

TEXAS RARE EARTH RESOURCES CORP.

September 27, 2012

TO: Directors, Executive Officers and Designated Employees and Consultants

RE: Texas Rare Earth Resources Corp. Addendum to Insider Trading Policy Statement- Blackout Procedures

This Addendum relates to the Blackout Periods applicable to the directors, executives officers, designated employees and consultants of Texas Rare Earth Resources Corp. and its subsidiaries (collectively the “Company”).

This Addendum to Insider Trading Policy Statement (“**Addendum**”) supplements the Insider Trading Policy Statement (“**Policy Statement**”). This Addendum applies to directors and executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended (“**executive officers**”), and certain designated employees and consultants of the Company (“**covered persons**”) who have access to material nonpublic information about the Company.

Blackout Periods

Certain events may occur that are material to the Company and are known only by directors, executive officers and covered persons. To avoid even the appearance of trading while aware of material nonpublic information, the Company may, at its discretion, impose a blackout period (“**Blackout Period**”) during which time persons subject to the Blackout Period may not trade in the Company’s securities for a period of time determined by the Company.

Whenever it is necessary or appropriate for the Company to impose a discretionary Blackout Period, notice of such Blackout Period will be communicated to each of the person subject to this Addendum, as applicable, at varying times depending on the exposure of each such person to the material nonpublic information, as determined by the Chief Executive Officer or the Chief Financial Officer. The Blackout Period will terminate at the end of the next full business day following the day on which the material nonpublic information is broadly disseminated to the public, by press release or a filing with the United States Securities and Exchange Commission. Details of the Blackout Period including, without limitation, the date of commencement and, when known, the date of termination of such Blackout Period, shall be communicated by the Chief Executive Officer to such persons to which it is determined the Blackout Period applies. The existence of such a Blackout Period will not be announced other than to those who are aware of the event giving rise to the blackout. Any person made aware of the existence of a Blackout Period should not disclose the existence of the blackout to any other person. The failure of the Chief Executive Officer or the Chief Financial Officer to designate a person as being subject to a Blackout Period will not relieve that person of the obligation not to trade while aware of material nonpublic information.

In connection with the Company’s announcement of its quarterly and annual financial results, the Chief Executive Officer or the Chief Financial Officer will determine whether quarterly or annual financial statements or reports contain material nonpublic information necessitating the imposition of a Blackout Period. If a Blackout Period is necessitated, the Chief Executive Officer will then impose a Blackout Period, pursuant to the procedure in the above paragraph.

Hardship Exceptions. A person who is subject to a blackout period and who has an unexpected and urgent need to sell Company stock in order to generate cash may, in appropriate circumstances, be permitted to sell Company stock even during the blackout period. Hardship exceptions may be granted only by the Company's Audit Committee and must be requested at least two days in advance of the proposed trade. A hardship exception may be granted only if the Audit Committee concludes the person does not have sufficient insight as to the Company's financial information as of that time of the blackout to warrant imposition of the blackout. It is highly unlikely that a hardship exception will be granted, and under no circumstance will a hardship exception be granted to a person that does possess material nonpublic information.

Section 16 Reporting

Directors and executive officers are also subject to additional procedures designed to address the two-day Form 4 filing requirement under Section 16 of the Exchange Act. The filing of a Form 4 will be coordinated with the Chief Financial Officer. Accordingly, the Chief Financial Officer must be advised immediately of any changes (direct or indirect) in a director's or executive officer's ownership of Company securities so that the necessary Form 4 may be completed and filed with two business days of such change. Each director or executive officer is responsible for the accuracy and timeliness of his or her Section 16 filing requirements.

Post-Termination Transactions

If you are aware of material nonpublic information when you terminate service as a director, officer or other employee of the Company, you may not trade in the Company securities until that information has become public or is no longer material. In all other respects, the procedures set forth in this Addendum will cease to apply to your transactions in Company securities upon the expiration of any blackout period that is applicable to your transactions at the time of your termination of service.

Company Assistance

Any person who has a question about this memorandum or its application to any proposed transaction may obtain additional guidance from the Chief Executive Officer, the Chief Financial Officer, the Audit Committee Chairman, or the Company's outside legal counsel.

Certification

All directors, officers and other employees subject to the procedures set forth in this Addendum must certify their understanding of, and intent to comply with, the Company's insider trading policy, including the procedures set forth in this Addendum. Please return the enclosed certification immediately.

CERTIFICATION

I certify that:

1. I have read and understand the Company's Insider Trading Policy Statement and the Addendum to Insider Trading Policy Statement- Blackout Procedures, covering blackout periods (collectively, the "Insider Trading Policies"). I understand that the Chief Executive Officer, the Chief Financial Officer, Audit Committee Chairman, and outside legal counsel are available to answer any questions I have regarding the Insider Trading Policies.
2. Since I have been an employee or director of the Company, I have complied with the Insider Trading Policies.
3. I will continue to comply with the Insider Trading Policies for as long as I am subject to the Insider Trading Policies.
4. I understand that all of my trades must be pre-approved by the Company's Chief Executive Officer or such other person as the Company may designate from time to time.
5. I understand that my failure to comply in all respects with the Insider Trading Policies is a basis for termination for cause of my employment or other service relationship with the Company.

Signature: _____

Print Name: _____

Date: _____