

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

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended August 31, 2018

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)

Delaware
(State of other jurisdiction of incorporation or organization)

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

516 South Spring Avenue
Tyler, Texas
(Address of Principal Executive Offices)

75702
(Zip Code)

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

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

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K.

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.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Emerging growth company

Accelerated filer

Smaller reporting company

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: As of December 14, 2018 the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was \$7,950,821 based upon the closing sale price of the common stock as reported by the OTCQX.US. For purposes of this calculation, shares of common stock held by executive officers, directors and holders of greater than 10% of the registrant's outstanding common stock are assumed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of the Registrant's common stock outstanding as of December 14, 2018 was 45,587,586.

EXPLANATORY NOTE

The sole purpose of this Amendment 1 to the Company's Annual Report on Form 10-K for the year ended August 31, 2018, originally filed with the Securities and Exchange Commission on December 14, 2018, is to furnish Exhibit 101 to the Form 10-K, which contains the XBRL (eXtensible Business Reporting Language) Interactive Data File for the financial statements and notes of the Form 10-K. No other changes have been made to the Form 10-K.

TABLE OF CONTENTS

| | |
|---|-----|
| <u>PRELIMINARY NOTES</u> | 1 |
| <u>GLOSSARY OF TERMS</u> | 1 |
| <u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u> | 3 |
| <u>PART I</u> | 5 |
| <u>ITEM 1. BUSINESS</u> | 5 |
| <u>ITEM 1A. RISK FACTORS</u> | 12 |
| <u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u> | 23 |
| <u>ITEM 2. PROPERTIES</u> | 23 |
| <u>ITEM 3. LEGAL PROCEEDINGS</u> | 36 |
| <u>ITEM 4. MINE SAFETY DISCLOSURES</u> | 36 |
| <u>PART II</u> | 37 |
| <u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u> | 37 |
| <u>ITEM 6. SELECTED FINANCIAL DATA</u> | 40 |
| <u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u> | 40 |
| <u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u> | 43 |
| <u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u> | F-1 |
| <u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u> | 44 |
| <u>ITEM 9A. CONTROLS AND PROCEDURES</u> | 44 |
| <u>ITEM 9B. OTHER INFORMATION</u> | 45 |
| <u>PART III</u> | 46 |
| <u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u> | 46 |
| <u>ITEM 11. EXECUTIVE COMPENSATION</u> | 52 |
| <u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u> | 54 |
| <u>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u> | 57 |
| <u>ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u> | 58 |
| <u>PART IV</u> | 60 |
| <u>ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES</u> | 60 |
| <u>SIGNATURES</u> | 63 |

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. |
| Grade | The average assay of a ton of ore, reflecting metal content. |
| 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. |
| 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. |
| 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 (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) 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. |
| 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” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). Such forward-looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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

- the progress, potential and uncertainties of our 2017-2018 rare-earth exploration program at our Round Top Project, located near Sierra Blanca, Texas (the “Round Top Project”);
- cost and timing for Pre-Feasibility Study for our Round Top Project
- the success of getting the necessary permits for future drill programs and future project exploration;
- expectations regarding the ability to raise capital and to continue our exploration plans on our properties; and
- plans regarding anticipated expenditures at the Round Top Project.

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

- risks associated with our ability to continue as a going concern;
- risks associated with our history of losses and need for additional financing;
- risks associated with our limited operating history;
- risks associated with our properties all being in the exploration stage;
- risks associated with our lack of history in producing metals from our properties;
- risks associated with a shortage of equipment and supplies;
- risks associated with our need for additional financing to develop a producing mine, if warranted;
- risks associated with our exploration activities not being commercially successful;
- risks associated with ownership of surface rights at our Round Top Project;
- risks associated with increased costs affecting our financial condition;
- risks associated with a shortage of equipment and supplies adversely affecting our ability to operate;
- risks associated with mining and mineral exploration being inherently dangerous;
- risks associated with mineralization estimates;
- risks associated with changes in mineralization estimates affecting the economic viability of our properties;
- risks associated with uninsured risks;
- risks associated with mineral operations being subject to market forces beyond our control;
- risks associated with fluctuations in commodity prices;
- risks associated with permitting, licenses and approval processes;
- risks associated with the governmental and environmental regulations;
- risks associated with future legislation regarding the mining industry and climate change;
- risks associated with potential environmental lawsuits;
- risks associated with our land reclamation requirements;
- risks associated with rare earth and beryllium mining presenting potential health risks;
- risks related to title in our properties;
- risks related to competition in the mining and rare earth elements industries;

- risks related to economic conditions;
- risks related to our ability to manage growth;
- risks related to the potential difficulty of attracting and retaining qualified personnel;
- risks related to 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.**

PART I

ITEM 1. BUSINESS

Corporate Organization and History

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

On August 24, 2012, we changed our state of incorporation from the State of Nevada to the State of Delaware (the "Reincorporation") pursuant to a plan of conversion dated August 24, 2012. The Reincorporation was previously submitted to a vote of, and approved by, our stockholders at a special meeting of the stockholders held on April 25, 2012.

On March 14, 2016, the Company filed a Certificate of Amendment with the Secretary of State of the State of Delaware to amend its Certificate of Incorporation to change the name of the Company from "Texas Rare Earth Resources Corp" to "Texas Mineral Resources Corp". The amendment became effective on March 21, 2016. The Certificate of Amendment did not make any other amendments to the Company's Certificate of Incorporation.

Our common stock is traded on the OTCQX U.S. operated by OTC Markets Group Inc. under the symbol "TMRC." The market for our common stock on the OTCQX U.S. is extremely limited, sporadic and highly volatile.

Our fiscal year-end is August 31.

Narrative Description of Business

We are a mining company engaged in the business of the acquisition, exploration and development of mineral properties. We currently hold two eleven year leases, executed in September 2011 and November 2011 respectively, to explore and develop a 950 acre rare earths project located in Hudspeth County, Texas known as the Round Top Project. We also have prospecting permits covering 9,345 acres adjacent to the Round Top Project. Our principal focus is on developing a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project's rhyolite, although we will continue to examine other opportunities in the region as they develop. We currently have limited operations and have not established that any of our projects or properties contain any Proven or Probable Reserves under SEC Industry Guide 7 ("Guide 7").

On November 8, 2011, we announced that our supplementary operating plan to expand exploration activities at our Round Top Project had been approved by the Texas General Land Office (GLO); the expanded development and exploration drill plan called for an additional 40 drill holes and 4 diamond core holes for an estimated planned drilled footage of 20,000 feet. The program included 4,000 feet of Core drilling to establish a high level of confidence in the mineralization, provide physical engineering data and additional metallurgical sample. During 2011-2012 the permits were amended and there were 41,765 feet of reverse circulation drilling and 1,294.5 feet of core drilling done on Round Top.

March 20, 2012, we submitted for approval an updated plan of operations. The updated plan of operations consisted of the reclassification of the drilling program through to a feasibility study into three phases. Phase 1 consists of 25 drill locations, phase 2 consists of 41 drill locations and phase 3 consists of 27 drill locations all located on the Round Top Project. The plan of operations also included two locations for 100 ton bulk sample collection for additional metallurgical tests. We have suspended this phase of physical exploration and development at the Round Top Project pending development of a metallurgical process to extract the potentially marketable metals.

On June 22, 2012, we published our Preliminary Economic Assessment for our Round Top Project, entitled "NI 43-101 Preliminary Economic Assessment Round Top Project, Sierra Blanca, Texas," dated June 22, 2012, effective as of May 15, 2012 (the "PEA").

On October 3, 2012, our management released updated economic projections related to various revisions to the proposed mine plan presented in the PEA.

On March 6, 2013, we purchased the surface lease at the Round Top Project, known as the West Lease, from the Southwest Wildlife and Range Foundation (the "Foundation") for \$500,000 cash and 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 comprises approximately 54,990 acres. Most importantly, purchase of the surface lease gave us unrestricted surface access for the potential development and mining of our Round Top Project. As of the date of this filing the \$45,000 payments due in June 2016, 2017 and 2018 have not been paid; consequently, we have expensed the value of the West Lease during fiscal 2017. We fully intend to continue with the evaluation of the mineral potential of the property, to ultimately mine the property, and to bring the lease current when funds are available. Expensing the value of the West Lease does not restrict our access to the mineral leases.

On May 8, 2013, we released testing results by an independent laboratory of the leaching characteristic of the rhyolite at our Round Top Project, which demonstrates characteristics that may be favorable to heap leach mining at the Round Top Project. These leaching characteristics are described in greater detail below under the section heading “Item 2. Properties – Round Top Project – Metallurgy”.

On September 30, 2013 we released the results on column leach testing by an independent laboratory and announced our intention to issue a revised PEA based on a heap leach operation designed to produce approximately 2,500 tons per year of heavy rare earth elements plus yttrium. The column leach testing results are described in greater detail below under the section heading “Item 2. Properties – Round Top Project – Metallurgy”.

On December 23, 2013, we published a revised version of the June 2012 Preliminary Economic Assessment (the “Revised PEA”) based on a 20,000 tonne per day heap leach operation using a conventional element separation plant. The mineralized material estimate was recalculated to include uranium, niobium, tantalum and tin. The Revised PEA assesses the potential economic viability of the simplified and “scaled down” operation which we believe is a much better fit with the present rare earth market.

On September 8, 2014, we announced that we had completed an internal analysis suggesting that there is a reasonable possibility to adapt a lower volume staged growth approach to development of our Round Top project. The analysis indicated that an operation designed to produce a selected group of separated REE products in the range of 350-450 tonnes per year range, could potentially yield favorable mine economics. The goal of the proposed staged approach would be to increase mining rates if and when our products gained acceptability. The analysis suggested that capital needs in the Revised PEA could be proportionally reduced in relation to the lower volume initial stage. We are currently conducting a more detailed analysis of the relative capital expenses and operating expenses requirements of a scaled down processing plant with both solvent extraction and ion exchange processes under evaluation. We believe the lower capital requirements of a staged startup could offset any marginal increase in unit operating costs.

On October 29, 2014, we announced that we had executed 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. We may exercise the option for all or part of the option acreage at any time during the sixteen year primary term of the mineral lease. The option can be kept current by an annual payment of \$10,000. The purchase price will be the appraised value of the surface at the time of exercising the option. The annual payment for the fiscal year ending August 31, 2017 and 2018 has not been made as of the date of this filing.

The ground water lease secures our right to develop the ground water within a 13,120 acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top project mine operations would be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect. The minimum production payment for the fiscal year ending August 31, 2017 and 2018 has not been made as of the date of this filing and this lease will of necessity require renegotiation.

On February 24, 2015, we signed a letter of intent to form a joint venture with K-Technologies, Inc. (K-Tech), a chemical process development and applications company serving the minerals and chemicals industries to develop, refine and market K-Tech’s Continuous Ion Exchange (CIX) and Continuous Ion Chromatography (CIC) technology as it applies primarily to the extraction of rare earth elements (REE) from native ores. The joint venture will license the technology to us, as well as other rare earth production companies. Subject to agreement by TMRC, the joint venture may also elect to build and operate processing facilities to separate and purify mixed rare earth concentrates into individual purified rare earth oxides for other rare earth production companies in addition to TMRC.

In early March 2015, we conducted a trial mining test during which we mined 500 tonnes of rhyolite, transported and crushed the ore to 80% passing a 1 j inch screen. This rock is now stockpiled and will be used in the Stage 2 pilot plant development, as described in greater detail below under the section heading “Item 2. Properties – Round Top Project – Metallurgy”.

On May 26, 2015, we announced that K-tech had successfully produced a low cerium concentrate solution employing their CIX/CIC process. This concentrate solution was separated from crushed Round Top rhyolite leached in 8 inch by 8 foot columns. If precipitated, dried and calcined, this concentrate would be salable in the present rare earth market. Neither uranium nor thorium was detected in the rare earth concentrate. Further test work has shown that it is possible to remove both uranium and thorium from the spent solution from the REE extraction plant. Production of the low cerium concentrate essentially completed Phase 2 of Stage 1 of our development process, with the production of final purified elemental oxides being the only step remaining to complete Phase 2 of Stage 1.

On April 6, 2015, we announced the execution of a uranium offtake agreement with UG USA, a subsidiary of Areva. According to the agreement, TMRC will supply up to 300,000 pounds of natural uranium concentrates (U3O8) per year based upon a pricing formula indexed to U3O8 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. Other terms and conditions of the Agreement reflect industry standards. According to Ux Consulting, a leading uranium industry data provider, the closing spot price of U3O8 on March 30, 2015 was \$39.50 per pound.

On July 15, 2015, we entered into an operating agreement (“Operating Agreement”) with K-Tech, to formalize our joint venture company, Reetech, LLC, a Delaware limited liability company (the “Reetech”), which gives TMRC the exclusive license to market K-Tech’s CIX/CIC process to other rare earth developers pursuant to the February 24, 2015 letter of intent with K-Tech. On October 18, 2015, we entered into an amendment agreement to the Operating Agreement, expanding the way in which we can earn percentage membership interests in Reetech in exchange for granting K-Tech changes in the management of Reetech and TMRC’s license from Reetech to use K-Tech’s CIX/CIC process for its properties.

The operating agreement between TMRC and K-Tech is still in effect, but due to the inactivity of our Round Top project, there has been no ongoing advancement under the operating agreement as of August 31, 2018.

See “Item 2. Properties – Metal Recovery Methods” for a more detailed description of the Reetech joint venture.

On September 25, 2015, we announced that Reetech was awarded a Broad Agency Announcement (BAA) research contract by the United States Defense Logistics Agency (DLA) Strategic Materials Division. The Defense Logistics Agency is the Department of Defense’s largest logistics combat support agency, providing worldwide logistics support in both peacetime and wartime to the military services as well as several civilian agencies and foreign countries. The DLA Strategic Materials Division is charged with maintaining cognizance of worldwide strategic and critical material’s supply chain from the source to final assembly, evaluating the capability of these supply chains to support national defense and essential civilian industries, and developing mitigation solutions when access to materials are insufficient to provide support for national defense and emergency response.

Reetech will conduct research to demonstrate, at the bench scale level, the ability to separate and refine yttrium (Y) oxide to a minimum of 99.999% purity, ytterbium (Yb) oxide to a minimum of 99.99% purity and a third rare earth oxide, which is not being publicly disclosed, to a minimum 99.999% purity level, using continuous ion exchange (CIX) and continuous ion chromatography (CIC).

On August 28 2018 TMRC executed a Joint Venture agreement with Morzev PTY LTD, doing business as USA Rare Earth, to develop the Round Top Deposit. Terms of the agreement call for USA Rare Earth to expend up to \$10 million to produce a bankable feasibility study. The funds will be allocated in two tranches, the first of \$2.5 Million to optimize and finalize the metallurgical processing and the remaining \$7.5 million to complete the engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study. USA Rare Earth will earn 70% of the property upon production of the feasibility study and has the option of purchasing another 10% for \$3 million at the completion of the feasibility study.

Cautionary Note to Investors: The PEA and Revised PEA have 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 and Revised 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 Revised PEA or passed upon its accuracy or compliance with NI 43-101.** The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures. Accordingly, information in the PEA and Revised PEA contains descriptions of our mineral deposits that may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. Our project as described in the PEA and Revised PEA currently does not contain any known proven or probable ore reserves under SEC Industry Guide 7 reporting standards. U.S. investors are urged to consider closely the disclosure in the Registrant’s latest reports and registration statements filed with the SEC. **U.S. Investors are cautioned not to assume that any defined resources in these categories will ever be converted into SEC Guide 7 compliant reserves.**

During 2017 TMRC in association with Penn State University, REE Tech and Inventure Renewables of Tuscaloosa, Alabama, jointly applied for a Department of Energy grant to evaluate the economic potential of rare earth elements associated with Appalachian coal deposits. Our group was awarded the first phase of this grant on October 19 2017. Work in progress consists of identifying a resource, (TMRC), developing the physical metallurgy to concentrate the minerals (Penn State) and developing the CIX/CIC process to separate the individual rare earth elements and to separate and refine various other elements including iron and aluminum (Inventure and K-Technologies).

Current and Planned Exploration Activities

Stage 1

Upon receipt of adequate further financing, we plan to complete the development of the CIX/CIC processing of the Round Top primary leach solution. The bench scale testing of this process, Stage 1, was divided into two phases. Phase 1, now completed, was to purify the primary leach solution and produce a concentrated, low flow rate feedstock suitable for further processing by CIX/CIC. Development has now progressed into Phase 2 which is to effect a separation of the rare earth elements into groups for final refinement. In work completed to date, we have produced a concentrated solution from which we have removed the low value elements lanthanum and cerium. The resulting solution containing the high value rare earth elements could be precipitated into a marketable concentrate if so desired.

Stage 2

Stage 2 will consist of the pilot plant scale testing of the process proven most effective by Stage 1. This work will consist of extensive leach testing using large columns to optimize leach recovery of REE and other elements including lithium and aluminum. If conditions require it, a pilot scale trial heap leach will be accomplished. This stage will also develop the continuous ion exchange and ion chromatographical system using primary leach solution produced by the large diameter columns. This phase of work is intended to bring the processing plant into full feasibility with capital and operating costs estimated to an accuracy range of 10 -15%. Stage 2 will also develop the heap leach procedure to pre-feasibility level with capital and operating estimated to an accuracy of 25 - 35%. Environmental base line studies and initial co-ordination with the Texas regulatory agencies will be included in this stage.

Stage 3

Stage 3 will bring the Round Top Project to full feasibility level with all electrical power and water needs developed, final engineering of heap leach systems, mine design and engineering, geotechnical drilling and construction planning, and permitting in place. Additional drilling to bring all of the rock included in the 20 year pit to a measured or indicated resourced category.

Trends – Rare-Earth Market

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.

Rare earth prices are extremely depressed at this time. It is thought that the liquidation of excessive inventories in China is causing these depressed prices. Chinese sources observe that most of the Chinese primary producers are not showing profit at this time. However, demand for rare earth products continues to grow at a healthy rate. We believe that the present prices will likely prevail for the next year at least until the surplus Chinese product is absorbed by the market.

Pricing for REEs has experienced significant volatility over the past several years, but current prices for all REEs remain significantly higher than pre-2010 levels, although they have fallen from the peak levels seen in 2011. According to www.metal-pages.com (“Metal-Pages”) REE prices increased from mid-2010 to mid-2011 approximately 2,000 to 3,000 percent, depending on the element, and then REE prices began decreasing through the end of 2011. REO prices of individual oxides increased considerably during the first two quarters of 2011 but declined thereafter through to the end of the year. Beginning in the second quarter of 2012, REE prices have decreased significantly for all REEs.

Pricing is affected by a number of factors, including the general health of the global economy, efforts to institute greater environmental reforms in China, industry consolidation, stockpile build-ups in China and by consumers and governments, lack of certainty regarding future REE production, development and continued use of REE technologies, potential oversupply, potential substitution of other metals, and potential for recycling REEs.

REE supply markets are dominated by China. Although the actual production and pricing is not precisely known, they supply an estimated 80% of the global REE production. Demand is steadily increasing. Recent geopolitical developments have led the Department of Defense to issue cautionary statements regarding the security of the supply chain of REE to the defense industry.

We plan on focusing primarily on the REE magnet metals Praseodymium, Neodymium and Dysprosium, the high value Lutetium and the so-called “heavy” rare earth elements Holmium, Thulium, Erbium and Ytterbium which have developing applications for a variety of defense uses including weaponized lasers and alloy metal for high strength Aluminum.

Sources and Availability of Raw Materials

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

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

Seasonality

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

Competition

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

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

Government Approvals

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

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

Effect of Existing or Probable Government and Environmental Regulations

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

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

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

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

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

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

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

Endangered Species Act (ESA). The ESA requires federal agencies to ensure that any action authorized, funded or carried out by such agency is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of their critical habitat. In order to facilitate the conservation of imperiled species, the ESA establishes an interagency consultation process. When a federal agency proposes an action that “may affect” a listed species, it must consult with the 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, 2018, 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 three fulltime employees. Salaries for these three employees are in arrears and are accrued monthly. We also utilize the services of qualified consultants with geological and mineralogical expertise as well as individuals for accounting services.

Available Information

We make available, free of charge, on or through our Internet website, at www.TMRC.com our Annual Report 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.

Our filings can also be viewed at our corporate offices located at 516 South Spring Avenue, Tyler, Texas 75702. Our reports, registration statements and other information can be inspected on the SEC's website at www.sec.gov and such information can also be inspected and copies ordered at the public reference facilities maintained by the SEC at the following location: Judiciary Plaza, 100 F Street NE, Washington, D.C. 20549.

Executive Officers of the Company

The following table sets forth certain information regarding our executive officers as of December 14, 2018:

| Name | Age | Position |
|------------------|-----|--------------------------------------|
| Daniel E. Gorski | 81 | Chief Executive Officer and Director |
| Wm Chris Mathers | 59 | Chief Financial Officer |

Daniel E. Gorski – Mr. Gorski has served as a director of the Company since January 2006 and as the Company's chief operating officer since May 2011. Prior thereto, Mr. Gorski served as the Company's president and chief executive officer from January 2007 to May 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-three years of experience in the mining industry.

Wm Chris Mathers – Mr. Mathers was appointed as the Company's Chief Financial Officer from 2010 through 2012 and again from February 2016 through the present. Mr. Mathers is also involved in providing contract chief financial officer and consulting services to a wide variety of privately and publicly held companies. From 1993 through 1999, Mr. Mathers served as CFO to InterSystems, Inc. (AMEX:II). Mr. Mathers began his career in public accounting with the international accounting firm of PriceWaterhouse. Mr. Mathers holds a BBA in accounting from Southwestern University located in Georgetown, Texas, and is also a Certified Public Accountant.

ITEM 1A. RISK FACTORS

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

Risk Related to Our Business

Our ability to operate as a going concern is in doubt.

The audit opinion and notes that accompany our financial statements for the year ended August 31, 2018, disclose a going concern qualification to our ability to continue in business. The accompanying financial statements have been prepared under the assumption that we will continue as a going concern. We are an exploration stage company and we have incurred losses since our inception. We do not have any working capital to fund normal operations and meet debt obligations without deferring payment on certain current liabilities and raising additional funds.

We currently have no historical recurring source of revenue and our ability to continue as a going concern is dependent on our ability to raise capital to fund our future exploration and working capital requirements or our ability to profitably execute our business plan. Our plans for the long-term return to and continuation as a going concern include financing our future operations through sales of our common stock and/or debt and the eventual profitable exploitation of our mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about our ability to continue as a going concern.

The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis were not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

We have a history of losses and will require additional financing to fund exploration and, if warranted, development and production of our properties. 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.

We had no revenue during the fiscal year ended August 31, 2018. For the fiscal year ended August 31, 2018, our net loss was approximately \$738,000 and our accumulated deficit at August 31, 2018 was approximately \$35.4 million. At August 31, 2018, our cash position was approximately \$32,000 and our working capital deficit was approximately \$2,004,000. We have not commenced commercial production on any of our mineral properties. We have no revenues from operations and anticipate we will have no operating revenues until we place one or more of our properties into production. All of our properties are in the exploration stage.

We will need to raise additional funding to implement our business strategy. We currently do not have any working capital.

During the current fiscal year ending August 31, 2019, we plan to expend approximately \$2,000,000 optimizing the leaching and developing the CIX/CIC processing of the Round Top rock. This work will consist of mining and crushing an additional 500 tons of rhyolite and setting up and equipping a facility to conduct the column leaching. It is estimated that it will require an additional year and further expenditure of approximately \$5,000,000 to prepare a bankable feasibility study. We anticipate that our financing efforts will raise sufficient capital to finish this work. We currently do not have any funds to complete exploration and development work on any of our properties, which means that we will be required to raise additional capital, enter into joint venture relationships or find alternative means to finance placing one or more of our properties into commercial production, if warranted. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration and development or production on one or more of our properties and any properties we may acquire in the future or even a loss of property interests. This includes our leases over claims covering the principal deposits on our properties, which may expire unless we expend minimum levels of expenditures over the terms of such leases. We cannot be certain that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable or acceptable to us. Our ability to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as our business performance.

The most likely source of future financing presently available to us 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.

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

All of our properties are in the exploration stage. There is no assurance that we can establish the existence of any mineral reserve on any of our properties in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from these properties, and our business could fail.

We have not established that any of our properties contain any mineral reserve, nor can there be any assurance that we will be able to do so. The probability of an individual prospect ever having a mineral reserve that meets the requirements of the SEC is extremely remote. Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that they can be developed into producing mines 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 our mineral properties.

We have no history of producing metals from any of our properties. Our properties are all exploration stage properties in various stages of exploration and evaluation. Our Round Top Project is an early exploration stage project. Advancing properties from exploration into the development stage requires significant capital and time, and successful commercial production from a property, 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 or gold 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 our properties 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. Accordingly, our activities may not result in profitable mining operations and we may not succeed in establishing mining operations or profitably producing metals at any of our properties.

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

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

Our exploration activities may not be commercially successful.

Our long-term success depends on our ability to identify mineral deposits on our existing properties and other properties we may acquire, if any, that we can then develop into commercially viable mining operations. Our belief that our properties contain 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, including but not limited to the GSA, Geological Society of America, Special Paper 246, 1990. There can be no assurance that the tests and data upon which we have relied is correct or accurate. Moreover, mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labor are risks involved in the conduct of exploration programs. The success of mineral exploration and development is determined in part by the following factors:

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

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

Increased costs could affect our financial condition.

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

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

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

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

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

- environmental hazards;
- power outages;
- metallurgical and other processing problems;
- unusual or unexpected geological formations;
- personal injury, flooding, fire, explosions, cave-ins, landslides and rock-bursts;
- inability to obtain suitable or adequate machinery, equipment, or labor;
- metals losses;
- fluctuations in exploration, development and production costs;
- labor disputes;
- unanticipated variations in grade;
- mechanical equipment failure; and
- periodic interruptions due to inclement or hazardous weather conditions.

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

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

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

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

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

Any material changes in mineralization estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital.

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

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

Analytical Uncertainties

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

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

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

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

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

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

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

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

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

Permitting, licensing and approval processes are required for our operations and obtaining and maintaining these permits and licenses is subject to conditions which we may be unable to achieve.

Both mineral exploration and extraction require 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 Texas General Land Office, (ii) an operating plan for production approved by the Texas General Land Office, (iii) various reporting to and approval by the Texas Railroad Commission regarding drilling and plugging of drill holes, and (v) reporting to and compliance with regulations of the Texas Commission of Environmental Quality. If we recover uranium from our mineral prospects, we will be required to obtain a source material license from the United States Nuclear Regulatory Commission. We may also be subject to the reporting requirements and regulations of the Texas Department of Health. Such licenses and permits are subject to changes in regulations and changes in various operating circumstances. Companies such as ours that engage in exploration activities often experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Issuance of permits for our activities is subject to the discretion of government authorities, and we may be unable to obtain or maintain such permits. Permits required for future exploration or development may not be obtainable on reasonable terms or on a timely basis. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration or development of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could face difficulty and/or fail.

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

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

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

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

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

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

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

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

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

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

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

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

We could be subject to environmental lawsuits.

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

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

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

Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents;

- treat ground and surface water to drinking water standards; and
- reasonably re-establish pre-disturbance land forms and vegetation.

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

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

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

There may be challenges to the title of our mineral properties.

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

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

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

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

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing, REE, gold 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 in a period of disruption and instability which could adversely affect our ability to access the capital markets, and thus adversely affect our business and liquidity.

The current economic conditions has had, and will continue to have, a negative impact on our ability to access the capital markets, and thus have a negative impact on our business and liquidity. The shortage of liquidity and credit combined with substantial losses in worldwide equity markets could lead to an extended worldwide recession. We may face significant challenges if conditions in the capital markets do not improve. 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.

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 its common stock is volatile, limited, and sporadic. 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 the 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 OTCQX U.S., a centralized quotation service maintained by OTC Markets Group Inc. that collects and publishes market maker quotes for over-the-counter securities. Although our common stock is traded on the OTCQX U.S., a regular trading market for our securities may not be sustained in the future. Specifically, we currently are not in compliance with the continued trading requirements of the OTCQX U.S. and may be removed from quotations on the OTCQX if we do not regain compliance in the near future. If we are removed from the OTCQX, we anticipate that our stock would continue to be quoted on the OTCQB. Quotes for stocks traded on the OTCQX U.S. or OTCQB generally are not listed in the financial sections of newspapers and newspapers often devote very little coverage to stocks quoted solely on the OTCQX U.S. or OTCQB. Accordingly, prices for, and coverage of, securities quoted solely on the OTCQX U.S. or OTCQB may be difficult to obtain. In addition, stocks quoted solely on the OTCQX U.S. or 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 the 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 warrants 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 August 31, 2018, we have approximately 44.9 million shares of common stock outstanding. In addition to our common stock, we have (i) warrants that may be exercised into 4,272,275 shares of common stock exercisable at \$0.35 per share, (ii) warrants that may be exercised into 4,272,275 shares of common stock exercisable at \$0.50 per share, (iii) warrants that may be exercised into 6,595,000 shares of common stock at \$0.35 per share, (iv) options that may be exercised into 5,720,000 shares of common stock at \$0.19 to \$1.51 per share issued to directors, officers and consultants, (v) options that may be exercised into 655,000 shares of common stock at \$0.30 per share issued to an advisor, and (vi) note warrants that may be exercised into 1,686,660 shares of common stock at \$0.10 - \$0.28 per share. The issuance of shares upon exercise of these options and warrants may result in substantial dilution to the interests of other stockholders and may adversely affect the market price of our common stock.

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.

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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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 and Tyler, Texas, Denver, Colorado, all under the supervision of our CFO, Wm Chris Mathers.

Overview of the Round Top Rare Earth-Uranium-Beryllium Project

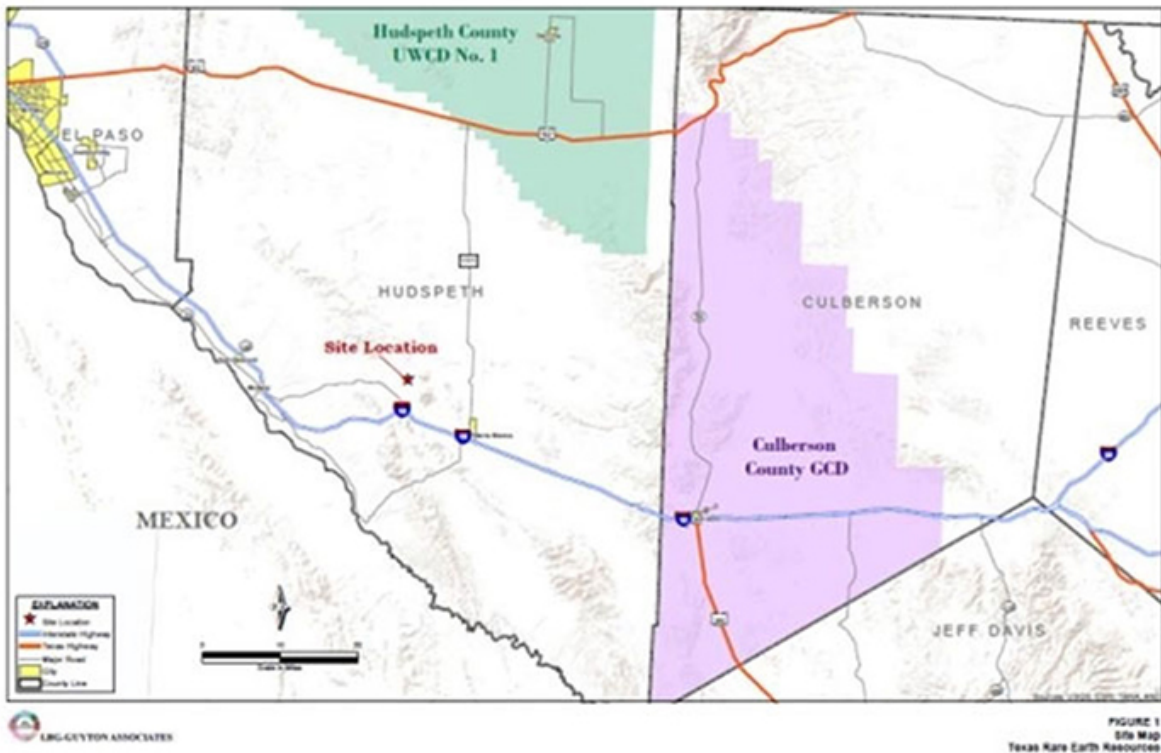
We are currently in the exploration stage and have not established that our Round Top Project contains Proven or Probable Reserves as defined under SEC Guide 7.

Description and Access

Round Top is a small mountain, one of a group of five that comprises the Sierra Blanca, 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.

On March 6, 2013, we purchased the surface lease at the Round Top Project, known as the West Lease, from the Foundation for \$500,000 cash and 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 comprises approximately 54,990 acres. Most importantly, the purchase of the surface lease gave us unrestricted surface access for the potential development and mining of our Round Top Project. For the fiscal year ended August 31, 2017, \$45,000 payments due in June 2016 and 2017 had not been paid; consequently, we expensed the value of the West Lease during fiscal 2017. We fully intend to continue with the evaluation of the mineral potential of the property, to ultimately mine the property, and to bring the lease current when funds are available. Expensing the value of the West Lease does not restrict our access to the mineral leases.

Figure 1 - Round Top Location Map



Acquisition and Ownership

Prospecting Permits

TMRC currently holds prospecting permits covering land in Hudspeth County. The prospecting permits allow for exploration activities on approximately 7,110 acres. Currently, TMRC has yet to complete drilling on lands identified within the permits due to the requirement of completing archeological studies. TMRC intends to complete archeological studies in all areas for future exploration. To date, all exploration work has occurred on areas with approved archeological assessments. A summary of the prospecting permits is listed in Table 1 below:

Table 1 TMRC Permit Numbers and Associated Acres

| Permit # | Acres |
|----------|-------|
| M-114639 | 640 |
| M-114640 | 640 |
| M-114641 | 250 |
| M-114642 | 640 |
| M-114643 | 400 |
| M-114644 | 360 |
| M-114645 | 340 |
| M-115990 | 640 |
| M-115991 | 640 |
| M-115992 | 640 |
| M-115993 | 640 |
| M-115994 | 640 |
| M-115995 | 640 |

September 2011 Lease

On September 2, 2011, we entered into a new mining lease with the Texas General Land Office covering Sections 7 and 18 of Township 7, Block 71 and Section 12 of Block 72, covering approximately 860 acres at Round Top Mountain in Hudspeth County, Texas. The mining lease issued by the Texas General Land Office gives us the right to explore, produce, develop, mine, extract, mill, remove, and market beryllium, uranium, rare earth elements, all other base and precious metals, industrial minerals and construction materials and all other minerals excluding oil, gas, coal, lignite, sulfur, salt, and potash. The term of the lease is nineteen years from execution date of lease so long as minerals are produced in paying quantities.

Under the lease, we will pay the State of Texas a lease bonus of \$142,518; \$44,718 of which was paid upon the execution of the lease, and \$97,800 which will be due when we submit a supplemental plan of operations to conduct mining. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$500,000 minimum advance royalty.

Thereafter, we will pay the State of Texas a production royalty equal to eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (61/4%) of the market value of all other minerals removed and sold from Round Top.

Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

| | Per Acre Amount | Total Amount |
|--------------------------|----------------------------|-------------------------|
| September 2, 2015 – 2019 | \$ 75 | \$ 67,077 |
| September 2, 2020 – 2024 | \$ 150 | \$ 134,155 |
| September 2, 2025 – 2029 | \$ 200 | \$ 178,873 |

In August 2018, we paid the State of Texas a delay rental of \$67,077.

November 2011 Lease

On November 1, 2011, we entered into a mining lease with the State of Texas covering 90 acres, more or less, of land that we purchased in September 2011 near our Round Top site. The deed was recorded with Hudspeth County on September 16, 2011. Under the lease, we paid the State of Texas a lease bonus of \$20,700 which was paid upon the execution of the lease. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$50,000 minimum advance royalty. Thereafter, we will pay the State of Texas a production royalty equal to eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (61/4%) of the market value of all other minerals sold from Round Top. The term of the lease is nineteen years from execution date of lease so long as minerals are produced in paying quantities.

Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

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

In October 2018, we paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$6,750.

March 2013 Lease

On March 6, 2013, we purchased the surface lease at the Round Top Project, known as the West Lease, from the Southwest Wildlife and Range Foundation (the "Foundation") for \$500,000 cash and 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 comprises approximately 54,990 acres. Most importantly, the purchase of the surface lease gave us unrestricted surface access for the potential development and mining of our Round Top Project. For the fiscal year ended August 31, 2017, \$45,000 payments due in June 2016 and 2017 had not been paid; consequently, we expensed the value of the West Lease during fiscal 2017. We fully intend to continue with the evaluation of the mineral potential of the property, to ultimately mine the property, and to bring the lease current when funds are available.

October 2014 Surface Option and Water Lease

On October 29, 2014, we announced that we had executed 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. We may exercise the option for all or part of the option acreage at any time during the sixteen year primary term of the mineral lease. The option can be kept current by an annual payment of \$10,000. The purchase price will be the appraised value of the surface at the time of exercising the option. The annual payment for the fiscal year ending August 31, 2017 and 2018 has not been made as of the date of this filing.

The ground water lease secures our right to develop the ground water within a 13,120 acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top project mine operations would be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect. The minimum production payment for the fiscal year ending August 31, 2017 and 2018 has not been made as of the date of this filing and this lease will of necessity require renegotiation.

Existing Infrastructure

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

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

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

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

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

The nearest population center to the Round Top Project is Sierra Blanca, Texas. The town of Sierra Blanca is approximately six miles to the southeast of the Round Top Project site. The population was 533 in 2000 and 510 during the 2007 census. 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 of 2014, we executed a lease with the Texas General Land Office to develop the water necessary for the potential Round Top project mine operations. The ground water lease secures our right to develop the ground water within a 13,120 acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top project mine operations would be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation, which has not been paid as of the date of this filing. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect.

This well field was originally developed to supply water for a proposed real estate project in the late 1970's. One of the existing wells is reported to have pump tested 950 gallons per minute and another 450 gallons per minute. This water is high enough in total dissolved solids to not meet drinking water standards, thus there is no competition for its use. The quality of the water is expected 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 not be economical to recover. The rare earth elements are located with-in the intrusive rhyolite body.

Tertiary Diorite which predate the microgranites are intruded 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 limestones shales and sandstones. The limestone, where it is in contact with the microgranites, is the host for Beryllium and uranium mineralization.

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

The Texas Bureau of Economic Geology, working with the project geologists, conducted an investigation of the rhyolite to better understand its rare metal content. This research shows that the rhyolite laccoliths at Sierra Blanca are enriched in a variety of REEs and other rare elements 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 Heavy Rare Earth Elements (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.

Initial geochemical testwork, presented in Section 13, suggests that the gray and pink rhyolite units have the highest REE content, averaging between 554 and 615 parts per million (ppm) total REE + Yttrium (Y). Red and tan rhyolites, which may be strongly vapor-phase altered, contain about 8% lower abundance of REE and the brown rhyolite, which may be altered hydrothermally or by groundwater, contains about 23% less REE than the gray and pink varieties.

Metallurgy

The Round Top Project rhyolite requires further evaluation of its mineralogical makeup and economic modeling to determine the appropriate course for potential future commercial development. However, the size of this rhyolite deposit, the high percentage (68-72%) of heavy rare earth elements to the total rare earth elements and the leaching characteristics of the host rock could make a heap leach mine a viable option at lower capital costs than the mine plan described in our current PEA released June 22 2012. The Preliminary Economic Assessment is mentioned here for informational purposes only and is not incorporated herein by reference.

On October 27, 2011, we announced that we had completed Phase I of its metallurgical testing and characterization. This mineralogical study reconfirmed that the rare earth minerals are finely disseminated throughout the rhyolite host rock. Based on the initial ore characterization, this testing reconfirms the simplistic rare earth element mineral associations, which suggests favorable metallurgical processing options. Phase II was focused on pre-concentration evaluation and other diagnostic testing including acid leaching of the rare earth minerals. The results of this testing is described in the PEA.

On May 8, 2013, we announced independent confirmation of potential favorable heap leach characteristics, based on coarse leach testing at an independent lab. The results are summarized below:

| | | | | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|
| | La | Ce | Pr | Nd | Sm | Eu | Gd | Tb | Dy | Ho |
| Ore Grade | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm |
| | 31 | 98 | 12.2 | 34.8 | 11.1 | 0.6 | 11.5 | 3.77 | 30.7 | 7.98 |
| Recovery 1 | 21 | 65 | 8.4 | 25.3 | 8.6 | <0.4 | 9.5 | 3.2 | 25.3 | 6.37 |
| Recovery 2 | 16 | 55 | 7.7 | 22.8 | 8.3 | 0.4 | 9.3 | 3.11 | 24.7 | 6.2 |
| Average Recovery | 18.5 | 60 | 8.05 | 24.05 | 8.45 | NA | 9.4 | 3.155 | 25 | 6.285 |
| % Recovery | 60% | 61% | 66% | 69% | 76% | 67% | 82% | 84% | 81% | 79% |
| | Er | Tm | Lu | Yb | Y | Th | U | Be | Li | |
| Ore Grade | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | ppm | |
| | 33.8 | 7.37 | 9.12 | 57 | 218 | 183.5 | 40.7 | 32.2 | 410 | |
| Recovery 1 | 25.8 | 5.09 | 5.32 | 36.4 | 185 | 146.5 | 20 | 6.5 | 270 | |
| Recovery 2 | 25.1 | 5.04 | 5.33 | 36.5 | 184 | 143.9 | 21.5 | 4.8 | 270 | |
| Average Recovery | 25.45 | 5.065 | 5.325 | 36.45 | 184.5 | 145.2 | 20.75 | 5.65 | 270 | |
| % Recovery | 75% | 69% | 58% | 64% | 85% | 79% | 51% | 18% | 66% | |

*

La=Lanthanum, Ce=Cerium, Pr=Praseodymium, Nd=Neodymium, Sm=Samarium, Eu=Europium, Gd=Gadolinium, Tb=Terbium, Dy=Dysprosium, Ho=Holmium, Er=Erbium, Tm=Thulium, Lu=Lutetium, Yb=Ytterbium, Y=Yttrium, Th=Thorium, U=Uranium, Be=Beryllium, Li=Lithium

A sieved 2 to 4 mm (~1/8th to 1/4 inch) fraction of the composite rhyolite sample being used for all metallurgical testing was submitted. This sample was leached in 14.7 gm/l (14.7% by wt) sulfuric acid at room temperature for two weeks.

On July 16, 2013, we announced the results of an independent heap leach scoping study static leach test which confirmed recoveries up to 79.9%. The test results indicated the following:

1. Comparison of the calculated heads and the assayed heads for the elements of interest are similar. Hence, it is reasonable to conclude that the minerals are fairly uniformly distributed in the deposit.
2. Extractions for Yttrium varied from 20.8 to 61.1% for the different sizes with a combined extraction of 48.6%. Extractions for Dysprosium varied from 23.8% to 57.7% with a combined extraction of 44.5%.
3. The highest extractions for all minerals of interest were in the 2 in X 1/2 in size fractions. The extractions dropped significantly in the minus 1/2 in size fraction.
4. The acid consumption was reasonable for the coarse size fractions (>1/2 inch) and more than doubled for the minus 1/2 inch material.

On September 30, 2013, we announced the results of preliminary column leach testing. Preliminary column leach testing of Round Top rhyolite crushed to 1/2 inch has yielded the following recoveries of the heavy rare earth elements (terbium and heavier) plus yttrium. These tests were run for 60 days with 7.5 wt. percent sulfuric acid. Recoveries of the heavy rare earth elements plus Yttrium were as follows:

| | |
|------------------|-----|
| Yttrium (Y): | 91% |
| Dysprosium (Dy): | 87% |
| Lutetium (Lu): | 67% |
| Holmium (Ho): | 86% |
| Erbium (Er): | 83% |
| Thulium (Tm): | 77% |
| Ytterbium (Yb): | 74% |
| Terbium (Tb): | 87% |

e concurrent work on the froth floatation and agitated leaching of the concentrates yielded acceptable recoveries, the whole rock column leach testing indicates better overall recoveries at potentially lower capital and operating costs. This rock also shows other very favorable heap leach characteristics with ore slump of 0.18%, ore wt. loss of 2.25% and retained moisture of 6.4%.

Work will continue to optimize the recoveries of the heavy rare earth elements (HREE) and yttrium as well as potentially valuable by-products such as uranium, beryllium and lithium and the light rare earth elements (LREE).

Project Exploration History and Timeline

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

In March 2011, the Company completed an analysis of 1,103 drill samples from the 1984-88 drilling program initially conducted on the Round Top Project by third party operators. All or a portion of forty-six out of an estimated two hundred fifty existing drill holes have been re-logged and re-analyzed. The rare earth element and other metals are consistent with the original study by the Texas Bureau of Geology that was published in the Geological Society of America, Special Paper 246 in 1990. This study first described the rare metal content of the large mass of intrusive igneous rock that makes up the body of Round Top Mountain, and is the basis for our interest in this deposit. The nine drill holes cited below were selected because they are widely distributed and roughly define an area approximately six thousand feet by four thousand feet within the approximate seven thousand foot known diameter of the intrusive rhyolite body. They intersected the entire body of the rhyolite.

On October 27, 2011, we announced favorable results of our Phase I metallurgical testing and characterization that reconfirmed that the rare earth minerals are finely disseminated throughout the rhyolite host rock at our Round Top Project.

On November 8, 2011, we announced that our supplementary operating plan to expand exploration activities at our Round Top Project had been approved by the Texas General Land Office (GLO); the expanded development and exploration drill plan now calls for an additional 40 drill holes and 4 diamond core holes for an estimated planned drilled footage of 20,000 feet.

On November 10, 2011, we announced that Gustavson Associates, LLC, a subsidiary of Walsh Environmental Scientists and Engineers and its parent company, Ecology and Environment, Inc. (NASDAQ: EEI) had been contracted to perform the scoping study at the Round Top Project. On June 15, 2012, we issued a press release regarding the results of our Preliminary Economic Assessment.

On June 22, 2012, we published our PEA for our Round Top Project, entitled “NI 43-101 Preliminary Economic Assessment Round Top Project, Sierra Blanca, Texas,” dated June 22, 2012, effective as of May 15, 2012.

On October 3, 2012, our management released updated economic projections related to various revisions to the proposed mine plan presented in the PEA.

Throughout 2013, management focused on developing metallurgical processes and refining the mine plan in anticipation of releasing an updated PEA.

On March 6, 2013, we purchased the surface lease at the Round Top Project, known as the West Lease, from the Foundation for \$500,000 cash and 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 comprises approximately 54,990 acres. Most importantly, purchase of the surface lease gave us unrestricted surface access for the potential development and mining of our Round Top Project. As of the date of this filing the \$45,000 payments due in June 2016 and 2017 have not been paid; consequently, we have expensed the value of the West Lease during fiscal 2017. We fully intend to continue with the evaluation of the mineral potential of the property, to ultimately mine the property, and to bring the lease current when funds are available. Expensing the value of the West Lease does not restrict our access to the mineral leases.

On May 8, 2013, we released testing results by an independent laboratory of the leaching characteristic of the rhyolite at our Round Top Project, which demonstrates characteristics that may be favorable to heap leach mining at the Round Top Project. These leaching characteristics are described in greater detail below under the section heading “Properties – Round Top Project – Metallurgy”.

On September 30, 2013 we released the results on column leach testing by an independent laboratory and announced our intention to issue a revised PEA based on a heap leach operation designed to produce approximately 2,500 tons per year of heavy rare earth elements plus yttrium. The column leach testing results are described in greater detail below under the section heading “Properties – Round Top Project – Metallurgy”.

On December 23, 2013, we published a revised version of the June 2012 Preliminary Economic Assessment (the “Revised PEA”) based on a 20,000 tonne per day heap leach operation using a conventional element separation plant. The mineralized material estimate was recalculated to include uranium, niobium, tantalum and tin. The Revised PEA assesses the potential economic viability of the simplified and “scaled down” operation which we believe is a much better fit with the present rare earth market.

On June 22, 2017 we announced the establishment of American Mineral Reclamation LLC. This subsidiary has the mission to seek out and develop lower cost projects involving metals and mineral recovery and production from coal by-products, acid mine drainage waters and sludges, mine waste and tailings, industrial wastewater and recovery of strategic metals from scrap from various sources. In addition to REE and scandium we intend to include other important “tech” metals such as Lithium, Cobalt, Vanadium, Gallium and others as conditions dictate. We have executed a co-operation agreement to work jointly with Inventure Renewals.

Cautionary Note to Investors: The PEA and Revised PEA have 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 and Revised 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 Revised PEA or passed upon its accuracy or compliance with NI 43-101.** The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures. Accordingly, information in the PEA and Revised PEA contains descriptions of our mineral deposits that may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. Our project as described in the PEA and Revised PEA currently does not contain any known proven or probable ore reserves under SEC Industry Guide 7 reporting standards. U.S. investors are urged to consider closely the disclosure in the Registrant’s latest reports and registration statements filed with the SEC. **U.S. Investors are cautioned not to assume that any defined resources in these categories will ever be converted into SEC Guide 7 compliant reserves.**

Current and Planned Metallurgical Activities

Metallurgical research done leading to the publication of our Revised PEA of December 2013 has shown the possibility of heap leaching at the Round Top Project. This first step of “dissolving” the REE bearing mineral is the critical factor in the determination to develop REE projects. The type of solvent, its strength and other conditioning necessary to render the elements soluble is, in our opinion, what most affects the ultimate feasibility of a project. TMRC has been able to extract a high percentage of the REE and other elements from the mineralized rock at the Round Top Project, and test work to date also indicates it can be done easily and at projected low operating costs.

Process development was scheduled as follows:

Stage 1a. Treat the primary leach solution to remove the impurity elements and to produce a feedstock solution at concentrations and flow rate acceptable to feed the processing plant.

Stage 1b. Desktop study of the CAPEX and OPEX of the plant envisioned at Round Top.

Stage 2a. Bench scale production of high purity separated elements

Stage 2b. Optimize leach recoveries of REE and other elements by large scale column leach testing. Primary leach solution produced during this phase will be used to refine the CIX/CIC recoveries of the various heavy elements and to develop methods for recovering the “light” elements, lithium in particular, by a variety of techniques including evaporation “salt out” and membrane filtration.

Stage 2c. Pilot plant testing using trial leach pads with solutions to be processed at the Tuscaloosa facility of Inventure Renewals.

Stage 3. Publication of a bankable feasibility study of the CIX/CIC processing plant.

Results to Date

Stage 1a. The Round Top pregnant leach solution (PLS) obtained by leaching the crushed ore with dilute sulfuric acid extracts the rare earth elements at high recoveries but also recovers high concentrations of aluminum, calcium, magnesium, iron, potassium and sodium. The PLS produced from the leach operation is expected to be at flow rates on the order of 600 gallons per minute with concentrations of rare earth elements in the range of 1,000 to 3,500 parts per million (ppm). First experimental run produced a solution that averaged approximately 1,000 ppm (.1%) rare earth and approximately 30,000 ppm (3%) impurities, a ratio of 30:1 impurities to REE. The Stage 1a processing was able to change this ratio to approximately 0.3:1 impurities to REE. This level of impurity rejection greatly exceed our target expectations and we believe demonstrates that the Round Top PLS can be relatively easily and economically processed into a feedstock compatible with any type of refining plant.

We believe that accomplishing this step of directly extracting the REE from the PLS without prior treatment or conditioning has accomplished the most difficult part of process design.

Stage 1a. The desktop economic model is kept current by factoring in any project progress and any variation of product mix and price as the project develops.

Stage 2a. The bench-scale separation of the rare earth elements into groups was completed in May 2015, through the rejection of the low value rare earth elements lanthanum and cerium from the Stage 1a solution.

Stage 2b. In late 2015 TMRC (then TRER) applied for and was granted a contract from the Defense Logistics Agency (DLA), Broad Agency Announcement – 2016-2017-01 for bench scale IX and IC purification and separation of REE from primary leach solution derived from crushed Round Top rock, which was successfully completed in mid-2016. This DLA sponsored work has accomplished Stage 2, milestone 1. This work resulted in the production of 99.999+ yttrium, 99.99% ytterbium and 99.999+% of an undisclosed REE element.

Current Status of the Round Top Project

Metallurgical development at Round Top is suspended pending the acquisition of additional financing. When started, this work will complete Stage 2 and is designed to result in a bankable feasibility study.

Costs

At the end of fiscal year 2018 we had incurred exploration costs at the Round Top Project of approximately \$11.9 million. In the fiscal year ending August 31, 2018 there have been minimal exploration costs.

At the present time based on our current understanding of the project, we estimate the funding need to complete Stage 3 of the Round Top Project to be approximately \$7.5 million including Corporate G&A. This estimate may and probably will change as more data is acquired.

Metal Recovery Methods

There are two options for extracting the REE from the leach solution, solvent extraction (SX) and ion exchange (IX).

SX is widely used in the REE industry. SX is a process whereby the water/acid leach solution is mixed with a kerosene based solution containing the active organic agents (extractants) and then allowed to settle and separate into the water and oil phase. The extractants carried in the kerosene selectively remove the REE's and other sought after elements from the water/acid solution leaving the impurities in the original solution. The economic elements move from the aqueous sulfuric acid leach solution into the kerosene solution and are then transferred from the kerosene solution back into an aqueous solution, this time a hydrochloric acid solution at higher concentrations. This process is repeated over and over until all the individual REE's are separated into their purified individual oxides and then sold.

IX is a process whereby the leach solution is passed through a tank or column containing small beads of an ion exchange resin. The ion exchange resin has the active extracting agents embedded within the beads. The resin beads adsorb the metal ions of interest from the leach solution. When the beads are loaded to their maximum carrying capacity the loaded column is exchanged for a column containing fresh beads. The elements “loaded” on the resin are then stripped back into another aqueous solution, again hydrochloric acid, at high concentrations for further processing. The column with the “stripped” beads is then ready to be recycled back into the process. In the IX process the stripped beads are normally loaded with hydrogen ions which, when exchanged with the REEs in the PLS, does not affect the acidity of the solution, thus the acid is also recycled back into the process, further lowering the operational costs.

The aluminum, iron and other elements can be chemically precipitated and removed by raising the pH and adding other elements such as magnesium. The “cleaned” solution is then further refined by SX or IX methods. Precipitation has been successfully used to clean the Round Top solutions but it results in approximately a 20% loss of some of the REE via co-precipitation with the less desirable elements. TMRC consultants are confident with additional work these losses will be reduced to 15% or lower. A disadvantage of this procedure is that most or all of the acid is neutralized and lost. Developing a procedure to use SX or IX to remove the REEs directly from the PLS will improve overall recoveries, simplify the process and significantly improve the operational economics.

SX has the advantage of being the process used in other REE operations, thus there is a considerable base of knowledge and experience to be relied on. We believe it has some disadvantages, however. SX plants, while being simple in concept, consist of many repetitive stages which result in a relatively large operation with many steps which in turn require close control and supervision. They are both labor and capital intensive.

IX has the advantage of being simpler and the plants physically much smaller. IX also is more forgiving operationally because it is less sensitive to variations in flow rate and REE grade than SX. Both capital and operating costs are generally lower than equivalent SX plants. However, IX has not, to date, been applied to an REE operation.

Our joint venture with K-Tech has the goal of developing an IX process for REE operations. K-Tech has wide experience with continuous ion exchange and continuous ion chromatography separation of rare earth and other elements from phosphate leach solutions. Insofar as phosphate leach solutions are chemically similar to the primary leach solution produced from leaching Round Top rhyolite, the decision was made to test the Round Top PLS using K-Tech’s process.

The process itself can be summarized as follows: In the first step the raw, high volume, high impurity, low REE grade PLS from the leached rock is converted to a relatively clean, high-grade sulfate solution. This is accomplished by loading the PLS onto a strong cat-ionic resin which, in the case of the Round Top PLS produces about a 4.5 to 1 concentration over the PLS. The resin is then subjected to a “crowding” step whereby most of the impurity elements are forced off the resin, followed by a gradational elution step where the resin is regenerated by sequentially stronger sulfuric acid whereby almost all the remaining impurities are first removed by the weak acid and then the REE themselves removed by strong acid.

The next step, now in progress, will employ CIC to produce 3 high purity products, a light rare earth solution, a mid-range rare earth product solution, and a heavy rare earth solution consisting of the elements terbium and those heavier, plus yttrium. The solution from the first step is fed to and loaded onto the resin as an acid sulfate solution. Once loaded and washed, the column is eluted by a chelating solution which causes the individual REE, because of the small differences in their cation attraction properties, to separate and exit the column at different times. The 3 classes are determined by splitting the streams based on their exit times.

The third step, the element separation stage, consists of more precise and slower reiterations of step two where the elements are tapped individually as they exit the column. High purity is achieved by repeating the process through several columns. The only limitation in the purity is the number of times the process is repeated. All solutions are recirculated, so there is no process loss.

CIX/CIC technology holds promise of revolutionizing the processing and separation of rare earth elements from their ores and then individually. Lower capital and operating costs, simplicity and flexibility, smaller size, and potential for lessening environmental risk are the decisive features recommending this technology. CIX/CIC has a long and well-established track record in other extractive industries, and relies on readily available equipment, resins, and reagents. There is nothing proprietary or “tailor made” in either the equipment, resins, or reagents used in this process.

Work completed in December 2014 has shown that the dilute REE bearing sulfate leach solution can be efficiently treated to produce a purified solution exceeding specifications for feedstock for a separation plant employing either a solvent extraction (SX) or a continuous ion exchange process. We regard the successful completion of Phase 1 of Stage 1 a technological breakthrough in that we were able use conventional ion exchange procedures (CIX) employing readily available, mass produced ion exchange resin to produce the feedstock solution from an impure low grade leach solution. This was step one of a three step program whose objective is to produce 4-9's (99.99%) pure separated rare earth elements in either oxide or carbonate form.

After the Stage 1 processing, accomplished in January 2015, separated the REE's from the pregnant leach solution (PLS), resulting in a relatively pure, concentrated mixed rare earths feedstock solution at flow rates suitable for feeding to either a solvent extraction (SX) plant or, as planned by TMRC, to a CIC plant work continued to define stages 2 and three. Uranium in the sulfate feedstock solution was not detected by ICP-MS analysis, inferring that neither it nor the chemically similar thorium is captured in Stage 1 and does not enter the REE processing plant.

The first part of stage 2 refining was achieved in May 2015. This involved the splitting of the feedstock solution from Stage 1 into two parts: (a) a low value branch consisting of lanthanum and cerium that could be warehoused, or sold at a discount; and (b) a high value branch consisting of the remaining rare earths profile (plus yttrium), which can be further refined.

The overall bench procedure used was to (1) produce a pregnant leach solution (PLS) by irrigating crushed ore from the Round Top deposit with dilute sulfuric acid in columns set up in K-Tech's testing facilities; (2) process this PLS in the initial CIX Stage 1 system to remove the rare earth elements (REEs) from the PLS; (3) feed the rare earth solution to the initial step within the stage 2 ion chromatography (IC) testing system for further rare earths isolation and impurity rejection; (4) further processing to separate the contained rare earths into separate selected groups. This operation is carried out so that the first step is to isolate the lanthanum and cerium.

Using this procedure, K-Tech has produced a mids/heavies stream with a lanthanum/cerium content of less than 8% of the total rare earths present. The rare earth elements that TMRC considers economically important, *i.e.* praseodymium, neodymium, gadolinium, terbium, dysprosium, and yttrium make up approximately 68% of this product stream. This low lanthanum/cerium solution could then be immediately treated to produce a marketable mids/heavies (M/H) rare earth concentrate for sale to other rare earth producers or consumers. Work continues to further improve the efficiency of this step.

Alternatively, the resulting praseodymium/neodymium plus mid and heavy product stream from the stage 2 system could then be further refined in Stage 2 and 3 to ultimately produce selected individual high purity rare earth oxides. Rare earths which are not separated to individual products could be stockpiled as a concentrate for possible future processing, based on developing market conditions, either as individual elemental products or as selected heavy rare earth mixtures.

Most importantly, the materials used in the K-Tech separation processes are non-toxic, non-flammable and readily available from multiple suppliers, in large quantities and at competitive prices, thus limiting single source risks and dependence on a sole supplier of critical materials needed for the process. The principal equipment used in the production process is also commercially available and does not require specialty engineering or manufacturing. TMRC's confidence in K-Tech's ability to scale the process up to full commercial volumes is supported by their wide experience in the application of these same materials and processing techniques in other large-scale industrial separation processes. These include food; fertilizer; industrial chemical; hydrometallurgical; bioprocessing; and other applications requiring continuous processing techniques using ion exchange and ion chromatography as the basis for component separations. This assertion will be borne out in subsequent pilot plant testing where much larger quantities of feedstock will be tested.

The K-Tech JV

The striking success of this process led TMRC to propose a processing joint venture to introduce this technology to the larger rare earth industry. In July TMRC and K-Tech signed a definitive joint venture agreement to develop, refine and market K-Tech's Continuous Ion Exchange (CIX) and Continuous Ion Chromatography (CIC) technology as it applies mostly to the extraction of rare earth elements (REE) from native ores. The JV will license the technology to TMRC, as well as other rare earth production companies. Subject to agreement by TMRC, the JV may also elect to build and operate processing facilities to separate and purify mixed rare earth concentrates into individual purified rare earth oxides for other rare earth production companies in addition to TMRC.

On July 15, 2015, we entered into an operating agreement ("Operating Agreement") with K-Tech, to formalize our joint venture company, Reetech, LLC, a Delaware limited liability company (the "Reetech"), for the purposes of developing, refining and marketing K-Tech's CIX/CIC process pursuant to the February 24, 2015 letter of intent with K-Tech. Pursuant to the Operating Agreement, K-Tech holds an initial interest of 97.21% of Reetech for the contribution of its technology pursuant to a license to Reetech (the "Reetech License") and TMRC holds an initial interest of 2.79% pursuant to its contribution of cash payment of \$391,000 to the prior development of the contributed Technology for the purposes of the joint venture. TMRC has the ability to earn a 49.9% interest in Reetech by contributing up to \$7.0 million in cash contributions upon the satisfaction of certain development milestones. Reetech is governed by a board of managers comprised of three managers: one manager appointed by the Company, one manager appointed by K-Tech and one manager appointed by mutual agreement of the Company and K-Tech.

In connection with the execution of the Operating Agreement, K-Tech granted to Reetech the Reetech License. The Reetech License is a perpetual license regarding K-Tech's CIX/CIC process within the field of use of the joint venture for the production of rare earths and other products of value. Additionally, in connection with the execution of the Operating Agreement, Reetech granted to TMRC a perpetual license to use the technology within the field of use of the Reetech License for the development and operation of TMRC's projects, including the TMRC's Round Top project ("TMRC License"). Use of the TMRC License granted to TMRC is contingent upon TMRC paying to Reetech a one-time fee of \$5 million at startup of the initial processing plant.

On October 18, 2015, we entered into an amendment agreement (the "Amendment"), effective August 27, 2015, with K-Tech, regarding certain amendments to the Operating Agreement. Concurrently with the execution of the Amendment, TMRC, K-Tech and Reetech entered into amendments to the Reetech License and the TMRC License.

Pursuant to the Amendment, K-Tech has agreed to amend the Agreement to change the conditions upon which TMRC may earn its 49.9% membership percentage interest in Reetech through special capital contributions. The Amendment provides that TMRC may now earn additional membership percentage interests in Reetech, up to the maximum percentage interest of 49.9%, through both (i) the cash contributions towards development of the Technology upon the occurrence of certain development milestones (same as in the Agreement prior to Amendment) and (ii) by TMRC being the procuring cause of third-party business for Reetech, in which case TMRC will be credited with capital contributions on a dollar-for-dollar basis for the revenue generated by such third-party business. To be the "procuring cause" of business, Reetech and the third-party business client must have been brought together and the third-party business client must have become a client of Reetech as the result of the continuous efforts of TMRC.

In consideration of the expansion of TMRC's right to earn additional membership percentage interests in Reetech, TMRC and K-Tech have further amended the Agreement to provide the following:

- The Amendment provides that until such time as TMRC has been credited with the cumulative contribution to Reetech of either (i) \$2.0 million in capital contributions made by TMRC, (ii) \$3.5 million in collected revenue from third-party business clients of which TMRC was the procuring cause (as defined in the Amendment), or (iii) a combination of (i) and (ii) that total \$3.5 million, one manager shall be appointed by TMRC and the remaining two managers shall be appointed by K-Tech. Following such contribution conditions being met, the Agreement will revert back to its original manager appointment provisions.
- The Agreement has been amended to provide that until such time as TMRC shall have earned its 49.9% interest in Reetech, K-Tech shall supervise the business of Reetech and K-Tech shall be the sole recipient of any profits realized from the business of Reetech.

The Amended TMRC License amends the one-time license fee payable by TMRC to Reetech for the use of the technology within the field of use by TMRC for its projects. Under the Amended TMRC License, TMRC will pay a one-time fee of \$5.0 million payable at plant start-up for the annual (calendar year) production of up to 3,000 metric tons of rare earth oxides. In the event that TMRC subsequently desires to produce more than 3,000 metric tons, TMRC agrees to pay Reetech an additional market-based license fee to be negotiated by TMRC and Reetech before TMRC exceeds the 3,000 metric ton annual limit.

The operating agreement between TMRC and K-Tech is still in effect, but due to the inactivity of our Round Top project, there has been no ongoing advancement under the operating agreement as of August 31, 2018.

Northeast Pennsylvania REE and Scandium Project

On June 28, 2016 TMRC executed a Memorandum of understanding with Pagnotti Enterprises Inc. of Wilkes Barre, Pennsylvania, owners of the Jeddo Coal Co., whereby under specified terms TMRC could lease one or more of Jeddo's deposits located in the anthracite region of northeast Pennsylvania. Research by the Department of Energy (DOE) has shown that these coal deposits and the sandstones and siltstones immediately associated with them contain anomalously high values of rare earth and of particular interest, Scandium. The DOE research to date has indicated that the rare earth can be efficiently extracted from pulverized rock using ammonium sulfate as the lixiviant. TMRC is in the process of preparing an application for a federal grant to design and construct a continuous ion exchange/continuous ion chromatography (CIX/CIC) pilot plant to be delivered to a designated project area in the Appalachian cold province. TMRC and its co-applicants, K-Tech, Inventure Renewables, of Tuscaloosa, Alabama and Penn State University are proposing to plan, develop, design and install the CIX/CIC pilot plant at one of the Jeddo Coal properties. The grant was awarded in March 2017 to a consortium consisting of Inventure Renewables, Penn State, K-Tech and TMRC with Inventure being the principal investigator in the consortium. Funding began in September 2017.

Under the terms of the Memorandum of Understanding (MOU) signed 28 June 2016, TMRC had a six month term to perform the necessary due diligence and to technically and economically evaluate the properties. Upon execution of the MOU TMRC and PEI had six months to draft and execute a formal lease agreement containing all the standard terms of mining lease agreements. Upon execution of a lease, TMRC will be obligated to pay a \$5,000 per month rental or a 12% royalty whichever is greater. As of the date of this filing, no lease has been executed. This MOU has now lapsed and would have to be renegotiated if the Company were to continue this project.

Fundamentals of the Scandium Market

Scandium, like yttrium, is not technically a rare earth element but shares their exceptional chemical properties. The useful properties of scandium (Sc) are well known but its wide use has been retarded by lack of supply. Currently almost all is supplied principally by Russia and also by China. Russia's supply is a by-product of uranium mining and China's is from the Bataou Iron mine along with rare earth.

Scandium excels in two uses: solid oxide fuel cells and high strength aluminum alloy. Solid oxide fuel cells (SOFC's) can efficiently produce electricity using a mixture of zirconium oxide and scandium oxide as the solid electrolyte layer of the cell. This technology has been known for a long time but its use has been restricted by their high operating temperatures. The use of scandium oxide lowers the operating temperature of these cells to an operationally practical level.

The other, and at the present time, far more important, use of scandium is an alloy of aluminum. This technology originated in Russia (USSR at that time), owing to their source of Sc, where it was discovered that these alloys have high-strength, stress resistance, temperature resistance and have superior welding characteristics. The USSR employed these alloys in a number of military applications including the MIG 29 (while U.S. aerospace designers understood the superiority of scandium for high-stress fighter aircraft, the inability to reliably source scandium led the U.S. to use a heavier titanium alloy instead). Again, supply was the main drawback, even for the Soviets. Today, global production in the opaque scandium market is estimated to run between 400 kg of virgin scandium, to a high end of 10 metric tons. In terms of potential demand, as one study notes: "If only a tiny fraction (0.1%) of the annual aluminum market absorbed scandium in alloy at a 0.5% level, it would represent 350 tonnes (\$700M) in global scandium demand."

In recent years, Airbus has extensively researched these Sc-Al alloys and has expressed high interest in using it in their airframes if a reliable supply can be developed. The American aircraft industry uses an inferior titanium-aluminum alloy. Besides its superiority as a structural alloy, the Sc-Al alloy is capable of making effective armor plate.

There is a growing interest in Sc for these reasons and there is a general consensus that as soon as a reliable supply can be found, the Sc-Al alloy usage will rapidly grow. The technology is ready, only the supply is lacking.

Scandium Pricing

Current scandium pricing is approximately \$2000 per kilogram. The preliminary economic analysis (PEA) is based on this price. Although the projected expansion of usage of scandium is driven by availability rather than price, there is a possibility that at some time in the future the scandium price will seek lower levels. Because of the extremely favorable operating conditions at the Upper Lehigh property we estimate that the “break even” price for Scandium is approximately \$550 per kilogram.

The Department of Energy Grant

In September of 2016 the Department of energy issued a Funding Opportunity Announcement (FOA) whereby they intended to grant up to \$27.75 million for the siting of a pilot plant at a selected location within the Appalachian Coal fields. This grant was to be in two stages, the first for \$1 million to establish the basic engineering parameters and the second of up to \$22.75 million to commission the pilot plant. TMRC took the lead and assembled a team consisting of itself, K-Tech, Penn State University and Inventure Renewables of Tuscaloosa. Inventure is closely associated with K-Tech and shares officers and directors. Inventure was chosen as the lead investigator in the project because of its large, research oriented facility and its considerable experience in securing and executing grants of this nature. In December of 2016 the consortium was awarded the phase 1 grant and funds were disbursed in September of 2017. TMRC’s role in the venture will be as a subcontractor and is not the direct recipient of the grant funds. TMRC has begun the work of collecting the metallurgical samples and the first of these samples were delivered to Penn State in early October 2017.

Establishment of American Mineral Reclamation LLC

On June 22, 2017 we announced the establishment of American Mineral Reclamation LLC. This subsidiary has the mission to seek out and develop lower cost projects with shorter development times involving metals and mineral recovery and production from coal by-products, acid mine drainage waters and sludges, mine waste and tailings, industrial wastewater and recovery of strategic metals from scrap from various sources. In addition to REE and scandium we intend to include other important “tech” metals such as Lithium, Cobalt, Vanadium, Gallium and others as conditions dictate. We have executed a co-operation agreement to work jointly with Inventure Renewals. As of August 31, 2018, no activity has taken place within this LLC.

On August 28 2018 TMRC executed a Joint Venture agreement with Morzev PTY LTD, doing business as USA Rare Earth, to develop the Round Top Deposit. Terms of the agreement call for USA Rare Earth to expend up to \$10 million to produce a bankable feasibility study. The funds will be allocated in two tranches, the first of \$2.5 Million to optimize and finalize the metallurgical processing and the remaining \$7.5 million to complete the engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study. USA Rare Earth will earn 70% of the property upon production of the feasibility study and has the option of purchasing another 10% for \$3 million at the completion of the feasibility study.

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, 2015, 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

Our common stock is listed for quotation on the OTCQX U.S. operated by OTC Markets Group Inc. under the symbol "TMRC." The market for our common stock on the OTCQX U.S. 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 2018 | High | Low |
|---------------------------------|-------------------------|-------------|------------|
| Quarter ended August 31, 2018 | \$ | 0.34 | \$ 0.17 |
| Quarter ended May 31, 2018 | \$ | 0.20 | \$ 0.15 |
| Quarter ended February 28, 2018 | \$ | 0.21 | \$ 0.14 |
| Quarter ended November 30, 2017 | \$ | 0.22 | \$ 0.17 |

| | Fiscal Year 2017 | High | Low |
|---------------------------------|-------------------------|-------------|------------|
| Quarter ended August 31, 2017 | \$ | 0.24 | \$ 0.18 |
| Quarter ended May 31, 2017 | \$ | 0.29 | \$ 0.15 |
| Quarter ended February 28, 2017 | \$ | 0.19 | \$ 0.10 |
| Quarter ended November 30, 2016 | \$ | 0.13 | \$ 0.10 |

| | Fiscal Year 2016 | | High | | Low | |
|---------------------------------|-------------------------|------|-------------|------|------------|--|
| Quarter ended August 31, 2016 | \$ | 0.18 | \$ | 0.12 | | |
| Quarter ended May 31, 2016 | \$ | 0.18 | \$ | 0.12 | | |
| Quarter ended February 28, 2016 | \$ | 0.20 | \$ | 0.12 | | |
| Quarter ended November 30, 2015 | \$ | 0.25 | \$ | 0.19 | | |

The last bid price of our common stock on December 7, 2018 was \$0.24 per share.

Holders

The approximate number of holders of record of our common stock as of December 14, 2018 was 496.

Dividends

We have not paid any cash dividends on our equity security 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

In September 2008, the Board adopted our 2008 Stock Option Plan (the “2008 Plan”), which was also approved by our shareholders in September 2008. In May 2011, the board of directors adopted an amendment to our 2008 Plan (the “Amended 2008 Plan”), which was also approved by our shareholders in August 2011. The Amended 2008 Plan increased the number of shares available for grant from 2,000,000 to up to 5,000,000 shares of our common stock for awards to our officers, directors, employees and consultants. On February 15, 2012, our stockholders approved an increase of 2,000,000 of shares of common stock available for issuance under the amended 2008 Stock Option Plan (the “Plan”). As amended, the Plan provides for 7,000,000 shares of common stock for all awards. On February 24, 2016, the stockholders of the Company approved an amendment to the Company’s 2008 Stock Option Plan, pursuant to which the number of shares available under the plan was increase from 7,000,000 to 9,000,000 shares of common stock. Other provisions of the Amended 2008 Plan remain the same as under our 2008 Plan. As of August 31, 2018, a total of 3,280,000 shares of our common stock remained available for future grants under the Amended 2008 Plan.

The following table sets forth certain information as of August 31, 2018 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 | 5,720,000 | \$ 0.59 | 3,280,000 |
| Nonplan equity compensation | 655,000 | \$ 0.31 | — |
| Total | 6,375,000 | \$ 0.49 | 3,280,000 |

Recent Sales of Unregistered Securities During Fiscal 2018

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 (C) |
|----------------|-------------------------------|------------|------------|------------------|-------------------|------------------|
| September 2017 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| October 2017 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| October 2017 | Common Stock Warrants | 67,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| November 2017 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| December 2017 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| December 2017 | Common Stock Warrants | 56,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| January 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| January 2018 | Common Stock Warrants | 20,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| February 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| February 2018 | Common Stock Warrants | 62,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| March 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| March 2018 | Common Stock Warrants | 10,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| April 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| April 2018 | Common Stock Warrants | 56,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| May 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| May 2018 | Common Stock Warrants | 30,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| June 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| June 2018 | Common Stock Purchase Options | 500,000(A) | Officer | \$Nil | Services | Sec. 4(a)(2) |
| July 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| July 2018 | Common Stock Warrants | 40,000(B) | Director | \$Nil | Advances | Sec. 4(a)(2) |
| August 2018 | Common Stock Purchase Options | 10,000(A) | Consultant | \$Nil | Advisory Services | Sec. 4(a)(2) |
| August 2018 | Common Stock Warrants | 360,000(B) | Directors | \$Nil | Advances | Sec. 4(a)(2) |

- (A) Common Stock Purchase Options were issued pursuant to a consulting agreement. Options vested immediately. Each option is exercisable for a 5 year term at an exercise price of \$0.30. The options were issued outside of the Company's 2008 Stock Incentive Plan.
- (B) Common Stock Purchase Warrants were issued pursuant to loan made to the Company on behalf of certain Directors and Officers. Each warrant is exercisable for a 5 year term at an exercise price ranging from \$0.10 - \$0.28.
- (C) With respect to sales designated by "Sec. 4(a)(2)," these shares were issued pursuant to the exemption from registration contained in to Section 4(a)(2) of the Securities Act as privately negotiated, isolated, non-recurring transactions not involving any public offer or solicitation. Each purchaser represented that such purchaser's intention to acquire the shares for investment only and not with a view toward distribution. None of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

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

Overview

We are a mining company engaged in the business of the acquisition, exploration and, if warranted, development of mineral properties. We currently hold two nineteen year leases, executed in September 2011 and November 2011, to explore and develop a 950 acre rare earths project located in Hudspeth County, Texas known as the Round Top Project and prospecting permits covering an adjacent 9,345 acres. Our principal focus will be on developing a metallurgical process to concentrate or otherwise extract the metals from the Round Top rhyolite, although we will continue to examine other opportunities in the region as they develop. We currently have limited operations and have not established that any of our projects or properties contain any Proven or Probable Reserves under SEC Industry Guide 7. Our operations are exploratory in nature.

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

On December 23, 2013, we published a revised version of the June 2012 Preliminary Economic Assessment (the "Revised PEA") on the Round Top Project based on a 20,000 tonne per day heap leach operation using a conventional element separation plant. The mineralized material estimate was recalculated to include uranium, niobium, tantalum and tin. The revised PEA assesses the potential economic viability of the simplified and "scaled down" operation which we believe is a much better fit with the present rare earth market.

On September 8, 2014, we announced that we had completed an internal analysis suggesting that there is a reasonable possibility to adapt a lower volume staged growth approach to development of our Round Top project. The analysis indicated that an operation designed to produce a selected group of separated REE products in the range of 350-450 tonnes per year range, could potentially yield favorable mine economics. The goal of the proposed staged approach would be to increase mining rates if and when our products gained acceptability. The analysis suggested that capital needs in the Revised PEA could be proportionally reduced in relation to the lower volume initial stage. We are currently conducting a more detailed analysis of the relative capital expenses and operating expenses requirements of a scaled down processing plant with both solvent extraction and ion exchange processes under evaluation. We believe the lower capital requirements of a staged startup could offset any marginal increase in unit operating costs.

Our current management and Board are stockholder-centric, and receive either no cash compensation or much less than previous management. We will require definitive scientific documentation, rigorous economic studies, consideration of a wide range of alternatives and meticulous oversight of any cash outlays of stockholder funds.

Current Plan of Operations

Continued Work Program on Round Top Project

See “Properties – Current and Planned Metallurgical Activities” for a description of our current work activities and budget for the Round Top Project.

Exploration Potential of the Round Top Property

Although we have no plans in the next 24 months to conduct more physical exploration, we do believe, as stated in our 2010 presentations, that there are untested exploration targets present. They are:

1. Uranium-beryllium mineralization at the lower contact of the rhyolite and the underlying sedimentary rock. This class of mineralization was the target of the successful exploration program conducted in the late 1980’s by Cabot Corporation and Cyprus Exploration. It appears to be structurally controlled and associated with a later phase of hydrothermal or gas phase deposition that occurred sometime after the emplacement of the rhyolite. This fluorite-beryllium replacement mineralization in what is termed the West Side Fault under the north side of Round Top was the topic of a 1988 in-house feasibility study by Cyprus Minerals to historical standards (not NI 43-101 compliant under today’s Canadian regulations, not an SEC Industry Guide 7 compliant feasibility study) to produce beryllium. This zone is the location of the intact decline and lateral mine workings developed by Cyprus Minerals in 1988-89. Sampling and analysis by TMRC indicates the presence of uranium mineralization occurring adjacent to and likely associated with these beryllium bearing structures. This “Contact Zone” mineralization is not restricted to Round Top and is present under the Sierra Blanca rhyolite and there is some evidence in drill holes on Little Blanca that this style of mineralization may also be present there.
2. Uranium-beryllium-rare earth and other rare metals hosted as structurally controlled fluorite replacements in the limestones at depth below the known deposits. Geologic and geochemical conditions are thought to be conducive for the emplacement of replacement type deposits within the same fault zones that hosted the known beryllium-uranium deposits at depth where favorable host limestones are present. We believe that careful compilation and analysis of existing surface geologic mapping and of the drill data may better define these targets.

We believe that using the existing data we can improve our understanding of the exploration potential of the area without resorting to such expensive techniques such as drilling.

Actively Seeking Project Partners

In addition to pursuing the exploration of our Round Top Project, we are actively seeking industry partners to assist the Company in financing the exploration and, if warranted, development of the Round Top Project. While we do not currently have any agreements and do not anticipate any agreements in the near future, we are actively engaged in pursuing partners for the Round Top Project for a range of participation, including but not limited to, joint-venture arrangements, project sale, significant investment in the Company, back-end processing and product sales arrangements and other financing arrangements to assist in the Round Top Project.

Operation and support of the DoE Grant.

Approximately 25% of TMRC’ efforts will be allocated to completing its share of the Phase 1 of the DoE grant. Our role in this grant is to acquire the samples, evaluate the primary and alternate sites, conduct the economic evaluation and co-ordinate the project.

Operation of American Minerals Reclamation

Absent the securing of feasibility financing for Round Top, the remainder of TMRC plans to actively pursue the development of American Minerals Reclamation (AMR). We have set no geographical limitations on this project but we are currently basing our efforts in the Pennsylvania coal producing region because of the excellent opportunities present there and existence of the network of people and institutions that have been developed during the grant application process.

Recent Corporate Developments

The following significant corporate developments occurred during the year ended August 31, 2018 and the subsequent period through the filing of this Annual Report:

Annual Meeting of Stockholders

We did not hold an annual meeting of stockholders for the fiscal year ended August 31, 2018 as required by the OTCQX.

Name Change

On March 21, 2016, we changed our name from “Texas Rare Earth Resources Corp.” to “Texas Mineral Resources Corp.”. In connection with the name change we filed a certificate of amendment to our certificate of incorporation with the Secretary of State of the State of Delaware. Management believes the name change reflects the broadening of the Company’s strategic focus on other minerals in addition to rare earth minerals, including lithium, potassium, magnesium, iron and aluminum sulfates.

Liquidity and Capital Resources

As of August 31, 2018, we had a working capital deficit of approximately \$2,004,000. We currently have no working capital and will need to raise additional funding to implement our business strategy.

During the current fiscal year ending August 31, 2018, we completed Stage 1 of our metallurgical activities as discussed in the section heading “ITEM 2. PROPERTIES” of this Annual Report. Our budget for this stage of activity was approximately \$134,502. To date we have expended approximately that amount on Stage 1 which is now complete. Estimated cost of Stage 2 is \$2,015,454, \$336,454 of which has been spent; this phase, called milestone 1, of Stage 2 has been modified and augmented by the Defense Logistical Agency. There is no guarantee that we will be able to raise the working capital necessary for balance of Stage 2 activities. After completion of Stage 1, we will use any remaining available capital to begin work on Stage 2 of our metallurgical activities.

The audit opinion and notes that accompany our financial statements for the year ended August 31, 2018, disclose a ‘going concern’ qualification to our ability to continue in business. The accompanying financial statements have been prepared under the assumption that we will continue as a going concern. We are an exploration stage company and we have incurred losses since our inception. We do not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and raising additional funds. We believe that the going concern condition cannot be removed with confidence until the Company has entered into a business climate where funding of its activities is more assured.

We currently do not have funds to pursue exploration or development work on any of our properties, which means that we will be required to raise additional capital, enter into joint venture relationships, or find alternative means to finance our properties in order to place them into commercial production, if warranted, or evaluate the possibility of selling one or more of our projects or the Company in its entirety. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration and, if warranted, development or production on one or more of our properties and any properties we may acquire in the future or even a loss of property interests. This includes our leases over claims covering the principal deposits on our properties, which may expire unless we expend minimum levels of expenditures over the terms of such leases. We cannot be certain that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable or acceptable to us. Our ability to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as our business performance.

Results of Operations

Fiscal Years ended August 31, 2018 and 2017

Revenue

We had no operating revenues during the fiscal years ended August 31, 2018 and 2017. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$35.4 million as of August 31, 2018.

Operating expenses and resulting losses from Operations.

We incurred exploration costs for the fiscal years ended August 31, 2018 and 2017, in the amount of approximately \$95,000 and \$90,000, respectively. Expenditures during fiscal year 2018 and 2017 were primarily for lease payments. We recognized impairment related to mineral properties of approximately \$4,400 and \$1,395,000 for the fiscal years ended August 31, 2018 and 2017, respectively.

Our general and administrative expenses for the fiscal year ended August 31, 2018 were approximately \$518,000 of which approximately \$109,000 were for stock compensation for services. The remaining expenditures were primarily for accrued payroll and related taxes and benefits, professional fees and other general and administrative expenses necessary for our operations.

Our general and administrative expenses for the fiscal year ended August 31, 2017 were approximately \$496,000. These expenditures were primarily for accrued payroll and related taxes and benefits, professional fees and other general and administrative expenses necessary for our operations.

We had losses from operations for the fiscal years ended August 31, 2018 and 2017 totaling approximately \$618,000 and \$1,981,000, respectively and net losses for the fiscal years ended August 31, 2018 and 2017 totaling approximately \$738,000 and \$2,135,000. We had accrued interest expense of approximately \$121,000 and \$154,000 for the fiscal years ended August 31, 2018 and 2017, respectively.

Off-Balance Sheet Arrangements

For the fiscal years ended August 31, 2018 and 2017, we have off-balance sheet arrangements for annual payments in relation to the mineral leases as disclosed in foot note 4 of the financial statements.

Recently Issued Accounting Pronouncements

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

Critical Accounting Estimates

Management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. Preparation of financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and the related disclosures of contingencies. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are fairly presented in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Management believes that the following critical accounting estimates and judgments have a significant impact on our financial statements; Valuation of options granted to Directors and Officers using the Black-Scholes model, and fair value of mineral properties. The accounting policies are described in greater detail in Note 2 to our audited financial statements for the fiscal year ended August 31, 2018.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Texas Mineral Resources Corp. (the Company) as of August 31, 2018 and 2017, and the related statements of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended August 31, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended August 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

As discussed in Note 1 to the financial statements, the Company's absence of significant revenues, recurring losses from operations, and its need for additional financing in order to fund its projected loss in 2019 raise substantial doubt about its ability to continue as a going concern. These 2018 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ LBB & ASSOCIATES LTD., LLP

We have served as the Company's auditor since 2011.

Houston, Texas
December 14, 2018

**TEXAS MINERAL RESOURCES CORP.
BALANCE SHEETS**

| | August 31, 2018 | August 31, 2017 |
|--|------------------------|------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 31,591 | \$ 1,080 |
| Prepaid expenses and other current assets | 3,333 | 6,667 |
| Total current assets | 34,924 | 7,747 |
| Property and equipment, net | — | 5,421 |
| Mineral properties | 354,234 | 358,594 |
| Deposits | 4,000 | 24,000 |
| TOTAL ASSETS | \$ 393,158 | \$ 395,762 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 1,357,013 | \$ 1,003,468 |
| Advances due to - related party | 421,415 | 246,165 |
| Current portion of note payable | 260,387 | 260,387 |
| Total current liabilities | 2,038,815 | 1,510,020 |
| Note payable - net of current portion and discount | — | — |
| Total liabilities | 2,038,815 | 1,510,020 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, par value \$0.001; 10,000,000 shares authorized, no shares issued and outstanding as of August 31, 2018 and August 31, 2017, respectively | — | — |
| Common stock, par value \$0.01; 100,000,000 shares authorized, 44,941,532 and 44,941,532 shares issued and outstanding as of August 31, 2018 and August 31, 2017, respectively | 449,416 | 449,416 |
| Additional paid-in capital | 33,275,248 | 33,068,309 |
| Accumulated deficit | (35,370,321) | (34,631,983) |
| Total SHAREHOLDERS' equity | (1,645,657) | (1,114,258) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 393,158 | \$ 395,762 |

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

TEXAS MINERAL RESOURCES CORP.
STATEMENTS OF OPERATIONS

| | For the Year Ended August 31, | |
|--------------------------------------|--------------------------------------|----------------|
| | 2018 | 2017 |
| ORDINARY INCOME | | |
| Services & fee income | \$ — | \$ — |
| Total ordinary income | — | — |
| OPERATING EXPENSES | | |
| Exploration costs | 95,452 | 90,484 |
| Impairment of mineral properties | 4,360 | 1,394,852 |
| General and administrative expenses | 518,001 | 495,906 |
| Total operating expenses | 617,813 | 1,981,242 |
| LOSS FROM OPERATIONS | (617,813) | (1,981,242) |
| OTHER INCOME (EXPENSE) | | |
| Interest and other income | — | 2 |
| Interest and other expense | (120,525) | (153,886) |
| Total other income (expense) | (120,525) | (153,884) |
| NET LOSS | \$ (738,338) | \$ (2,135,126) |
| Net loss per share: | | |
| Basic and diluted net loss per share | \$ (0.02) | \$ (0.05) |
| Weighted average shares outstanding: | | |
| Basic and diluted | 44,941,532 | 44,941,532 |

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

TEXAS MINERAL RESOURCES CORP.
STATEMENTS OF CASH FLOWS

| | For the Year Ended August 31, | |
|---|--------------------------------------|----------------|
| | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (738,338) | \$ (2,135,126) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Cashless compensation for advances | 97,508 | 105,751 |
| Discount on notes payable | — | 25,107 |
| Impairment of mineral properties | 4,360 | 1,394,852 |
| Depreciation expense | 5,421 | 10,115 |
| Stock based compensation | 109,431 | 18,907 |
| Changes in current assets and liabilities: | | |
| Prepaid expenses and other assets | 23,334 | 5,710 |
| Accounts payable and accrued expenses | 353,545 | 400,935 |
| Net cash used in operating activities | (144,739) | (173,749) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net cash used in investing activities | — | — |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from advances - related party | 175,250 | 169,665 |
| | 175,250 | 169,665 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 30,511 | (4,084) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 1,080 | 5,164 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 31,591 | \$ 1,080 |
| SUPPLEMENTAL INFORMATION | | |
| Interest paid | \$ — | \$ — |
| Taxes paid | \$ — | \$ — |

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

TEXAS MINERAL RESOURCES CORP.
STATEMENTS OF SHAREHOLDERS' EQUITY
For the Years Ended August 31, 2018 and 2017

| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total |
|--|-----------------|--------|--------------|------------|-------------------------------|------------------------|----------------|
| | Shares | Amount | Shares | Amount | | | |
| Balance at August 31, 2016 | — | \$ — | 44,941,532 | \$ 449,416 | \$ 32,918,544 | \$ (32,496,857) | \$ 871,103 |
| Options issued for services | | | | | 18,907 | | 18,907 |
| Cashless compensation for advances | | | | | 105,751 | | 105,751 |
| Discount on notes payable from beneficial conversion | | | | | 25,107 | | 25,107 |
| Net loss | | | | | | (2,135,126) | (2,135,126) |
| Balance at August 31, 2017 | — | — | 44,941,532 | 449,416 | 33,068,309 | (34,631,983) | (1,114,258) |
| Cashless compensation for advances | | | | | 97,508 | | 97,508 |
| Options issued for services | | | | | 109,431 | | 109,431 |
| Net loss | | | | | | (738,338) | (738,338) |
| Balance at August 31, 2018 | — | \$ — | 44,941,532 | \$ 449,416 | \$ 33,275,248 | \$ (35,370,321) | \$ (1,645,657) |

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

TEXAS MINERAL RESOURCES CORP.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

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

Effective September 1, 2010, we changed our name from “Standard Silver Corporation” to “Texas Rare Earth Resources Corp.” We are now a mining company engaged in the business of the acquisition and development of mineral properties. As of the date of this filing, we hold two nineteen year leases, executed in September and November of 2011, to explore and develop a 950 acre rare earths project located in Hudspeth County, Texas known as the Round Top Project and prospecting permits covering an adjacent 9,345 acres. We also own unpatented mining claims in New Mexico. We are currently not evaluating any additional prospects, and intend to focus primarily on the development of our Round Top rare earth prospect.

On August 24, 2012, we changed our state of incorporation from the State of Nevada to the State of Delaware (the “Reincorporation”) pursuant to a plan of conversion dated August 24, 2012. The Reincorporation was previously submitted to a vote of, and approved by, our stockholders at a special meeting of the stockholders held on April 25, 2012.

On March 14, 2016, the Company filed a Certificate of Amendment with the Secretary of State of the State of Delaware to amend its Certificate of Incorporation to change the name of the Company from “Texas Rare Earth Resources Corp” to “Texas Mineral Resources Corp”. The amendment was effective on March 21, 2016. The Certificate of Amendment did not make any other amendments to the Company’s Certificate of Incorporation.

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception resulting in an accumulated deficit of approximately \$35.4 million as of August 31, 2018 and further losses are anticipated in the development of its business raising substantial doubt about the Company’s ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating 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. Management intends to finance operating costs over the next twelve months with existing cash on hand and loans from directors and or private placement of common stock.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

Our financial records are maintained on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred, in accordance with generally accepted accounting principles (“GAAP”) – United States.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of demand deposits at commercial banks. We currently do not have cash deposits at financial institutions in excess of federally insured limits.

Property and Equipment

Our property and equipment consists primarily of vehicles, furniture and equipment, and are recorded at cost. Expenditures related to acquiring or extending the useful life of our 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.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Long-lived Assets

The Company reviews the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through operations. To determine if these costs are in excess of their recoverable amount, periodic evaluation of carrying value of capitalized costs and any related property and equipment costs are based upon expected future cash flows and/or estimated salvage value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC 360”), *Property, Plant and Equipment*. The Company’s assets susceptible to impairment analysis are the mineral properties described in foot note 4.

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*. Exploration costs were approximately \$95,000 and \$90,000 for the years ended August 31, 2018 and 2017, respectively.

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* and ASC 505, *Share-Based Payments*. Key inputs and assumptions used to estimate the fair value of stock options include the grant price of the award, the expected option term, volatility of our stock, the 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 made by the Company.

Amended 2008 Stock Option Plan

In September 2008, the Board adopted our 2008 Stock Option Plan (the “2008 Plan”), which was also approved by our shareholders in September 2008. In May 2011, the board of directors adopted an amendment to our 2008 Plan (the “Amended 2008 Plan”), which was also approved by our shareholders in August 2011. The Amended 2008 Plan increased the number of shares available for grant from 2,000,000 to up to 5,000,000 shares of our common stock for awards to our officers, directors, employees and consultants. On February 15, 2012, our stockholders approved an increase of 2,000,000 of shares of common stock available for issuance under the amended 2008 Stock Option Plan (the “Plan”). As amended, the Plan provides for 7,000,000 shares of common stock for all awards. On February 24, 2016, the stockholders of the Company approved an amendment to the Company’s 2008 Stock Option Plan, pursuant to which the number of shares available under the plan was increase from 7,000,000 to 9,000,000 shares of common stock. Other provisions of the Amended 2008 Plan remain the same as under our 2008 Plan. As of August 31, 2018, a total of 3,280,000 shares of our common stock remained available for future grants under the Amended 2008 Plan.

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 bases of assets and liabilities, and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Basic and Diluted Loss Per Share

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

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Management believes that these financial statements include all normal and recurring adjustments necessary for a fair presentation under Generally Accepted Accounting Principles.

Fair Value Measurements

We account 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.

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

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effective date to periods beginning after December 15, 2017. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016. In December 2016, the FASB further issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, to increase stakeholders' awareness of the proposals and to expedite improvements to ASU 2014-09. The Company plans to adopt the standard using the modified retrospective approach. After assessing the new standard, the Company expects that there will be no material impacts to our revenue recognition procedures, except for information compilation for the new required disclosures.

Joint Venture

On July 15, 2015, we entered into an operating agreement ("Operating Agreement") with K-Tech, to formalize our joint venture company, Reetech, LLC, a Delaware limited liability company (the "Reetech"), which gives TMRC the exclusive license to market K-Tech's CIX/CIC process to other rare earth developers pursuant to the February 24, 2015 letter of intent with K-Tech. On October 18, 2015, we entered into an amendment agreement to the Operating Agreement, expanding the way in which we can earn percentage membership interests in Reetech in exchange for granting K-Tech changes in the management of Reetech and TMRC's license from Reetech to use K-Tech's CIX/CIC process for its properties.

The operating agreement between TMRC and K-Tech is still in effect, but due to the inactivity of our Round Top project, there has been no ongoing advancement under the operating agreement as of August 31, 2018.

The Company uses the cost method to account for its investment in the joint venture. Under the cost method, the Company recognizes its share of the earnings and losses of the joint venture as they accrue instead of when they are realized. We have elected to expense the initial investment amount of \$391,000 as exploration expenses. Based upon information available we have determined there are no significant potential loss liabilities. The Company's interest in the joint venture remains \$0.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of office furniture, equipment and vehicles. The property and equipment are depreciated using the straight-line method over their estimated useful life of 3-20 years. Our property and equipment, net consist of the following:

| | August 31, 2018 | August 31, 2017 |
|--------------------------------|----------------------------|----------------------------|
| Furniture & office equipment | \$ 75,606 | \$ 75,606 |
| Vehicles | 89,185 | 89,185 |
| Computers & software | 48,711 | 48,711 |
| Field equipment | 71,396 | 71,396 |
| Total cost basis | 284,898 | 284,898 |
| Less: Accumulated depreciation | (284,898) | (279,477) |
| Property & equipment, net | \$ — | \$ 5,421 |

Depreciation expense for the years ending August 31, 2018 and 2017 was \$5,421 and \$10,115, respectively and is included in general and administrative expenses.

NOTE 4 – MINERAL PROPERTIESSeptember 2011 Lease

On September 2, 2011, we entered into a new mining lease with the Texas General Land Office covering Sections 7 and 18 of Township 7, Block 71 and Section 12 of Block 72, covering approximately 860 acres at Round Top Mountain in Hudspeth County, Texas. The mining lease issued by the Texas General Land Office gives us the right to explore, produce, develop, mine, extract, mill, remove, and market beryllium, uranium, rare earth elements, all other base and precious metals, industrial minerals and construction materials and all other minerals excluding oil, gas, coal, lignite, sulfur, salt, and potash. The term of the lease is nineteen years so long as minerals are produced in paying quantities.

Under the lease, we will pay the State of Texas a lease bonus of \$142,518; \$44,718 of which was paid upon the execution of the lease, and \$97,800 which will be due when we submit a supplemental plan of operations to conduct mining. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$500,000 minimum advance royalty.

Thereafter, we will pay the State of Texas a production royalty equal to eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (6 1/4%) of the market value of all other minerals removed and sold from Round Top.

Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

| | Per Acre Amount | Total Amount |
|--------------------------|----------------------------|-------------------------|
| September 2, 2015 – 2019 | \$ 75 | \$ 67,077 |
| September 2, 2020 – 2024 | \$ 150 | \$ 134,155 |
| September 2, 2025 – 2029 | \$ 200 | \$ 178,873 |

In August 2018, we paid a delay rental to the State of Texas in the amount of \$67,077.

November 2011 Lease

On November 1, 2011, we entered into a mining lease with the State of Texas covering 90 acres, more or less, of land that is adjacent to the land we purchased in September 2011 near our Round Top site. The deed was recorded with Hudspeth County on September 16, 2011. Under the lease, we paid the State of Texas a lease bonus of \$20,700 which was paid upon the execution of the lease. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$50,000 minimum advance royalty. Thereafter, we will pay the State of Texas a production royalty equal to eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (6 1/4%) of the market value of all other minerals sold from Round Top.

Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

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

In October 2018, we paid a delay rental to the State of Texas of \$6,750.

March 2013 Lease

On March 6, 2013, we 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 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 comprises approximately 54,990 acres. Most importantly, the purchase of the surface lease gave us unrestricted surface access for the potential development and mining of our Round Top Project. For the fiscal year ended August 31, 2018, \$45,000 payments due in June 2016, 2017 and 2018 had not been paid; consequently, we expensed the value of the West Lease during fiscal 2017. We fully intend to continue with the evaluation of the mineral potential of the property, to ultimately mine the property, and to bring the lease current when funds are available.

October 2014 Surface Option and Water Lease

On October 29, 2014, we announced that we had executed 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. We may exercise the option for all or part of the option acreage at any time during the sixteen year primary term of the mineral lease. The option can be kept current by an annual payment of \$10,000. The purchase price will be the appraised value of the surface at the time of exercising the option. The annual payments for the fiscal year ending August 31, 2018 and 2017 have not been made as of the date of this filing.

The ground water lease secures our right to develop the ground water within a 13,120 acre lease area located approximately 4 miles from the Round Top deposit. The lease area contains five existing water wells. It is anticipated that all potential water needs for the Round Top project mine operations would be satisfied by the existing wells covered by this water lease. This lease has an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production we will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains effective as long as the mineral lease is in effect. The minimum production payment for the fiscal years ending August 31, 2018 and 2017 have not been made as of the date of this filing and this lease will require renegotiation.

Northeast Pennsylvania REE and Scandium Project

On June 28, 2016 TMRC executed a Memorandum of understanding with Pagnotti Enterprises Inc. of Wilkes Barre, Pennsylvania, owners of the Jeddo Coal Co., whereby under specified terms TMRC could lease one or more of Jeddo's deposits located in the anthracite region of northeast Pennsylvania. Research by the Department of Energy (DOE) has shown that these coal deposits and the sandstones and siltstones immediately associated with them contain anomalously high values of rare earth and of particular interest, Scandium. The DOE research to date has indicated that the rare earth can be efficiently extracted from pulverized rock using ammonium sulfate as the lixiviant. TMRC is in the process of preparing an application for a federal grant to design and construct a continuous ion exchange/continuous ion chromatography (CIX/CIC) pilot plant to be delivered to a designated project area in the Appalachian cold province. TMRC and its co-applicants, K-Tech, Inventure Renewables, of Tuscaloosa, Alabama and Penn State University are proposing to plan, develop, design and install the CIX/CIC pilot plant at one of the Jeddo Coal properties. The grant was awarded in March 2017 to a consortium consisting of Inventure Renewables, Penn State, K-Tech and TMRC with Inventure being the principal investigator in the consortium. Funding began in September 2017.

Under the terms of the Memorandum of Understanding (MOU) signed 28 June 2016, TMRC had a six month term to perform the necessary due diligence and to technically and economically evaluate the properties. Upon execution of the MOU TMRC and PEI had six months to draft and execute a formal lease agreement containing all the standard terms of mining lease agreements. Upon execution of a lease, TMRC will be obligated to pay a \$5,000 per month rental or a 12% royalty whichever is greater. As of the date of this filing, no lease has been executed. This MOU has now lapsed and would have to be renegotiated if the Company were to continue this project.

NOTE 5 – NOTES PAYABLE

In relation to the Foundation lease discussed in Note 2 the Company recorded a note payable for an amount for the initial \$45,000 due upon signing of lease and the nine (9) future payments due of \$45,000 which has been recorded at its present value discounted with an imputed interest rate of 5% for a total note payable of \$364,852. As of the date of this filing, we have not paid the June 2018, 2017 or 2016 installments of our surface lease, in the amount of \$45,000 each, to the Southwest Wildlife Foundation. As a result the full amount of the note payable has been classified as currently due. The note payable balance as of August 31, 2018 and 2017 was approximately \$260,000. The Company has also accrued interest expense as of August 31, 2018 and 2017 of \$48,750 and \$33,750, respectively. This unpaid interest is included in accrued liabilities.

The Foundation has not given notice of default or made any demand for payment as of the date of this filing. However, based upon the Company being in default on the Note Payable there is no guarantee that the Foundation will allow the Company to begin mining operations or to bring the lease payments current without requiring the Company to provided additional consideration to the Foundation. Consequently, since the Company cannot be guaranteed the ability to utilize the lease due to its current default status, the Company has written off the value of this lease (\$1,394,852) as of August 31, 2017. The Company intends to continue with the evaluation of the mineral potential of the property, to ultimately mine the property, and to bring this note payable and its accrued interest current when the funds are available.

Related Party Notes Payable and Advances

On July 1, 2016 the Company received two loans for \$2,500 each from two directors of the Company. The loans are non-interest accruing, unsecured and due upon demand. As additional consideration for the loans, we issued 5,000 common stock purchase warrants to each individual. The warrants have an exercise price of \$0.10 and term of five years. The warrants had a fair value of \$1,185 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.00% (ii) estimated volatility of 185% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was a total of \$5,000. The value of the warrants was expensed as interest expense at the time of issuance due to no stated term on the advances.

On September 1, 2016, the Company entered into five loans totaling \$71,500 from five directors of the Company. The loans were due March 1, 2017, are non-interest bearing, and unsecured. As of this filing the loans are in default and due upon demand. As additional consideration for the loans, we issued in total 147,000 common stock purchase warrants. The warrants have an exercise price of \$0.10 and term of five years. The loans have a relative fair value of \$57,414 and the warrants have a relative fair value of \$14,086 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.180% (ii) estimated volatility of 245% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was \$71,500. The value of the warrant was amortized to interest expense over the term of the note payable.

On November 1, 2016 the Company entered into two loans for \$4,000 and \$1,000 from two directors of the Company. The loans are non-interest bearing, unsecured and due upon demand. As additional consideration for the loans, we issued 8,000 and 2,000 common stock purchase warrants to each individual. The warrants have an exercise price of \$0.10 and term of five years. The warrants had a fair value of \$1,057 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.30% (ii) estimated volatility of 181% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was \$5,000. The value of the warrants was expensed as interest expense at the time of issuance due to no stated term on the advance.

On December 12, 2016, the Company entered into a loan for \$15,000 a director of the Company. The loan is due June 12, 2017, is non-interest accruing, and unsecured. As of this filing the loan is in default and due upon demand. As additional consideration for the loan, we issued 60,000 common stock purchase warrants to the individual. The warrants have an exercise price of \$0.10 and term of five years. The loan has a relative fair value of \$10,437 and the warrants have a relative fair value of \$4,563 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.90% (ii) estimated volatility of 241% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was \$15,000. The value of the warrant was amortized to interest expense over the term of the note payable.

NOTE 5 – NOTES PAYABLE (Continued)

On January 12, 2017 the Company entered into two loans totaling \$20,000 from a director and an officer of the Company. The loans are due July 12, 2017, are non-interest accruing, and unsecured. As of this filing the loans are in default and due upon demand. As additional consideration for the loans, we issued 40,000 common stock purchase warrants to each individual. The warrants have an exercise price of \$0.10 and term of five years. The loans have a relative fair value of \$13,542 and the warrants have a relative fair value of \$6,458 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.87% (ii) estimated volatility of 240% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was \$20,000. The value of the warrant was amortized to interest expense over the term of the note payable.

During the three months ended May 31, 2017 the Company entered into eight loans totaling \$47,500 from two directors of the Company. The loans are non-interest accruing, unsecured and due upon demand. As additional consideration for the loans, we issued in total 190,000 common stock purchase warrants. The warrants have an exercise price of \$0.17 - \$0.21 and a term of five years. The warrants had a fair value of \$39,557 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.75% (ii) estimated volatility of 234% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was \$47,500. The value of the warrants was expensed as interest expense at the time of issuance due to no stated term on the advance.

During the three months ended August 31, 2017 the Company entered into seven loans totaling \$82,165 from two directors of the Company. The loans are non-interest accruing, unsecured and due upon demand. As additional consideration for the loans, we issued in total 328,660 common stock purchase warrants. The warrants have an exercise price of \$0.20 - \$0.23 and a term of five years. The warrants have a fair value of \$65,137 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 1.75% (ii) estimated volatility of 169% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 and August 31, 2017 was \$82,165. The value of the warrants was expensed as interest expense at the time of issuance due to no stated term on the advance.

During the twelve months ended August 31, 2018 the Company entered into fifteen loans totaling \$175,250 from two directors of the Company. The loans are non-interest accruing, unsecured and due upon demand. As additional consideration for the loans, we issued in total 701,000 common stock purchase warrants. The warrants have an exercise price of \$0.10 - \$0.28 and a term of five years. The warrants have a fair value of \$97,508 at the date of issuance determined using the Black-Scholes option-pricing model. The assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 2.880% (ii) estimated volatility of 86% -220.11% (iii) dividend yield of 0.00% and (iv) expected life of the warrants of five years. The notes payable balance as of August 31, 2018 was \$175,250. The value of the warrants was expensed as interest expense at the time of issuance due to no stated term on the advance.

NOTE 6 – INCOME TAXES

The following table sets forth a reconciliation of the federal income tax benefit to the United States federal statutory rate for the years ended August 31, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|---|--------------|----------------|
| Loss before provision for income taxes | \$ (738,338) | \$ (2,135,126) |
| Income tax benefit at 34% statutory rate | 251,035 | 725,943 |
| Effect of change in statutory rate to 21% | (80,845) | — |
| Non-deductible business meals and entertainment | (192) | (193) |
| Increase in valuation allowance | (169,998) | (725,750) |
| | <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 of the potential that the tax benefits underlying deferred tax asset may not be realized. Significant components of our deferred tax asset at August 31, 2018 and 2017 are as follows:

| | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|
| Net operating loss carryforward | \$ 2,779,233 | \$ 4,364,324 |
| Stock-based compensation | 1,067,054 | 1,694,459 |
| Assets, exploration cost, depreciation and amortization | 2,324,846 | 3,734,534 |
| Impairment of surface lease | 292,809 | 474,071 |
| Less valuation allowance | (6,463,942) | (10,267,388) |
| Net deferred tax asset | <u>\$ —</u> | <u>\$ —</u> |

NOTE 6 – INCOME TAXES (Continued)

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

The gross net operating loss carryforward in the approximate amount of \$13,234,000 will begin to expire in 2022. We file income tax returns in the United States and in one state jurisdiction. With few exceptions, we are no longer subject to United States federal income tax examinations for fiscal years ending before 2011, and is no longer subject to state tax examinations for years before 2010.

We also record any financial statement recognition and disclosure requirements for uncertain tax positions taken or expected to be taken in a tax return. Financial statement recognition of the tax position is dependent on an assessment of a 50% or greater likelihood that the tax position will be sustained upon examination, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions are recorded as interest expense. We believe we have no uncertain tax positions at August 31, 2018 and 2017.

NOTE 7 – SHAREHOLDERS’ EQUITY

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

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

We have 44,941,532 shares of our common stock outstanding as of August 31, 2018.

The following table sets forth certain information as of August 31, 2018 and 2017 concerning our common stock that may be issued upon the exercise of options not under the Amended 2008 plan and pursuant to purchases of stock under the Amended 2008 Plan:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (In Years) | Grant Date Fair Value |
|---|------------------|---------------------------------------|--|--------------------------------|
| Outstanding at August 31, 2016 | 5,635,000 | \$ 0.61 | 3.43 | \$ 11,784,003 |
| Vested and exercisable at August 31, 2016 | 5,635,000 | 0.61 | 3.43 | 11,784,003 |
| Options granted | 120,000 | 0.30 | 4.53 | 18,907 |
| Options exercised | — | — | — | — |
| Options cancelled/forfeited/expired | — | — | — | — |
| Outstanding at August 31, 2017 | <u>5,755,000</u> | <u>0.60</u> | <u>2.59</u> | <u>11,802,910</u> |
| Vested and exercisable at August 31, 2017 | 5,755,000 | 0.60 | 2.59 | 11,802,910 |
| Options granted | 620,000 | 0.30 | 4.53 | 109,431 |
| Options exercised | — | — | — | — |
| Options cancelled/forfeited/expired | — | — | — | — |
| Outstanding at August 31, 2018 | <u>6,375,000</u> | <u>0.56</u> | <u>1.89</u> | <u>11,912,341</u> |
| Vested and exercisable at August 31, 2018 | <u>6,375,000</u> | <u>\$ 0.56</u> | <u>1.89</u> | <u>\$ 11,912,341</u> |

Warrants

Warrant activity for the years ended August 31, 2018 and 2017 are as follows:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (In Years) | Grant Date Fair Value |
|---|-------------------|---------------------------------------|--|--------------------------------|
| Outstanding at August 31, 2016 | 15,309,550 | 0.39 | 3.75 | 4,726,324 |
| Vested and exercisable at August 31, 2016 | 15,309,550 | 0.39 | 3.75 | 4,726,324 |
| Warrants granted | 815,660 | 0.17 | 4.63 | 130,858 |
| Warrants exercised | — | — | — | — |
| Warrants cancelled/forfeited/expired | — | — | — | — |
| Outstanding at August 31, 2017 | <u>16,125,210</u> | <u>\$ 0.38</u> | <u>2.83</u> | <u>\$ 4,857,182</u> |
| Vested and exercisable at August 31, 2017 | 16,125,210 | 0.38 | 2.83 | 4,857,182 |
| Warrants granted | 701,000 | 0.20 | 4.72 | 142,442 |
| Warrants exercised | — | — | — | — |
| Warrants cancelled/forfeited/expired | — | — | — | — |
| Outstanding at August 31, 2018 | <u>16,826,210</u> | <u>0.37</u> | <u>1.94</u> | <u>4,999,624</u> |
| Vested and exercisable at August 31, 2018 | 16,826,210 | 0.37 | 1.94 | 4,999,624 |

NOTE 8 – RELATED PARTY TRANSACTIONS

The Company has received advances from certain Directors and Officers. The advances totaled approximately \$421,415 and \$246,165 as of August 31, 2018 and 2017, respectively.

NOTE 9 – SUBSEQUENT EVENTS

On August 28, 2018 TMRC executed a Joint Venture agreement with Morzev PTY LTD (“Morzev”), doing business as USA Rare Earth, to develop the Round Top Deposit. Terms of the agreement call for USA Rare Earth to expend up to \$10 million to produce a bankable feasibility study. The funds will be allocated in two tranches, the first of \$2.5 Million to optimize and finalize the metallurgical processing and the remaining \$7.5 million to complete the engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study. USA Rare Earth will earn 70% of the property upon production of the feasibility study and has the option of purchasing another 10% for \$3 million at the completion of the feasibility study. On November 13, 2018, Morzev funded an initial amount of \$140,000 for 646,054 common shares to TMRC as consideration for the agreement.

On October 25, 2018, the Board of Directors Compensation Committee granted a total of 1,300,000 options to members of the Board of Directors. These options will be valued using the Black-Scholes pricing model in the quarter ending November 30, 2018.

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, 2018, 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. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, 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. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detections of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of August 31, 2018. In making this assessment, our management used the criteria set forth in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2016 (COSO). Based on our assessment, management identified material weaknesses related to: (i) our internal review functions, (ii) a lack of segregation of incompatible duties within accounting functions, (iii) 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, and (iv) a lack of oversight to ensure adequate documentation to support routine and non-recurring transactions. As a result, management concluded that, as of August 31, 2018, the Company’s internal control over financial reporting were not effective.

Due to our size and the limited nature of our operations, segregation of all conflicting duties may not always be possible and may not be economically feasible. These weaknesses are due to our inadequate staffing during the period covered by this report and our lack of working capital to hire additional staff. Although management will periodically re-evaluate this situation, at this point it considers that the risk associated with such lack of segregation of duties and the potential benefits of adding employees to segregate such duties are not cost justified. We are in the process of determining how best to change our current system and implement a more effective system. However, there can be no assurance that implementation of any change will be completed in a timely manner or that it will be adequate once implemented. To the extent possible, we will implement procedures to assure that the initiation of transactions, the custody of assets and the recording of transactions will be performed by separate individuals.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our 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 Section 404(c) of the Sarbanes-Oxley Act of 2002, as amended, which provides that issuers that are not an “accelerated filer” or “large accelerated filer” are exempt from the requirement to provide an auditor attestation report.

Changes to Internal Control over Financial Reporting

There have not been changes in our internal control over financial reporting during the year ended August 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth certain information with respect to our current directors and executive officers. The term for each director expires at our next Annual Meeting or until his or her successor is appointed and qualified. The ages of the directors and officers are shown as of December 2017:

| Name | Age | Current Office with Company | Positions Held Since |
|--------------------|-----|-------------------------------------|-----------------------------|
| Daniel E. Gorski | 81 | Director Chief Executive Officer | January 2007 August 2012 |
| Anthony Marchese | 62 | Director | December 2009 |
| Cecil Wall | 87 | Director | August 2012 |
| Nicholas Pingitore | 74 | Director | August 2012 |
| James Wolfe | 82 | Director | August 2012 |
| Wm Chris Mathers | 59 | Chief Financial Officer | February 2016 |

Directors

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-three years of experience in the mining industry.

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

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

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

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

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

Dr. James R. Wolfe – Dr. Wolfe and the firm he co-founded in 1995, Pacific Materials Resources, Inc. (“PMR”), were among the pioneers of the China-U.S. rare earth industry and trade. As Vice President of PMR from 1995 to 2010, Dr. Wolfe interfaced between the major rare earth producers in China and a broad spectrum of rare earth consumers in the U.S. Prior to founding PMR, from 1992 to 1995, Dr. Wolfe was President of MPV Lanthanides, Inc., a rare earth joint venture between China Metallurgical Import/Export of Inner Mongolia and U.S. interests. From 1979 to 1995, Dr. Wolfe’s professional interests centered on resource recovery from industrial and mining wastes. He served as a consultant to the steel industry, co-founded Exmet Corporation (zinc from smelter dust) and served as Executive Vice President of Williams Strategic Metals, Inc. and its predecessor, Nedlog Technology Group, Inc. Dr. Wolfe developed and implemented projects for the recovery of cobalt from slags, indium from smelter dusts, and rare earths from mine tailings. In 1970, while he was employed by the Lawrence Livermore Laboratory, Dr. Wolfe invented and patented a plasma method for producing ultra-fine refractory metal carbides. He co-founded Cal-Met Industries, Inc. in 1973 to commercialize the plasma technology. Cal-Met was bought by Fansteel Corporation in 1975. Dr. Wolfe was employed by Fansteel from 1975 to 1979 to implement the plasma technology for the manufacture of drill bits and cutting tools. Dr. Wolfe was employed by the AVCO Corporation as a space research scientist from 1965 to 1968, while working for his doctorate. Dr. Wolfe received his BS and MS in Metallurgical Engineering from the University of Washington and his PhD from the University of Missouri-Rolla in 1968. He is currently the Secretary and Trustee of The Biella Foundation.

Mr. Wolfe’s experience and knowledge in the rare earth sector and his education metallurgical engineering are valuable to the Board as it assesses its potential mine development plan at its exploration stage Round Top project. Mr. Wolfe’s specific experience, qualifications, attributes and skills described above led the Board to conclude that Mr. Wolfe should serve as a member of the Board of Directors.

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 of 1934*, as amended (the “**Exchange Act**”) (or which otherwise are required to file periodic reports under the Exchange Act).

Legal Proceedings

No director or officer of the Company is a party adverse to the Company or any of its subsidiaries, or has a material interest adverse to the Company or any of its subsidiaries. During the past ten years, no director or executive officer of the Company has:

- (a) filed or has had filed against such person, a petition under the U.S. federal bankruptcy laws or any state insolvency law, nor has a receiver, fiscal agent or similar officer been appointed by a court for the business or property of such person, or any partnership in which such person was a general partner, at or within two years before the time of filing, or any corporation or business association of which such person was an executive officer, at or within two years before such filings;
- (b) been convicted or pleaded guilty or *nolo contendere* in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offences);
- (c) been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person's activities in any type of business, securities, trading, commodity or banking activities;
- (d) been the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any U.S. federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any type of business, securities, trading, commodity or banking activities, or to be associated with persons engaged in any such activity;
- (e) been found by a court of competent jurisdiction in a civil action or by the U.S. Securities and Exchange Commission (the "SEC"), or by the U.S. Commodity Futures Trading Commission to have violated a U.S. federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- (f) been the subject of, or a party to, any U.S. federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (i) any U.S. federal or state securities or commodities law or regulation; or (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- (g) been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C.78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the U.S. *Commodity Exchange Act* (7 U.S.C.1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

CORPORATE GOVERNANCE

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 five directors.

Director Independence

The Company has four independent directors as of October 23, 2018, as follows:

- Anthony Marchese
- Cecil Wall
- Nicholas Pingitore
- James R Wolfe

An "independent" director is a director whom the Board has determined satisfies the requirements for independence under Section 803A of the NYSE MKT Company Guide.

Meetings of the Board and Board Member Attendance at Annual Meeting

During the fiscal year ending August 31, 2018, the Board held two (2) meetings of the Board. None of the incumbent Directors attended fewer than 75% of the board meetings which occurred during their tenure on the Board.

Board members are not required to attend the Annual Meeting.

We did not hold an annual meeting of the shareholders during the year ended August 31, 2018.

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 516 South Spring Avenue, Tyler, Texas 75702. 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 Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and the requirements of the NYSE MKT. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee is comprised of three (3) directors all of whom, in the opinion of the Board, are independent (in accordance with Rule 10A-3 of the Exchange Act and the requirements of Section 803A the NYSE MKT Company Guide) and financially literate (pursuant to the requirements of Section 803B of the NYSE MKT Company Guide): Anthony Marchese (Chairman), Cecil Wall and Nicholas Pingitore. Mr. Marchese is a "financial expert" as defined under Item 407(d)(5) of Regulation S-K and meets the requirements for financial sophistication under the requirements of Section 803B of the NYSE MKT Company Guide.

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 meets with our management and our external auditors to review matters affecting financial reporting, the system of internal accounting and financial controls and procedures and the audit procedures and audit plans. The Audit Committee reviews our significant financial risks, is involved in the appointment of senior financial executives and annually reviews our insurance coverage and any off-balance sheet transactions.

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.

During the fiscal year ended August 31, 2018, the Audit Committee did not meet.

Audit Committee Report

The Company's Audit Committee oversees the Company's financial reporting process on behalf of the Board. The Committee has three (3) members, each of whom is "independent" as determined under Rule 10A-3 of the Exchange Act and the rules of the NYSE MKT. 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, 2018, the Committee reviewed the audited annual financial statements for the year ended August 31, 2018 with management and the Company's independent auditors. The Committee reviewed accounting principles, practices, and judgments as well as the adequacy and clarity of the notes to the financial statements.

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

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

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended August 31, 2018. The Committee and the Board have also recommended the selection of LBB & Associates Ltd., LLP as independent auditors for the Company for the fiscal year ending August 31, 2018.

Submitted by the Audit Committee Members

- Anthony Marchese (Chairman)
- Nicolas Pingitore
- 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 (under Section 803A of the NYSE MKT Company Guide): Cecil Wall (Chairman), James Wolfe and Anthony Marchese.

The Compensation Committee charter that complies with the requirements of the NYSE MKT. 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 2017.

During the fiscal year ended August 31, 2018, the Compensation Committee did not meet. A copy of the Compensation Committee charter is available 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 2 directors, James Wolfe and Nicholas Pingitore. It is the opinion of the Board that these two individuals are independent (under Section 803A of the NYSE MKT Company Guide).

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.

During the fiscal year ended August 31, 2018, the Corporate Governance and Nominating Committee did not meet. 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 as part of its overall selection strategy. In considering diversity of the Board as a criteria for selecting nominees, the Corporate Governance and Nominating Committee takes into account various factors and perspectives, including differences of viewpoint, professional experience, education, skills and other individual qualities and attributes that contribute to Board heterogeneity, as well as race, gender and national origin. The Corporate Governance and Nominating Committee seeks persons with leadership experience in a variety of contexts. The Corporate Governance and Nominating Committee believes that this conceptualization of diversity is the most effective means to implement Board diversity. The Corporate Governance and Nominating Committee will assess the effectiveness of this approach as part of its annual review of its charter.

Recommendations to the Board

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

Board Leadership Structure

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

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

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

The Board of Director's Role in Risk Management Oversight

The understanding, identification and management of risk are essential elements for the successful management of the Company. Risk oversight begins with the Board and the Audit Committee. The Audit Committee consists of Anthony Marchese, Nicolas Pingitore and Cecil Wall, each an independent director.

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.

Additionally, the Company's Corporate Governance and Nominating Committee reviews the risks related to succession planning and the independence of the Board. The Compensation Committee reviews the risks related to the Company's various compensation plans.

In the event that a committee is allocated responsibility for examining and analyzing a specific risk, such committee reports on the relevant risk exposure during its regular reports to the entire Board to facilitate proper risk oversight by the entire Board.

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.

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, 2017 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 NEO 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 (a) | Year (b) | Salary (US\$) (c) | Option Awards (US\$) (f) | All Other Compensation (US\$) (i) | Total compensation (US\$) (j) |
|--|-------------|-------------------------|-----------------------------------|--|--|
| Daniel Gorski <i>Chief Executive Officer</i> | 2018 | \$ 120,000 | \$ 0 | \$ 0 | \$ 120,000 |
| | 2017 | \$ 120,000 | \$ 0 | \$ 0 | \$ 120,000 |
| | 2016 | \$ 120,000 | \$ 0 | \$ 0 | \$ 120,000 |
| Wm Chris Mathers <i>Chief Financial Officer</i> | 2018 | \$ 60,000 | \$ 93,876 (1) | \$ 0 | \$ 153,876 |
| | 2017 | \$ 60,000 | \$ 0 | \$ 0 | \$ 60,000 |
| | 2016 | \$ 60,000 | \$ 0 | \$ 0 | \$ 60,000 |

- (1) On June 12, 2018, our Board approved and granted 500,000 options to Mr. Mathers. These options are exercisable at \$0.19 per share for a period of ten years, vesting immediately and at a fair value of \$93,876 using the Black-Sholes pricing model. With respect to these options, the Black-Scholes pricing model was used to estimate the fair value of the 500,000 options, using the assumptions of a risk free interest rate of 2.880%, a dividend yield of 0%, volatility of 222.87% and an expected life of 10 years.

Executive Compensation Agreements and Summary of Executive Compensation

Report on Executive Compensation

During the year ended August 31, 2018, the Board and the Company's Compensation Committee, was responsible for establishing a compensation policy and administering the compensation programs of the Company's executive officers.

Salary

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

Stock Incentive Awards

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

In this regard, during the fiscal year ended August 31, 2018, the Compensation Committee and the Board authorized the issuance of 500,000 stock option awards to Mr. Mathers.

Executive Compensation Agreements

Agreement with Mr. Gorski

On August 16, 2012, the Company agreed to pay 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.

Outstanding Equity Awards At Fiscal Year-End

There were 6,375,000 stock options fully vested and outstanding as of August 31, 2018.

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, 2018. Compensation to directors that are also named executive officers is detailed above and is not included on this table.

| Name (a) | Fees Paid or Earned in Cash (\$) (b) | Fee Paid or Earned in Stock (\$) (c) | Option Awards (\$) (d) | Total (\$) (h) |
|--------------------|--|--|---------------------------------|----------------------|
| Anthony Marchese | \$ 29,083 | \$ 0 | \$ 0 | \$ 0 |
| Cecil Wall | \$ 17,167 | \$ 0 | \$ 0 | \$ 0 |
| Nicholas Pingitore | \$ 12,833 | \$ 0 | \$ 0 | \$ 0 |
| James Wolfe | \$ 12,833 | \$ 0 | \$ 0 | \$ 0 |

Compensation of Directors

The Company does accrue compensation to its directors. 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 December 7, 2018, 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 44,941,532 shares of common stock outstanding as of December 7, 2018.

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 December 7, 2018 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 |
|---|--|--|
| G.W. McDonald | 5,066,750 | 11.3% |
| Daniel E. Gorski | 6,406,800(1) | 13.9% |
| Anthony Marchese | 1,781,500(2) | 3.9% |
| Cecil Wall | 809,923(3) | 1.8% |
| Nicholas Pingitore | 503,940(4) | 1.1% |
| James Wolfe | 215,000(5) | * |
| Wm Chris Mathers | 540,000(6) | 1.2% |
| All directors and executive officers as a group (7 persons) | 14,783,913 | 30.9% |
| John C Tumazos | 2,513,597(7) | 5.6% |
| SC Fundamental Value Fund LP | 10,526,401(8) | 20.9% |

* Less than 1%.

- (1) Represents 5,200,000 shares of common stock, (i) 60,000 shares of common stock acquirable upon exercise of a 10 year option at an exercise price of \$0.45 per share, (ii) 250,000 shares of common stock acquirable upon exercise of a 10 year option at an exercise price of \$0.22 per share, (iii) 363,640 shares of common stock acquirable upon exercise of 5 year warrants at an exercise price of \$0.35 per share, and (iv) 533,160 shares of common stock acquirable upon exercise of 10 year warrants at an exercise price ranging from \$0.15-.0.20.

- (2) Represents (i) the following securities registered in the name of Mr. Marchese (a) 435,000 shares of common stock, (b) a ten year option to purchase up to 100,000 shares of common stock at an exercise price of \$0.45 per share (c) a ten year option to purchase up to 240,000 shares of common stock at an exercise price of \$0.45; (d) a ten year option to purchase up to 250,000 shares of common stock at an exercise price of \$0.22 and (ii) the following securities registered in the name of the Insiders Trend Fund, LP., an entity in which Mr. Marchese serves as general partner and chief investment officer: 312,500 shares of common stock and four ten year warrants to purchase up to 96,000 shares of common stock at an exercise price ranging from \$0.17- 0.19.
- (3) Consists of (i) 599,923 shares of common stock, (ii) a ten year option to purchase up to 100,000 shares of common stock at an exercise price of \$0.45; (iii) a ten year option to purchase up to 60,000 shares of common stock at an exercise price of \$0.45; and (iv) a ten year option to purchase up to 50,000 shares of common stock at an exercise price of \$0.22.
- (4) Consists of (i) 193,940 shares of common stock; (ii) a ten year option to purchase up to 100,000 shares of common stock at an exercise price of \$0.45, (iii) a ten year option to purchase up to 160,000 shares of common stock at an exercise price of \$0.45, and (iv)) a ten year option to purchase up to 50,000 shares of common stock at an exercise price of \$0.22.
- (5) Consists of 5,000 shares of common stock and (i) a ten year option to purchase up to 100,000 shares of common stock at an exercise price of \$0.45, (ii) a ten year option to purchase up to 60,000 shares of common stock at an exercise price of \$0.45; and (v) a ten year option to purchase up to 50,000 shares of common stock at an exercise price of \$0.22.
- (6) Includes a ten-year option to purchase up to 500,000 shares of common stock at an exercise price of \$0.19 and a ten year warrant to purchase up to 40,000 shares of common stock at an exercise price of \$0.10.
- (7) Includes 1,889,597 shares of common stock, 149,000 shares of common stock underlying warrants and 475,000 Shares underlying options that are currently exercisable.
- (8) Represents shares held by related persons and entities SC Fundamental Value Fund, L.P., SC Fundamental LLC, Peter M. Collery, Neil H. Koffler, John T. Bird, David Hurwitz and SC Fundamental LLC Employee Savings & Profit Sharing Plan. Represents (i) 5,181,276 shares of common stock, (ii) 3,500,000 common stock purchase warrants exercisable at \$0.20 per share for a period of five years, (iii) 938,312 Class A Warrant exercisable at \$0.35 per share for a period of five years and (v) 938,312 Class B Warrants exercisable at \$0.50 per share for a period of five years.

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.

OTHER GOVERNANCE MATTERS

Code of Business and Ethical Conduct

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

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

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

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers, directors, and persons who beneficially own more than 10% of the Company's common stock ("10% Stockholders"), to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Such officers, directors and 10% Stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) forms that they file.

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, 2018 the filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with.

EQUITY COMPENSATION PLANS

In September 2008, the Board adopted our 2008 Stock Option Plan (the "2008 Plan"), which was also approved by our shareholders in September 2008. In May 2011, the board of directors adopted an amendment to our 2008 Plan (the "Amended 2008 Plan"), which was also approved by our shareholders in August 2011. The Amended 2008 Plan increased the number of shares available for grant from 2,000,000 to up to 5,000,000 shares of our common stock for awards to our officers, directors, employees and consultants. On February 15, 2012, our stockholders approved an increase of 2,000,000 of shares of common stock available for issuance under the amended 2008 Stock Option Plan (the "Plan"). As amended, the Plan provides for 7,000,000 shares of common stock for all awards. On February 24, 2016, the stockholders of the Company approved an amendment to the Company's 2008 Stock Option Plan, pursuant to which the number of shares available under the plan was increase from 7,000,000 to 9,000,000 shares of common stock. Other provisions of the Amended 2008 Plan remain the same as under our 2008 Plan. As of August 31, 2018, a total of 3,280,000 shares of our common stock remained available for future grants under the Amended 2008 Plan.

The following table sets forth certain information as of August 31, 2018 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 | 5,720,000 | \$ 0.63 | 3,280,000 |
| Non-plan equity compensation | 655,000 | 0.31 | — |
| Total | 6,375,000 | \$ 0.47 | 3,280,000 |

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

During the fiscal year ended August 31, 2018 we had advances from certain Officers and Directors totaling \$421,415.

Except as indicated herein, no officer, director, promoter, or affiliate of the Company has or proposes to have any direct or indirect material interest in any asset acquired or proposed to be acquired by the Company through security holdings, contracts, options, or otherwise.

Policy for Review of Related Party Transactions

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. All related party transactions must be reported for review by the Audit Committee pursuant to the Audit Committee's charter and the rules of the NYSE MKT.

Following its review, the Audit Committee determines whether these transactions are in, or not inconsistent with, the best interests of the Company and its stockholders, taking into consideration whether they are on terms no less favorable to the Company than those available with other parties and the related person's interest in the transaction. If a related party transaction is to be ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the related person.

Our policy for review of transactions with related persons was followed in all of the transactions set forth above and all such transactions were reviewed and approved in accordance with our policy for review of transactions with related persons.

Director Independence

Our board of directors has determined that four of five of our present board members are "independent directors" as defined by Rule 4200(a)(15) of the Rules of Nasdaq Marketplace Rules.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

LBB& Associates Ltd., LLP was the Independent Registered Public Accounting Firm for the Company in the fiscal year ended August 31, 2018.

The Company's financial statements have been audited by LBB & Associates Ltd., LLP, independent registered public accounting firm, for the years ended August 31, 2018 and 2017.

The following table sets forth information regarding the amount billed to us by our independent auditor, LBB & Associates Ltd., LLP for our two fiscal years ended August 31, 2018 and 2017, respectively:

| | Years Ended August 31, | |
|--------------------|------------------------|-----------|
| | 2018 | 2017 |
| Audit Fees | \$ 40,500 | \$ 37,500 |
| Audit Related Fees | \$ 0.00 | \$ 0.00 |
| Tax Fees | \$ 0.00 | \$ 0.00 |
| All Other Fees | \$ 0.00 | \$ 0.00 |
| Total | \$ 40,500 | \$ 37,500 |

Audit Fees

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

Audit Related Fees

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

Tax Fees

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

All Other Fees

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

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

The Audit Committee has adopted procedures requiring the Audit Committee to review and approve in advance, all particular engagements for services provided by the Company's independent auditor. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit, review or attest services, to be approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided the Audit Committee is informed of each particular service. All of the engagements and fees for 2017 were pre-approved by the Audit Committee. The Audit Committee reviews with LBB & Associates Ltd., LLP 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 Bylaws, incorporated by reference to Exhibit 3.3 of our Form 8-K filed with the SEC on August 29, 2012. |
| 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 Rights Certificate, 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 Warrant Indenture, incorporated by reference to Exhibit 4.3 of our Form S-1/A filed with the SEC on December 10, 2014. |
| 4.4 | Form of Class A Warrant, included as Schedule A in Exhibit 4.3. |
| 4.5 | Form of Class B Warrant, included as Schedule B in Exhibit 4.3. |
| 4.6 | Form of Promissory Note dated August 26, 2015. |
| 4.7 | Form of Warrant dated August 26, 2015. |
| 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 | 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 | Form of Class A Warrant, incorporated by reference to Exhibit 10.3 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.4 | Form of Class B Warrant, incorporated by reference to Exhibit 10.4 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.5 | Form of Registration Rights Agreement, incorporated by reference to Exhibit 10.5 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.6* | 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. |
| 10.7 | Form of Subscription Agreement for January 2011 Investment, incorporated by reference to Exhibit 10.7 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.8 | Form of Warrant for January 2011 Investment, incorporated by reference to Exhibit 10.8 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.9 | Form of Registration Rights Agreement for January 2011 Investment, incorporated by reference to Exhibit 10.9 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.10 | Shareholders’ Agreement, incorporated by reference to Exhibit 10.10 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.11* | Director’s Agreement by and between the Company and General Gregory Martin, incorporated by reference to Exhibit 10.1 of our Form 8-K filed with the SEC on February 23, 2011. |
| 10.12* | Director’s Agreement by and between the Company and Graham A. Karklin incorporated by reference to Exhibit 10.12 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](#) Investment Banking Agreement by and between the Company and Sunrise Securities Corp. incorporated by reference to Exhibit 10.13 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](#) Finders Agreement by and between the Company and Aspenwood Capital incorporated by reference to Exhibit 10.14 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.15](#) Institutional Public Relations Retainer Agreement by and between the Company and Sunrise Financial Group, Inc. incorporated by reference to Exhibit 10.15 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.16*](#) Summary of Dan Gorski Employment Arrangement incorporated by reference to Exhibit 10.16 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.17*](#) Summary of Wm. Chris Mathers Employment Arrangement incorporated by reference to Exhibit 10.17 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.18*](#) Summary of Stanley Korzeb Employment Arrangement incorporated by reference to Exhibit 10.18 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011.
- [10.19*](#) Employment Agreement by and between the Company and Marc LeVier, incorporated by reference to Exhibit 10.1 of our Form 8-K filed with the SEC on May 9, 2011.
- [10.20*](#) Director's Agreement by and between the Company and Jim Graham, incorporated by reference to Exhibit 10.2 of our Form 8-K filed with the SEC on May 9, 2011.
- [10.21*](#) 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.
- [10.22*](#) 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.
- [10.23](#) Form of Registration Rights Agreement for May/June option exercises, incorporated by reference to Exhibit 10.12 of our Form 10-Q for the period ended May 31, 2011 filed with the SEC on July 15, 2011.
- [10.24](#) Denver Colorado Facilities Lease, incorporated by reference to Exhibit 10.13 of our Form 10-Q for the period ended May 31, 2011 filed with the SEC on July 15, 2011.
- [10.25*](#) Employment Agreement between the Company and Anthony Garcia dated August 11, 2011, incorporated by reference to Exhibit 10.25 of the Company's Form 10-K filed with the SEC on November 15, 2012.
- [10.26*](#) Director Appointment Agreement dated February 2, 2012, incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on February 6, 2012.
- [10.27](#) Separation Agreement and Release between the Company and Marc LeVier incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on July 24, 2012.
- [10.28](#) Severance, Waiver and Release Agreement between the Company and Anthony Garcia dated September 14, 2012, incorporated by reference to Exhibit 10.28 of the Company's Form 10-K filed with the SEC on November 15, 2012.
- [10.29](#) Supplemental Agreement between the Company and Christopher Mathers dated September 26, 2012, incorporated by reference to Exhibit 10.29 of the Company's Form 10-K filed with the SEC on November 15, 2012.
- [10.30](#) 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.
- [10.31](#) 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.
- [31.1\(1\)](#) Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act.
- [31.2\(1\)](#) Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act.
- [32.1\(1\)](#) Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

[32.2\(1\)](#) Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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) Balance Sheets at August 31, 2018 and 2017, (ii) Statements of Operations for the years ended August 31, 2018 and 2017, (iii) Statements of Cash Flows for the years ended August 31, 2018 and 2017, (iv) Statements of Shareholders' Equity for the years ended August 31, 2018 and 2017, and (v) Notes to Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXAS MINERAL RESOURCES CORP.

/s/ Daniel E Gorski
Daniel E Gorski, Chief Executive Officer

DATED: December 14, 2018

/s/ Wm Chris Mathers
Wm Chris Mathers, Chief Financial Officer

DATED: December 14, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Capacity | Date |
|---|---|-------------------|
| <u>/s/ Daniel E Gorski</u> Daniel E Gorski | Chief Executive Officer, Principal Executive Officer and Director | December 14, 2018 |
| <u>/s/ Wm Chris Mathers</u> Wm Chris Mathers | Chief Financial Officer | December 14, 2018 |
| <u>/s/ Anthony Marchese</u> Anthony Marchese | Chairman of the Board | December 14, 2018 |
| <u>/s/ Cecil C Wall</u> Cecil C Wall | Director | December 14, 2018 |
| <u>/s/ Nicholas Pingitore</u> Nicholas Pingitore | Director | December 14, 2018 |
| <u>/s/ James R Wolfe</u> James R Wolfe | Director | December 14, 2018 |
| <u>/s/ Jack Lifton</u> Jack Lifton | Director | December 14, 2018 |

Exhibit 31.1. Certification by Chief Executive Officer

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: December 14, 2018

/s/ Daniel E Gorski

Daniel E Gorski, Chief Executive Officer

Exhibit 31.2. Certification by Chief Financial 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: December 14, 2018

/s/ Wm Chris Mathers

Wm Chris Mathers, Chief Financial Officer

Exhibit 32.1. Section 1350 Certification by Chief Executive Officer

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

In connection with the Annual Report of Texas Mineral Resources Corp (the "Company") on Form 10-K for the period ended August 31, 2018, 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
December 14, 2018

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.

Exhibit 32.2. Section 1350 Certification by Chief Financial Officer

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

In connection with the Annual Report of Texas Mineral Resources Corp (the "Company") on Form 10-K for the period ended August 31, 2018, 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
December 14, 2018

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.
