

TEXAS RARE EARTH RESOURCES CORP.

POLICY FOR RECOUPMENT OF EXECUTIVE INCENTIVE COMPENSATION

In the event of a restatement of Texas Rare Earth Resources Corp.'s (the "*Company*") financial results (other than a voluntary restatement due to a change in applicable accounting rules or interpretations) due to material noncompliance with financial reporting requirements, with respect to any compensation granted (whether already paid or only calculated as payable and yet to be paid) to any current or former executive officer as defined in Rule 3B-7 of the Securities Exchange Act of 1934, as amended (each an "*Executive Officer*") after July 22, 2010, if the board of directors of the Company (the "*Board*") or the compensation committee of the Company (the "*Compensation Committee*") determines in good faith that such compensation was awarded (or in the case of unpaid compensation, determined for award) based on such material noncompliance, then the Board or the Compensation Committee shall be entitled on behalf of the Company to recover all of the Executive Officer's compensation (or in the case of unpaid compensation, to reduce such compensation) based on the erroneous financial data in excess of what would have been paid (or in the case of unpaid compensation, what should be paid) to the Executive Officer under the accounting restatement. Such recovery period shall comprise up to the three (3) years preceding the date on which the Company is required to prepare the accounting restatement.

In determining whether to seek recovery of compensation, the Board or the Compensation Committee, may take into account any considerations it deems appropriate, including whether the assertion of a claim may violate applicable law or adversely impact the interests of the Company in any related proceeding or investigation, the extent to which the Executive Officer was responsible for the error that resulted in the restatement, and the cost and likely outcome of any potential litigation in connection with the Company's attempts to recoup compensation. The Board or the Compensation Committee, shall have sole discretion in determining whether an Executive Officer's conduct met or did not meet any particular standard of conduct under law or this policy.