

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

FORM 10-Q

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

For the quarterly period ended November 30, 2019

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.)

539 El Paso Street

Sierra Blanca, Texas

(Address of Principal Executive Offices)

79851

(Zip Code)

(915) 369-2133

(Registrant's Telephone Number, including Area Code)

(Former Name, Former Address and Former Fiscal
Year, if Changed Since Last Report)

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

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

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

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company
 Emerging growth

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 Exchange Act) Yes No
Number of shares of issuer's common stock outstanding at January 9, 2020: 57,805,857.

Table of Contents

| | Part I | <u>Page</u> |
|----------------|---|--------------------|
| Item 1 | Financial Statements (Unaudited) | 3 |
| Item 2 | Management's Discussion and Analysis of Financial Condition and Results of Operations | 11 |
| Item 3 | Quantitative and Qualitative Disclosures About Market Risk | 14 |
| Item 4 | Controls and Procedures | 14 |
| Part II | | |
| Item 1 | Legal Proceedings | 15 |
| Item 1A. | Risk Factors | 15 |
| Item 2 | Unregistered Sales of Equity Securities and Use of Proceeds | 15 |
| Item 3 | Defaults upon Senior Securities | 15 |
| Item 4 | Mine Safety Disclosures | 15 |
| Item 5 | Other Information | 15 |
| Item 6 | Exhibits | 16 |
| | Signatures | 18 |

Texas Mineral Resources Corp.
BALANCE SHEETS
(Unaudited)

| | <u>November 30,</u> <u>2019</u> | <u>August 31,</u> <u>2019</u> |
|--|------------------------------------|----------------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,307,490 | \$ 1,824,546 |
| Prepaid expenses and other current assets | 13,900 | 4,450 |
| Total current assets | <u>1,321,390</u> | <u>1,828,996</u> |
| Mineral properties, net | <u>354,234</u> | <u>354,234</u> |
| TOTAL ASSETS | <u>\$ 1,675,624</u> | <u>\$ 2,183,230</u> |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 837,234 | \$ 1,181,820 |
| Advances due to - related party | 1,000 | 5,000 |
| Current portion of note payable | <u>123,362</u> | <u>193,760</u> |
| Total current liabilities | <u>961,596</u> | <u>1,380,580</u> |
| Total liabilities | <u>961,596</u> | <u>1,380,580</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, par value \$0.001; 10,000,000 shares authorized, no shares issued and outstanding as of November 30, 2019 and August 31, 2019, respectively | - | - |
| Common stock, par value \$0.01; 100,000,000 shares authorized, 56,228,508 and 56,204,994 shares issued and outstanding as of November 30, 2019 and August 31, 2019, respectively | 562,285 | 562,050 |
| Additional paid-in capital | 36,821,861 | 36,817,096 |
| Accumulated deficit | <u>(36,670,118)</u> | <u>(36,576,496)</u> |
| Total shareholders' equity | <u>714,028</u> | <u>802,650</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 1,675,624</u> | <u>\$ 2,183,230</u> |

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

Texas Mineral Resources Corp.
STATEMENTS OF OPERATIONS
(Unaudited)

| | For the Period Ended November 30, | |
|--------------------------------------|--|---------------------|
| | 2019 | 2018 |
| OPERATING EXPENSES | | |
| Exploration costs | \$ 1,033 | \$ 6,750 |
| General and administrative expenses | 89,082 | 442,675 |
| Total operating expenses | 90,115 | 449,425 |
| LOSS FROM OPERATIONS | (90,115) | (449,425) |
| OTHER INCOME (EXPENSE) | | |
| Interest and other expense | (3,507) | (5,575) |
| Total other income (expense) | (3,507) | (5,575) |
| NET LOSS | \$ (93,622) | \$ (455,000) |
| Net loss per share: | | |
| Basic and diluted net loss per share | \$ (0.00) | \$ (0.01) |
| Weighted average shares outstanding: | | |
| Basic and diluted | 56,218,132 | 45,183,290 |

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

Texas Mineral Resources Corp.
STATEMENTS OF CASH FLOWS
(Unaudited)

| | For the Period Ended November 30, | |
|---|--|--------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (93,622) | \$ (455,000) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Imputed interest | 3,507 | - |
| Cashless compensation for related party advances | | |
| Stock based compensation | 5,000 | 364,948 |
| Changes in current assets and liabilities: | | |
| Prepaid expenses and other assets | (9,450) | 2,500 |
| Accounts payable and accrued expenses | (418,491) | 40,188 |
| Net cash used in operating activities | (513,056) | (47,364) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net cash used in investing activities | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash from sale of common stock | - | 140,000 |
| Payment on advances due to - related party | (4,000) | - |
| Net cash used in investing activities | (4,000) | 140,000 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (517,056) | 92,636 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 1,824,546 | 31,591 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 1,307,490 | \$ 124,227 |
| Non-cash Transactions | | |
| Leases paid by third party | \$ 30,476 | \$ - |
| 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
Period Ended November 30, 2019

| | <u>Preferred Stock</u> | | <u>Common Stock</u> | | <u>Additional</u> | <u>Accumulated</u> | <u>Total</u> |
|----------------------------------|------------------------|---------------|---------------------|---------------|----------------------------------|--------------------|--------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Paid-in</u> <u>Capital</u> | <u>Deficit</u> | |
| Balance at August 31, 2019 | - | \$ - | 56,204,994 | \$562,050 | \$36,817,096 | \$36,576,496) | \$802,650 |
| Common stock issued for services | - | - | 13,514 | 135 | 4,865 | - | 5,000 |
| Warrant conversion | - | - | 10,000 | 100 | (100) | - | - |
| Net loss | - | - | - | - | - | (93,622) | (93,622) |
| Balance at November 30, 2019 | - | \$ - | 56,228,508 | \$562,285 | \$36,821,861 | \$(36,670,118) | \$714,028 |

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

Texas Mineral Resources Corp.
Notes to Interim Financial Statements
November 30, 2019
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Texas Mineral Resources Corp. (“we”, “us”, “our”, the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (“SEC”), and should be read in conjunction with the audited financial statements and notes thereto contained in our annual report on Form 10-K/A, for the year ended August 31, 2019, dated November 27, 2019 as filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year ended August 31, 2019 as reported in our annual report on Form 10-K, have been omitted.

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 at 9:00 am EST on March 21, 2016. The Certificate of Amendment did not make any other amendments to the Company’s Certificate of Incorporation.

NOTE 2 – MINERAL PROPERTIES

September 2011 Lease

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

Under the lease, we will pay the State of Texas a lease bonus of \$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:

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

In August 2019, we paid a delay rental to the State of Texas in the amount of \$67,077.

Texas Mineral Resources Corp.
Notes to Interim Financial Statements
November 30, 2019
(Unaudited)

NOTE 2 – MINERAL PROPERTIES (CONTINUED)

November 2011 Lease

On November 1, 2011, we entered into a mining lease with the State of Texas covering 90 acres, more or less, of land that 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:

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

In August 2019, 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. Through our JV partner, we are currently paying \$13,235 monthly until the balance owed to the Foundation has been fully paid. 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. All annual payments have 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 all the fiscal years have been made as of the date of this filing.

Texas Mineral Resources Corp.
Notes to Interim Financial Statements
November 30, 2019
(Unaudited)

NOTE 2 – MINERAL PROPERTIES (CONTINUED)

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 3 – NOTE 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. The Company made payments of approximately \$100,000 and was unable to pay as agreed and in January 2019 entered into a settlement and agreed to pay \$225,000 in monthly installments of approximately \$13,000.

The Company recorded a discount of 5% and amortized \$3,507 and \$3,750 for the three months ended November 30, 2019 and 2018, respectively. As of November 30, 2019, the note payable is \$135,048 offset by a discount of 11,686 or \$123,362.

NOTE 4 – SHAREHOLDERS' EQUITY

Capital Stock

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.

On September 16, 2019, the holder of 10,000 of our Common Stock Warrants converted these warrants into 10,000 shares of our Common Stock.

On October 29, 2019, we issued 13,514 shares of our Common Stock to a new Advisory Board Member.

We had 56,228,508 shares of our common stock outstanding as of November 30, 2019.

Texas Mineral Resources Corp.
Notes to Interim Financial Statements
November 30, 2019
(Unaudited)

NOTE 5 – SUBSEQUENT EVENTS

In December 2019, outstanding derivative securities entitling the holders to purchase an aggregate of 1,370,000 shares of common stock were exercised on a cashless basis, resulting in net issuances of an aggregate of 1,017,074 shares of common stock.

In December 2019, we announced the extension of the expiration date of the Class A and Class B warrants to December 7, 2020. As of the date hereof, there are issued and outstanding Class A warrants to purchase an aggregate of 2,998,868 shares of Company common stock at an exercise price of \$0.35 per share, and Class B warrants to purchase an aggregate of 3,100,775 shares of Company common stock at an exercise price of \$0.50 per share.

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

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to "Texas Mineral Resources Corp," "the Company" "we," "our" or "us" refer to Texas Mineral Resources Corp. *You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this quarterly report. This Quarterly Report on Form 10-Q may also contain statistical data and estimates we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified their data.*

Forward-Looking Statements

This Quarterly Report on Form 10-Q and the exhibits attached hereto contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). Such forward-looking statements concern our anticipated results and developments in our operations in future periods, planned exploration and development of our properties, plans related to our business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q, include, but are not limited to:

- the progress, potential and uncertainties of our 2018-2019 rare-earth exploration plans at our Round Top project in Hudspeth County, Texas (the "Round Top Project");
- timing for a completed feasibility study for our Round Top Project;
- the success of getting the necessary permits for future drill programs and future project development;
- expectations regarding our ability to raise capital and to continue our exploration plans on our properties;
- plans regarding anticipated expenditures at the Round Top Project; and
- plans outlined under the section heading "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Plan of Operation".

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

- risks associated with 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 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 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 our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section heading “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report and “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended August 31, 2018, filed with the SEC on December 14, 2018. Although we have 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. We caution 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, we disclaim 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 Quarterly Report by the foregoing cautionary statements.**

Overview

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 with the GLO, executed in September 2011 and November 2011, respectively, to explore and develop a 950 acre rare earths project located in Hudspeth County, Texas, known as the Round Top Project. We also have prospecting permits covering 9,345 acres adjacent to the Round Top Project. Our principal focus in conjunction with our joint venture partner, USA Rare Earth, is on developing a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project’s rhyolite, and to conduct additional engineering, design, geotechnical work and permitting necessary for a bankable feasibility study. We currently have limited operations and have not established that any of our projects or properties contain any Proven or Probable Reserves under Guide 7.

Rare earth elements are a group of chemically similar elements that usually are found together in nature – they are referred to as the “lanthanide series.” These individual elements have a variety of characteristics that are critical in a wide range of technologies, products, and applications and are critical inputs in existing and emerging applications. Without these elements, multiple high-tech technologies would not be possible. These technologies include:

- Cell phones,
- Computer and television screens,
- Battery operated vehicles,
- Clean energy technologies, such as hybrid and electric vehicles and wind power turbines,
- Fiber optics, lasers and hard disk drives,
- Numerous defense applications, such as guidance and control systems and global positioning systems,
- Advanced water treatment technology for use in industrial, military and
- Outdoor recreation applications

Because of these applications, global demand for REE is projected to steadily increase due to continuing growth in existing applications and increased innovation and development of new end uses. Interest in developing resources domestically has become a strategic necessity as there is limited production of these elements outside of China. Our ability to raise additional funds 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.

As discussed in the filing of our Form 10-K dated August 31, 2019, our Joint Venture partner, USA Rare Earth is currently funding and engaging in the advancement of the Round Top Project, towards obtaining a definitive banking feasibility study per its agreement. Our financial obligation is currently for the Company’s general and administrative expenses.

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

Liquidity and Capital Resources

As of November 30, 2019, our accumulated deficit was approximately \$36.7-Million and our cash position was approximately \$1.3 Million. We had a working capital surplus of approximately \$360,000. We, nor our joint venture partner, have not commenced commercial production on any of our mineral properties. We have no revenues from operations and anticipate we will have no operating revenues until we place one or more of our properties into production. All properties are in the exploration stage.

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

As of the date hereof, we have warrants outstanding to purchase an aggregate of 12,694,643 shares of Company common stock held by investors at exercise prices between \$.35 per share and \$.50 per share, all of which expire in December 2020. Of these securities: (i) warrants to purchase an aggregate of 6,595,000 shares of Company common stock were privately placed and are exercisable for cash at \$.35 per share and there is no effective resale registration statement registering the resale of the underlying shares of common stock upon exercise of these warrants; and (ii) Class A warrants to purchase an aggregate of 2,998,868 shares of Company common stock at an exercise price of \$0.35 per share and Class B warrants to purchase an aggregate of 3,100,775 shares of Company common stock at an exercise price of \$0.50 per share were issued pursuant to a registration statement and as there is no effective registration statement registering the issuance of the shares of Company common stock upon exercise of the Class A warrants and Class B warrants, holders may exercise for cash if an exemption is available from the registration requirements or on a net exercise basis, with the Company having a redemption right as set forth in the indenture.

Results of Operations

Three months ended November 30, 2019 and November 30, 2018

General & Revenue

We had no operating revenues during the three months ended November 30, 2019 and November 30, 2018. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$36.7 million as of November 30, 2019.

Operating expenses and resulting losses from Operations.

We accrued lease expenses payable to the GLO for the three months ended November 30, 2019 and November 30, 2018, in the amount of approximately \$42,900 and \$6,750, respectively. These lease payments are due each September and November.

Our general and administrative expenses for the three months ended November 30, 2019 and November 30, 2018, respectively, were approximately \$89,000 and \$443,000. For the three months ended November 30, 2019 and 2018, this amount included approximately \$5,000 and \$365,000, respectively, in stock-based compensation to Directors and outside consultants. The remaining expenditures were primarily for payroll and related taxes and benefits, professional fees and other general and administrative expenses necessary for our operations.

For the three months ended November 30, 2019 and 2018, we recorded interest expense of approximately \$3,500 and \$5,600, respectively.

We had losses from operations for the three months ended November 30, 2019 and November 30, 2018 totaling approximately \$90,000 and \$449,000, respectively.

We had net losses for the three months ended November 30, 2019 and November 30, 2018 totaling approximately \$94,000 and \$455,000, respectively.

Off-Balance Sheet Arrangements

For the three months ended November 30, 2019 and 2018, we have off-balance sheet arrangements for annual payments in relation to the mineral leases as disclosed in foot note 2 of the financial statements.

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, Officers and consultants using the Black-Scholes model.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operations of 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 CFO have concluded that as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in our reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes from the risk factors as previously disclosed in our Form 10-K for the year ended August 31, 2019 as filed with the SEC on November 27, 2019.

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

Except as set forth below, all unregistered sales of equity securities during the period covered by this Quarterly 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 2019 | Common Stock | 10,000 | Investor | \$Nil | Cashless Exercise | Sec. 4(a)(2) and Sec. 3(a)(9) |
| October 2019 | Common Stock | 13,514 | Director | \$Nil | Services | Sec. 4(a)(2) |
| December 2019 | Common Stock | 1,017,074 | Officer, Director and Third Party | \$Nil | Cashless Exercise | Sec. 4(a)(2) and Sec. 3(a)(9) |
| January 2020 | Common Stock | 560,279 | Investor | \$Nil | Cashless Exercise | Sec. 3(a)(9) |

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.

We did not repurchase any of our securities during the quarter covered by this report.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (The “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended November 30, 2018, our U.S. exploration properties were not subject to regulation by the Federal Mine Safety and Health Administration under the *Federal Mine Safety and Health Act of 1977*.

Item 5. Other Information

None.

Item 6. Exhibits

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

| Exhibit No. | Description |
|------------------------|--|
| 2.1 | Plan of Conversion, dated August 24, 2012, incorporated by reference to Exhibit 2.1 of our Form 8-K filed with the SEC on August 29, 2012. |
| 3.1 | Delaware Certificate of Conversion, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on August 29, 2012. |
| 3.2 | Delaware Certificate of Incorporation, incorporated by reference to Exhibit 3.2 of our Form 8-K filed with the SEC on August 29, 2012. |
| 3.3 | Delaware Certificate of Amendment, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on March 18, 2016 |
| 3.4 | Delaware Bylaws, incorporated by reference to Exhibit 3.3 of our Form 8-K filed with the SEC on August 29, 2012. |
| 4.1 | Form of Common Stock Certificate, incorporated by reference to Exhibit 4.1 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 4.2 | Form of Warrant Indenture, incorporated by reference to Exhibit 4.2 of our Form S-1/A filed with the SEC on December 10, 2014. |
| 4.3 | Form of Class A Warrant, included as Schedule A in Exhibit 4.2. |
| 4.4 | Form of Class B Warrant, included as Schedule B in Exhibit 4.2. |
| 5.1 | Legal opinion ⁽¹⁾ |
| 10.1 | Amended and Restated 2008 Stock Option Plan, incorporated by reference to Exhibit 10.1 of our Form 10-Q for the period ended May 31, 2011 filed with the SEC on July 15, 2011. |
| 10.2 | Mining Lease, incorporated by reference to Exhibit 10.2 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.3 | Mining Lease dated November 2011 with the State of Texas, incorporated by reference to Exhibit 10.3 of of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 10.4 | Purchase option agreement dated September 2014 with the State of Texas, incorporated by reference to Exhibit 10.4 of of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 10.5 | Groundwater lease dated September 2014 with the State of Texas, incorporated by reference to Exhibit 10.5 of of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 10.6 | ReeTech Operating Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K as filed with the Commission on July 21, 2015. |
| 10.7 | Amendment Number One to the Reetech Operating Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K as filed with the Commission on November 30, 2015. |
| 10.8 | Amendment Number One to the TRER License, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K as filed with the Commission on November 30, 2015. |
| 10.9* | Director's Agreement by and between the Company and Anthony Marchese, incorporated by reference to Exhibit 10.6 of our Form 10-K for the period ended August 31, 2009 filed with the SEC on February 8, 2011. |
| 10.10* | Summary of Dan Gorski Employment Arrangement, incorporated by reference to Exhibit 10.10 of of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 10.11* | Summary of Wm. Chris Mathers Employment Arrangement, incorporated by reference to Exhibit 10.11 of of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 10.12* | Option Agreement for Wm. Chris Mathers incorporated by reference to Exhibit 10.21 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011. |
| 10.13* | Form of Directors Option Agreement incorporated by reference to Exhibit 10.22 of our Amendment No. 2 to its Registration Statement on Form S-1 (333-172116) filed with the SEC on May 25, 2011. |
| 10.14 | Consulting Agreement between the Company and Chemetals, Inc., dated January 22, 2013, incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on January 28, 2013. |
| 10.15 | Lease Agreement between the Company and Southwest Range & Wildlife Foundation, Inc., dated March 6, 2013, incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on March 12, 2013. |
| 10.16 | Variation agreement with Morzev PTY LTD. (USA Rare Earth) dated October 2018, incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 10.17 | Amended and Restated Option Agreement with Morzev (USA Rare Earth) dated August 2019, incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019. |
| 31.1 | Certification by Chief Executive Officer |
| 31.2 | Certification by Chief Financial Officer |
| 32.1 | Section 1350 Certification by Chief Executive Officer |
| 32.2 | Section 1350 Certification by Chief Financial Officer |

| | |
|------------|---|
| 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 and May 31, 2019 and 2018; (ii) Statements of Operations for the years ended August 31, 2018 and 2017 and the nine months ended May 31, 2019 and 2018; (iii) Statements of Cash Flows for the years ended August 31, 2018 and 2017 and the nine months ended May 31, 2019 and 2018; (iv) Statements of Shareholders' Equity for the years ended August 31, 2018 and 2017 and the nine months ended May 31, 2019 and 2018; and (v) Notes to Financial Statements.

SIGNATURES

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

TEXAS MINERAL RESOURCES CORP.

Date: January 14, 2020

/s/ Daniel E. Gorski

Daniel E. Gorski, duly authorized officer
Chief Executive Officer and Principal
Executive Officer

Date: January 14, 2020

/s/ Wm Chris Mathers

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