippi. Mr. Lund is a Registered Professional Engineer in the state of Mississippi. He also holds a Masters of Business Administration from Auburn University and is a graduate of Wharton Advanced Management Program.

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 currently has five independent directors as follows:

- Anthony Marchese
- Cecil Wall
- Peter Denetclaw
- LaVern Lund
- Kevin Francis

Meetings of the Board and Board Member Attendance at Annual Meeting

During the fiscal year ending August 31, 2022, the Board held one (1) meeting 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 currently comprised of two (2) directors, both of whom, in the opinion of the Board, are independent (in accordance with the Nasdaq independence standards), being Anthony Marchese (Chairman) and Cecil Wall. Mr. Marchese is a "financial expert" as defined under Item 407(d)(5) of Regulation S-K. Our third committee member passed away in October 2022. We intend to appoint a third member to the audit committee once a new Board member has been appointed.

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.

A copy of the Audit Committee charter is available for review on the Company's website at www.TMRC.com.

Audit Committee Report

The Company's Audit Committee oversees the Company's financial reporting process on behalf of the Board. 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, 2022, the Committee reviewed the audited annual financial statements for the year ended August 31, 2022 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 Auditing Standard No. 1301, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board ("PCAOB").

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, 2022. 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, 2022.

Submitted by the Audit Committee Members

- Anthony Marchese (Chairman)
- Cecil Wall

Compensation Committee

The Company has a Compensation Committee comprised of three (3) directors, each of whom, in the opinion of the Board, are independent (as determined under the Nasdaq independence standards): Cecil Wall (Chairman), Kevin Francis 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 2022.

A copy of the Compensation Committee charter is available for review on the Company's website at 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. This position was held by our Director, Nick Pingitore, who passed away in October 2022. This position is currently vacant. We intend to fill this position once a new Board member has been appointed.

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.

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 on an informal basis as part of its overall selection strategy.

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 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 our web site at 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. 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, 2022, or during the subsequent period thereto.

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, 2022 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

Name and principal position	Year	Salary (US\$)	Option Awards (US\$)	All Other Compensation (US\$)	Total Compensation (US\$)
Daniel Gorski	2022	\$ 120,000	\$ —	\$ —	\$ 120,000
Chief Executive Officer	2021	\$ 120,000	\$ —	\$ —	\$ 120,000
Wm Chris Mathers	2022	\$ 60,000	\$ —	\$ —	\$ 60,000
Chief Financial Officer	2021	\$ 60,000	\$ —	\$ —	\$ 60,000

In August 2012, the Company agreed to pay 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 is currently being paid \$60,000 per year pursuant to an at-will employment arrangement. 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.

Executive Compensation Agreements and Summary of Executive Compensation

Report on Executive Compensation

During the year ended August 31, 2022, 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.

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 no awarded stock options outstanding as of August 31, 2022.

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, 2022. 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	\$ —	\$ 51,310	\$ —	\$ 51,310
Cecil Wall	\$ —	\$ 21,724	\$ —	\$ 21,724
Nicholas Pingitore	\$ —	\$ 29,613	\$ —	\$ 29,613
Peter Denetclaw, Jr.	\$ —	\$ 21,724	\$ —	\$ 21,724
LaVern Lund	\$ —	\$ 5,000	\$ —	\$ 5,000
Kevin Francis	\$ —	\$ 29,613	\$ —	\$ 29,613

The Company does not currently pay directors' fees in cash and paid the above-referenced directors' fees in fiscal 2022 through the issuance of shares of common stock valued at the market price, less a discount of 20%, 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 21, 2022, 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 72,896,053 shares of common stock outstanding as of November 21, 2022.

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 21, 2022 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	7,006,423(1)	9.6%
Anthony Marchese	6,318,945(2)	8.7%
Cecil Wall	1,876,677(3)	2.6%
Wm Chris Mathers	488,454(4)	*
Peter Denetclaw, Jr.	10,150,038(5)	13.9%
LaVern Lund	10,115,982(6)	13.9%
Kevin Francis	30,539(7)	*
All directors and executive officers as a group (7 persons)	25,905,714	35.5%
Navajo Transitional Energy Company	10,111,883(8)	13.9%

* Less than 1%.

- (1) Represents 7,006,423 shares of Common Stock.
- (2) Represents 4,054,238 shares of Common Stock and 2,264,707 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 18,144 shares of Common Stock owned by Cecil Wall and 1,858,533 shares of Common Stock in the name of various trusts controlled by Mr. Wall.
- (4) Represents 488,454 shares of Common Stock.
- (5) Represents 38,155 shares of Common Stock. Mr. Denetclaw is also deemed to be a beneficial owner of 10,111,883 shares of common stock owned by Navajo Transitional Energy Company.
- (6) Represents 4,099, shares of Common Stock. Mr. Lund is deemed to be a beneficial owners of 10,111,883 shares of common stock owned by Navajo Transitional Energy Company.
- (7) Represents 30,539 shares of Common Stock
- (8) Messrs. Denetclaw and Lund 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, 2022 the filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with, except that LaVern Lund did not file a Form 4 within the two business day requirement. A Form 5 was filed on behalf of Mr. Lund on October 11, 2022.

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

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

The following table sets forth information regarding the amount billed to us by our independent auditor, Ham, Langston & Brezina, L.L.P., for our two fiscal years ended August 31, 2022 and 2021, respectively:

	Years Ended August 31,	
	2022	2021
Audit Fees	\$ 66,855	\$ 56,500
Audit Related Fees	—	2,750
Tax Fees	5,000	5,000
All Other Fees	—	—
Total	<u>\$ 71,855</u>	<u>\$ 64,250</u>

Audit Fees

Consist of fees billed for professional services rendered for the audit of our financial statements and review of interim 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 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 2022 were pre-approved by the Audit Committee. The Audit Committee reviews with Ham, Langston & Brezina, L.L.P., 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:

Exhibit No.	Description
2.1	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.
3.1	Delaware Certificate of Conversion, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on August 29, 2012.
3.2	Delaware Certificate of Incorporation, incorporated by reference to Exhibit 3.2 of our Form 8-K filed with the SEC on August 29, 2012.
3.3	Delaware Certificate of Amendment, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on March 18, 2016
3.4	Delaware Bylaws, incorporated by reference to Exhibit 3.3 of our Form 8-K filed with the SEC on August 29, 2012.
3.5	Common Stock, par value \$0.01; 100,000,000 shares authorized, 72,869,220 shares issued and outstanding as of August 31, 2022.
4.1	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.
4.2	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.
4.3	Form of Class A Warrant, included as Schedule A in Exhibit 4.2.
4.4	Form of Class B Warrant, included as Schedule B in Exhibit 4.2.
10.1	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.
10.2	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.
10.3	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.
10.4	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.
10.5	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.
10.6	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
10.7	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⁽¹⁾
- [10.20](#) [Contribution Agreement, effective as of May 17, 2021, among USA Rare Earth, LLC, Texas Mineral Resources Corp., and Round Top Mountain Development, LLC, filed with the SEC on Form 8-K on May 21, 2021](#)
- [10.21](#) [Limited Liability Company Agreement dated effective as of May 17, 2021, among USA Rare Earth, LLC, Texas Mineral Resources Corp., and Round Top Mountain Development, LLC, filed with the SEC on Form 8-K on May 21, 2021](#)
- [31.1](#) [Section 302 Certification^{\(1\)}](#)
- [31.2](#) [Section 302 Certification^{\(1\)}](#)
- [32.1](#) [Section 906 Certification^{\(1\)}](#)
- [32.2](#) [Section 906 Certification^{\(1\)}](#)
- 101.INS⁽²⁾ XBRL Instance Document
- 101.SCH⁽²⁾ XBRL Taxonomy Extension — Schema
- 101.CAL⁽²⁾ XBRL Taxonomy Extension — Calculations
- 101.DEF⁽²⁾ XBRL Taxonomy Extension — Definitions
- 101.LAB⁽²⁾ XBRL Taxonomy Extension — Labels
- 101.PRE⁽²⁾ 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) Consolidated Balance Sheets at August 31, 2022 and 2021; (ii) Consolidated Statements of Operations for the years ended August 31, 2022 and 2021; (iii) Consolidated Statements of Cash Flows for the years ended August 31, 2022 and 2021; (iv) Consolidated Statements of Shareholders' Equity for the years ended August 31, 2022 and 2021; and (v) Notes to Consolidated Financial Statements.

ITEM 16. FORM 10-K SUMMARY

None included.

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 29, 2022

/s/ Wm Chris Mathers

Wm Chris Mathers, Chief Financial Officer

DATED: November 29, 2022

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 29, 2022
<u>/s/ Wm Chris Mathers</u> Wm Chris Mathers	Chief Financial Officer	November 29, 2022
<u>/s/ Anthony Marchese</u> Anthony Marchese	Chairman of the Board	November 29, 2022
<u>/s/ Cecil C Wall</u> Cecil C Wall	Director	November 29, 2022
<u>/s/ Peter Denetclaw, Jr.</u> Peter Denetclaw, Jr	Director	November 29, 2022
<u>/s/ LaVern Lund</u> LaVern Lund	Director	November 29, 2022
<u>/s/ Kevin Francis</u> Kevin Francis	Director	November 29, 2022

I, Daniel E Gorski, certify that:

1. I have reviewed this Annual Report on Form 10-K of Texas Mineral 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: November 29, 2022

/s/ Daniel E Gorski

Daniel E Gorski, Chief Executive Officer

I, Wm Chris Mathers, certify that:

1. I have reviewed this Annual Report on Form 10-K of Texas Mineral 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: November 29, 2022

/s/ Wm Chris Mathers

Wm Chris Mathers, 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 Annual Report of Texas Mineral Resources Corp (the "Company") on Form 10-K for the period ended August 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel E Gorski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel E Gorski

Daniel E Gorski, Chief Executive Officer

November 29, 2022

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.

**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 Annual Report of Texas Mineral Resources Corp (the "Company") on Form 10-K for the period ended August 31, 2022, 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

November 29, 2022

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.
