

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 February 29, 2024

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)

Securities registered under Section 12(b) of the Exchange Act: None

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 as of April 8, 2024: 73,932,576.

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Texas Mineral Resources Corp.
Notes to Interim Consolidated Financial Statements
February 29, 2024
(Unaudited)

NOTE 1 – GENERAL

Exploration-Stage Company

Since January 1, 2009, Texas Mineral Resources Corp. (the “Company”) has been classified as an “exploration stage” company for purposes of Regulation S-K Item 1300 of the U.S. Securities and Exchange Commission (“SEC”). Under SEC Regulation S-K Item 1300, companies engaged in significant mining operations are classified into three categories, referred to as “stages” - exploration, development, and production. Exploration stage includes all companies that do not have established reserves in accordance with Item 1300. Such companies are deemed to be “in the search for mineral deposits.” Notwithstanding the nature and extent of development-type or production-type activities that have been undertaken or completed, a company cannot be classified as a development or production stage company unless it has established reserves in accordance with Item 1300.

Basis of Presentation

The accompanying unaudited interim consolidated 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 SEC, and should be read in conjunction with the audited financial statements and notes thereto contained in our annual report on Form 10-K, for the year ended August 31, 2023, dated November 29, 2023 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, 2023 as reported in our annual report on Form 10-K, have been omitted.

Principles of Consolidation

The consolidated financial statements include the accounts of Texas Mineral Resources Corp and its proportionate interest in the assets, liabilities, and operations of Round Top Mountain Development Company, LLC (“RTMD”). All significant intercompany balances and transactions have been eliminated.

Going Concern

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has an accumulated deficit from inception through February 29, 2024, of approximately \$42,707,000 and has yet to achieve profitable operations, and projects further losses in the development of its business.

On February 29, 2024, the Company had a working capital surplus of approximately \$773,000; however the Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company doesn’t expect to generate revenue from operations in the near future.

In accordance with our current projected budget, the Company does not have sufficient capital to fund its share of total cash calls required under the RTMD operating agreement, as amended in June 2023 (“Operating Agreement”), as well as expected general and administrative expenses during the next twelve months. Failure by the Company to fund required cash calls to RTMD would result in dilution to its then current RTMD ownership interest (19.575% as of February 29, 2024). Accordingly, the Company will be required to either raise additional capital to fund its obligations during the next twelve months or elect to dilute its ownership interest in RTMD. There can be no assurance that the Company will be able to raise the necessary capital to fund its cash calls and expected general and administrative expenses. Total cash calls in the amount of \$191,623 were requested to fund Company obligations under the Operating Agreement for the three months ended February 29, 2024. The Company provided notices of non-contribution stating that it would not contribute the \$191,623 which then became the shortfall amount resulting in dilution of the Company’s ownership interest. Based on these factors, there is substantial doubt as to the Company’s ability to continue as a going concern for a period of twelve months from the issuance date of these financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should we be unable to continue as a going concern.

NOTE 2 – RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-06, *Debt – Debit with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. This ASU simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share (“EPS”) calculation in certain areas. This ASU is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. Management does not expect the adoption of this standard to have a significant impact on the Company’s financial position, results of operations or cash flows.

NOTE 3 – JOINT VENTURE ARRANGEMENTS

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

NOTE 4 – MINERAL PROPERTIES

The following discussion under “– RTMD Mineral Properties” provides a history of the ownership and obligations of the Round Top Project, of which we, as of February 29, 2024, held a 19.575% proportionate interest and USA Rare Earth LLC (“USARE”) held an 80.425% proportionate interest.

RTMD Mineral Properties

August 2010 Lease

On August 17, 2010, the Company executed a new mining lease with the Texas General Land Office covering Sections 7 and 18 of Township 7, Block 71 and Section 12 of Block 72, covering approximately 860 acres at Round Top Mountain in Hudspeth County, Texas. The mining lease issued by the Texas General Land Office provides for the right to explore, produce, develop, mine, extract, mill, remove, and market rare earth elements, all other base and precious metals, industrial minerals and construction materials and all other minerals excluding oil, gas, coal, lignite, sulfur, salt, and potash. The term of the lease is nineteen years so long as minerals are produced in paying quantities.

Under the terms of the lease, Round Top is obligated to pay the State of Texas a total lease bonus of \$142,518. The Company paid \$44,718 upon the execution of the lease, and Round Top will be required to pay the remaining \$97,800 upon submission of a supplemental plan of operations to conduct mining. Upon the sale of any minerals removed from the Round Top Project, Round Top will pay the State of Texas a \$500,000 minimum advance royalty. Thereafter, if paying quantities of minerals are obtained, Round Top will be required to pay the State of Texas a production royalty equal to eight percent of the market value of uranium and other fissionable materials removed and sold from the Round Top Project and six and one quarter percent of the market value of all other minerals removed and sold. If paying quantities have not been obtained, Round Top may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<u>Per Acre Amount</u>		<u>Total Amount</u>
September 2, 2020 – 2024	\$ 150	\$	134,155
September 2, 2025 – 2029	200		178,873

In August 2023, Round Top paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$134,155.

November 2011 Lease

On November 1, 2011, the Company executed a mining lease with the State of Texas covering approximately 90 acres of land that is adjacent to the August 2010 Lease. Under the lease, the Company paid the State of Texas a lease bonus of \$20,700 upon the execution of the lease. Upon the sale of minerals removed from the Round Top Project, Round Top will be required to pay the State of Texas a \$50,000 minimum advance royalty. Thereafter, if paying quantities of minerals are obtained, Round Top will be required to pay the State of Texas a production royalty equal to eight percent of the market value of uranium and other fissionable materials removed and sold from the Round Top Project and six and one quarter percent of the market value of all other minerals. If paying quantities have not been obtained, Round Top may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<u>Per Acre Amount</u>		<u>Total Amount</u>
November 1, 2020 – 2024	\$ 150	\$	13,500
November 1, 2025 – 2029	200		18,000

In August 2023, Round Top paid the State of Texas a delay rental to extend the term of the lease in an amount equal to \$13,500.

March 2013 Lease

On March 6, 2013, the Company purchased the surface lease at the Round Top Project, known as the West Lease, from the Southwest Wildlife and Range Foundation (since renamed the Rio Grande Foundation) for \$500,000 cash and 1,063,830 shares of common stock valued at \$500,000. The Company also agreed to support the Foundation through an annual payment of \$45,000 for ten years to support conservation efforts within the Rio Grande Basin. The West Lease comprises approximately 54,990 acres. The purchase of the surface lease provides unrestricted surface access for the potential development and mining of the Round Top Project.

October 2014 Surface Option and Water Lease

On October 29, 2014, the Company announced the execution of agreements with the Texas General Land Office securing the option to purchase the surface rights covering the potential Round Top project mine and plant areas and, separately, a groundwater lease. The option to purchase the surface rights covers approximately 5,670 acres over the mining lease. Round Top may exercise the option for all or part of the option acreage at any time during the sixteen-year primary term of the mineral lease. The option can be maintained through annual payments of \$10,000. The purchase price will be the appraised value of the surface at the time of option exercise. All annual payments have been made as of the date of this filing.

The ground water lease secures the right to develop the ground water within a 13,120-acre lease area located approximately 4 miles from the Round Top deposit. The lease terms include an annual minimum production payment of \$5,000 prior to production of water for the operation. After initiation of production Round Top will pay \$0.95 per thousand gallons or \$20,000 annually, whichever is greater. This lease remains in effect so long as the mineral lease is in effect.

Santa Fe Gold Corporation/Alhambra Project

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

Under the terms of the option agreement, the Company plans to conduct a district-wide evaluation among the patented and unpatented claims held by Santa Fe, consisting of geologic mapping, sampling, trenching, radiometric surveying, geophysics, drilling and/or other methods as warranted. Based on the district-wide evaluation, the Company will designate one 80-acre tract as the “project area” and commence detailed exploration work. The property covered in the option agreement is approximately 1,300 acres and covers approximately 75% of the known mining district. The area to be studied also includes a two-mile radius “area of interest.” The option agreement provides the Company with the right to designate any properties within the “area of interest” as “project area” properties. The term of the option is for so long as the Company continues to conduct exploration activities in the Project Area and can be exercised on 60 days’ notice to Santa Fe. For the quarter ended February 29, 2024, the Company received a reimbursement of \$85,000 for exploration expenses incurred in prior periods. The reimbursement is included in other income in the accompanying consolidated statements of operations for the three and six months ended February 29, 2024.

NOTE 5 – SHAREHOLDERS’ EQUITY

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

All shares of common stock have equal voting rights and, when validly issued and outstanding, are entitled to one non-cumulative vote per share in all matters to be voted upon by shareholders. Shares of common stock have no pre-emptive, subscription, conversion or redemption rights and may be issued only as fully paid and non-assessable shares. Holders of common stock are entitled to equal ratable rights to dividends and distributions with respect to the common stock, as may be declared by the Company’s Board of Directors (the “Board”) out of funds legally available. In the event of a liquidation, dissolution or winding up of the affairs of the Company, the holders of common stock are entitled to share ratably in all assets remaining available for distribution to them after payment or provision for all liabilities and any preferential liquidation rights of any preferred stock then outstanding.

In October 2023, we issued 56,537 shares of common stock related to director fees earned and expensed during the year ended August 31, 2023.

During the quarter ended November 30, 2023, the Company recognized stock compensation and a corresponding charge to additional paid-in capital in the amount of \$46,504 for director's fees earned during the quarter. The Company issued the related 147,776 shares of common stock in January 2024.

During the quarter ended November 30, 2023, the Company granted a total of 30,000 stock options, with an exercise price of \$1.97 per share and a fair value of \$11,330 on the date of grant to a consultant. The fair value of the options was determined using the Black-Scholes option-pricing model. The weighted average assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 4.23% (ii) estimated volatility of 190.22% (iii) dividend yield of 0.00% and (iv) expected life of all options of 5 years. The Company recognized the full \$11,330 as compensation expense during the three months ended November 30, 2023.

During the quarter ended February 29, 2024, the Company recognized stock compensation and a corresponding charge to additional paid-in capital in the amount of \$41,500 for director's fees earned during the quarter. The Company plans to issue the related 131,886 shares of common stock in April 2024.

During the quarter ended February 29, 2024, the Company granted a total of 30,000 stock options, with an exercise price of \$1.97 per share and a fair value of \$10,930 on the date of grant to a consultant. The fair value of the options was determined using the Black-Scholes option-pricing model. The weighted average assumptions used to calculate the fair market value are as follows: (i) risk-free interest rate of 4.20% (ii) estimated volatility of 189.21% (iii) dividend yield of 0.00% and (iv) expected life of all options of 5 years. The Company recognized the full \$10,930 as compensation expense during the three months ended February 29, 2024.

NOTE 6 – SUBSEQUENT EVENTS

March Cash Call

In February 2024, we notified USARE that we had elected not to contribute our March cash call of \$113,162 in cash, but had elected to reduce our RTMD ownership interest from 19.575% (as of February 29, 2024) to 19.505% (as of March 31, 2024) pursuant to the dilution mechanism in the Operating Agreement.

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 as well as our Annual Report on Form 10-K for the fiscal year ended August 31, 2023. 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 the rare-earth exploration plans at our Round Top project in Hudspeth County, Texas (the “Round Top Project” or “Round Top”);
- timing for a completed feasibility study, if any, for the Round Top Project;
- the success of obtaining the necessary permits for future Round Top drill programs and project development;
- success, if any, of Round Top Mountain Development, LLC (“RTMD”) in developing the Round Top Project, including without limitation raising sufficient capital to fund any development;
- expectations regarding our ability to raise capital and to continue our exploration plans on our properties (either to fund our proportionate expenditures in the Round Top Project as a member of RTMD or otherwise);
- ability to complete a preliminary feasibility study, if at all;
- plans regarding anticipated expenditures at the Round Top Project and ability, if any, to fund anticipated Company expenditures; and
- plans to enter into a joint venture agreement with Santa Fe and our ability to fund such potential exploration and development 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 of being classified as an “exploration stage” company for purposes of SEC Regulation S-K Item 1300;
- risks associated with our ability to continue as a going concern in future periods;
- risks associated with our history of losses and need for additional financing;
- risks associated with our ability to raise capital on acceptable terms, if at all;
- risks associated with our operating history;
- risks associated with owning a membership interest in Round Top which may be diluted (which could be significant) if we are unable to fund our cash call obligations and elect to dilute our ownership interest in Round Top in lieu of funding our cash calls per the amended RTMD Operating Agreement (as of March 31, 2024, our membership interest was 19.505%);
- risks associated with our properties;
- risks associated with the lack of history in producing metals from the Round Top Project;
- risks associated with our need for additional financing to fund our cash call obligations with respect to Round Top, as well as the requirement in general for additional capital to further develop, the Round Top Project;

- risks associated with owing a minority interest in Round Top;
- risks associated with exploration activities not being commercially successful (as there is no assurance that Round Top will be commercially successful);
- risks associated with ownership of surface rights and other title issues with respect to the Round Top Project;
- risks associated with increased costs affecting our financial condition;
- risks associated with a shortage of equipment and supplies adversely affecting the ability to operate properties;
- risks associated with mining and mineral exploration being inherently dangerous;
- risks associated with mineralization estimates;
- risks associated with changes in mineralization estimates affecting the economic viability of the properties;
- risks associated with uninsured risks;
- risks associated with mineral operations being subject to market forces beyond our control;
- risks associated with fluctuations in commodity prices, and in particular rare earth elements and other critical minerals that are necessary for energy transition;
- risks associated with permitting, licenses and approval processes;
- risks associated with the governmental and environmental regulations;
- risks associated with future legislation regarding the mining industry and climate change;
- risks associated with potential environmental lawsuits;
- risks associated with land reclamation requirements;
- risks associated with rare earth and mining in general presenting potential health risks;
- risks related to competition in the mining and rare earth elements industries;
- risks related to macroeconomic conditions, both in the United States and internationally, including without limitation inflation, high interest rates, and supply chain issues;
- risks associated with cybersecurity threats, breaches, and disruptions associated therewith;
- 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 conducting our business in order to be excluded from the definition of an “investment company” under the Investment Company Act of 1940;
- risks related to global hostilities, both in Ukraine and the Middle East;
- 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 Quarterly Report, as well as in the Annual Report filed on Form 10-K for the fiscal year ended August 31, 2023. 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 Quarterly Report by the foregoing cautionary statements.**

In light of these risks and uncertainties, many of which are described in greater detail elsewhere in this Quarterly Report, as well as in the Annual Report filed on Form 10-K for the fiscal year ended August 31, 2023, there can be no assurance that the events predicted in forward-looking statements contained in the Quarterly Report will in fact transpire.

An investment in our common stock involves significant risks, including the risk of a loss of your entire investment. You should carefully consider the risks and uncertainties described herein before purchasing our common stock. The risks set forth herein are not the only ones facing our Company. Additional risks and uncertainties may exist and others could arise that could also adversely affect our business, financial condition, operations and prospects. If any of the risks set forth herein actually materialize, our business, financial condition, prospects and operations would suffer. In such event, the value of our common stock would decline, and you could lose all or a substantial portion of your investment.

Going Concern

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has an accumulated deficit from inception through February 29, 2024, of approximately \$42,707,000 and has yet to achieve profitable operations, and projects further losses in the development of its business.

On February 29, 2024, the Company had a working capital surplus of approximately \$773,000, however the Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company doesn't expect to generate revenue from operations in the near future. See "Liquidity and Capital Resources" below for a discussion of our liquidity and capital needs for the next twelve months.

Overview

We are a mining company engaged in the business of the acquisition, exploration and development of mineral properties. As of March 31, 2024 we own a 19.505% membership interest in RTMD (as of February 29, 2024 we held a 19.575% membership interest in RTMD), which entity holds two mineral property leases with the Texas General Land Office to explore and develop a 950-acre rare earths project located in Hudspeth County, Texas, (referred to as the "Round Top Project" or the "Project"). The leases, originally signed with primary terms of approximately 19 and 18 years, each currently have remaining terms of approximately five years and provisions for automatic renewal if Round Top is in production. RTMD also holds prospecting permits covering 9,345 acres adjacent to the Round Top Project. The strategy of RTMD is to develop a metallurgical process to concentrate or otherwise extract the metals from the Round Top Project's rhyolite, conduct additional engineering, design, geotechnical work, and permitting necessary for a bankable feasibility study and then to extract mineral resources from the Round Top Project. The Round Top Project has not established as of the date hereof that any of the properties contain any probable mineral reserves or proven mineral reserves under Item 1300 of Regulation S-K.

Rare earth elements ("REE") 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, and
- advanced water treatment technology for use in industrial, military.

Because of these applications, global demand for REE is projected to steadily increase due to continuing growth in existing applications and increased innovation and development of new end uses. Interest in developing resources domestically has become a strategic necessity as there is limited production of these elements outside of China. Our ability to raise additional funds to continue to fund our participation interest in the Round Top Project may be impacted by future prices for REEs and other critical minerals.

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

In August 2018, the Company and Morzev Pty. Ltd. (“Morzev”) entered into an agreement (the “2018 Option Agreement”) whereby Morzev was granted the exclusive right to earn and acquire a 70% interest in the Round Top Project by financing \$10 million of expenditures in connection with the Project, increasable to an 80% interest for an additional \$3 million payment to the Company. In August 2019, the Company and USA Rare Earth, LLC (“USARE”) entered into an amended and restated option agreement as further amended in June 2020 (the “2019 Option Agreement” and collectively with the 2018 Option Agreement, the “Option Agreement”), whereby the Company restated its agreement to grant USARE the exclusive right to earn and acquire a 70% interest, increasable to an 80% interest, in Round Top. In May 2021, and in accordance with the terms of the Option Agreement, the Company and USARE entered into a contribution agreement (“Contribution Agreement”) whereby each of the Company and USARE contributed assets to Round Top Mountain Development, LLC (“RTMD”), a wholly-owned subsidiary of the Company, in exchange for their initial ownership interests in RTMD, of which the Company initially owned a membership interest equating to 20% of Round Top and USARE initially owned a membership interest equating to 80% of Round Top. Concurrently therewith, the Company and USARE, as the two members, entered into a limited liability company agreement (“Operating Agreement”) governing the operations of RTMD which contains customary and industry standard terms as contemplated by the Option Agreement. USARE is the manager of RTMD.

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

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

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

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

On June 26, 2023, the Company, USARE and the manager amended and restated the Operating Agreement and the following material amendments to the Operating Agreement were adopted:

Cash Calls

On the basis of the adopted program and budget then in effect, the manager will submit to each member monthly cash calls at least 10 days before the last day of each month, and within 10 days of receipt, (a) USARE will pay to RTMD, as an additional capital contribution, its proportionate share of the estimated cash requirements based on its interest and (b) the Company will either (i) pay to RTMD, as an additional capital contribution, its proportionate share of the estimated cash requirements based on its interest, or (ii) deliver to RTMD a written notice indicating what amount, if any, of the applicable estimated cash requirements that the Company will contribute (the “Notice of Non-Contribution”). Failure by the Company to deliver payment of its proportionate share of the estimated cash requirements, as an additional capital contribution, or to deliver a Notice of Non-Contribution within the 10 day period shall automatically be considered a “Deemed Non-Contribution” and shall have the same effect as if the Company provided a timely Notice of Non-Contribution with respect to non-contribution of its entire proportionate share of the applicable cash call.

Remedies for Failure to Meet Cash Calls

Non-Contribution. Capital contributions only will be made to fund programs and budgets. If the Company does not contribute all or any portion of any additional capital contribution that it is required to contribute pursuant to a Notice of Non-Contribution or a Deemed Non-Contribution (such unfunded amount shall be deemed the “Shortfall Amount”), then USARE shall fund the entire Shortfall Amount within 5 business days after the Notice of Non-Contribution or Deemed Non-Contribution.

Dilution. Upon the contribution of the Shortfall Amount by USARE, the interests of the members will be recalculated based on the adjustment provision set forth below in the sub-heading “– Adjustment of Interests”.

Maximum Dilution. The dilution of the Company shall not fall below a 3% interest in RTMD (the “Minimum Percentage Interest”). Upon the contribution by USARE of a Shortfall Amount which otherwise would result in a dilution of the Company’s interest below the Minimum Percentage Interest, USARE will receive a priority distribution of available cash, in addition to a distribution of available cash to which USARE otherwise is entitled to receive as a result of its proportionate additional capital contribution pursuant to the applicable cash call request, up to the Shortfall Amount that would have resulted in the Company’s interest being further diluted but for the Minimum Percentage Interest (the “Priority Distribution”). The Priority Distribution will continue until USARE has been reimbursed for its contribution of the Shortfall Amount that would have resulted in the Company having an interest below the Minimum Percentage Interest, after which time the members shall receive distributions of available cash pro rata in proportion to their respective interests.

Adjustment of Interests.

If USARE contributes the Shortfall Amount, then the then current interest of the Company will be reduced (subject to the Minimum Percentage Interest), effective as of each cash call under an additional capital contribution for the applicable program and budget, by a fraction, expressed as a percentage:

- the numerator of which equals the Shortfall Amount actually funded by USARE; and
- the denominator of which equals the market capitalization of the Company.

Distributions

Cash in excess of authorized reserves will be distributed to the members pro-rata in proportion to their respective interests on a periodic basis as determined by the management committee. RTMD will be required to make tax distributions to each member. Once USARE has been paid the Priority Distribution, if applicable, all distributions made in connection with the sale or exchange of all or substantially all of RTMD’s assets and all distributions made in connection with the liquidation of RTMD will be made to the members pro-rata in accordance with their respective interests.

Other material terms of the Operating Agreement that remain unchanged are as follows:

Management.

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

Management Committee Meetings.

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

- approval of an amendment to any program and budget that causes the program and budget to increase by 15% or more, except for emergencies;
- other than purchase money security interests or other security interests in RTMD equipment to finance the acquisition or lease of RTMD equipment used in operations, the consummation of a project financing or the incurrence by RTMD of any indebtedness for borrowed money that requires the guarantee by any member of any obligations of RTMD;
- substitution of a member under certain circumstances and dissolution of RTMD;
- the issuance of an ownership interest or other equity interest in RTMD, or the admission of any person as a new member of RTMD, other than in connection with the exercise of a right of first offer by a member;
- the redemption of all or any portion of an ownership interest, except for limited circumstances provided for in the Operating Agreement;

- a decision to grant authorization for RTMD to file a petition for relief under any chapter of the United States Bankruptcy Code, to consent to such relief in any involuntary petition filed against RTMD by any third party, or to admit in writing any insolvency of RTMD or inability to pay its debts as they become due, or to consent to any receivership of RTMD;
- acquisition or disposition of significant mineral rights, other real property or water rights outside of the area of interest as set forth in the Operating Agreement or outside of the ordinary course of business;
- the merger of RTMD into or with any other entity; and
- the sale of all or substantially all of RTMD's assets.

Manager.

The manager will manage, direct and control operations in accordance with program and budget, will prepare and present to the management committee a proposed program and budget, and will generally oversee and implement all of the day to day activities of RTMD. The manager will conduct necessary equipment and materials procurement and property and equipment maintenance activities, with all operations to be conducted in accordance with adopted program and budget.

Permitted Transfers.

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

Right of First Offer.

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

Drag-Along Right.

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

Santa Fe Gold Corporation/Alhambra Project

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

Under the terms of the option agreement, the Company plans to conduct a district-wide evaluation among the patented and unpatented claims held by Santa Fe, consisting of geologic mapping, sampling, trenching, radiometric surveying, geophysics, drilling and/or other methods as warranted. Based on the district-wide evaluation, the Company would designate one 80-acre tract as the "project area" and commence detailed exploration work. The property covered in the option agreement is approximately 1,300 acres and covers approximately 75% of the known mining district. The area to be studied also includes a two-mile radius "area of interest." The option agreement provides the Company with the right to designate any properties within the "area of interest" as "project area" properties. The term of the option is for so long as the Company continues to conduct exploration activities in the Project Area (and there can be no assurance that the Company will continue to conduct exploration activities) and can be exercised on 60 days' notice to Santa Fe.

The Black Hawk district and the Alhambra mine, in particular, are historically known for the occurrence of native silver lenses, randomly distributed in narrow carbonate veins. The "ore shoots" are small, ranging from ten feet to seventy feet along the vertical axis and five to fifty along the horizontal axis. We believe that the excessive cost of locating and mining these small "ore shoots" has been the principal reason for the inability to sustain a mining operation in this district.

Because of the high native silver content of ore historically mined in the district, we have considered the use of geophysics to locate these small lenses and pods, with the goal to make potential development and mining feasible. We are working with a geophysical service provider and consultants, and have completed four phases of electromagnetic surveying in the immediate area of the Alhambra mine. The method producing the most meaningful geological data is a method called NANOTEM by its developer, Zonge International. This technique was developed to locate small electrically conducting objects such as pipes, underground tanks and unexploded ordinance. Working with consultants and with Zonge International this technique was modified and applied to the immediate area of the Alhambra mine. Results are encouraging and plans have been made to conduct a diamond drilling campaign to test the electrically conductive anomalies detected to date. This drilling is sited to test these “anomalies” within the geologically favorable area along the vein immediately to the north of the Alhambra mine workings.

If the diamond drilling yields positive results, of which there can be no assurance, the anticipated next phase will be to enter the mine and extend the one hundred twelve foot level into the area drilled. Work to be done upon re-entry of the mine will be determined by diamond drilling results and conditions encountered in the mine.

Because the desired aim of the geophysics and diamond drilling is to gain the confidence to re-enter the mine, very careful consideration has to be given to the permitting of this project. The permitting plan being submitted goes beyond the permits required for a simple drilling program and seeks to anticipate such factors as shaft rehabilitation, water management, road access and later, mine development.

Liquidity and Capital Resources

On February 29, 2024, our accumulated deficit was approximately \$42,707,000 and our cash position was approximately \$764,000. We had a working capital surplus of approximately \$773,000. Round Top has not commenced commercial production on the Round Top Project. We have no revenues from operations and anticipate we will have no operating revenues until we place one or more of our properties into production. All properties are in the exploration stage.

During the fiscal year ending August 31, 2023 and the six months ended February 29, 2024, we funded approximately \$386,000 and \$0, respectively, to RTMD pursuant to our funding obligations set forth in the Operating Agreement. In lieu of funding approximately \$553,000 of cash calls in September through February 2024, we incurred dilution in our membership interest from 19.910% at August 31, 2023 to 19.575% at February 29, 2024. In lieu of funding the March 2024 cash call of \$113,162 in February 2024, we incurred dilution in our membership interest from 19.575% to 19.505% as of March 31, 2024.

During the current fiscal year, USARE has advised us that Round Top is expected to fund expenditures of approximately \$15 million to \$20 million to optimize the leaching and developing of the CIX/CIC processing of the Round Top Project. Initial process design work will be carried out at USARE’s facility in Wheat Ridge, Colorado. Pending completion of the initial process development, this facility will either be relocated to or replicated at USARE’s Oklahoma facility where a pilot plant is expected to be established. It is estimated that the Round Top Project will require additional time and further expenditure to complete a bankable feasibility study. Our current expected funding obligation is projected to be between approximately \$3 million to \$4 million of the expected expenditures by Round Top during our current fiscal year, and we currently expect to incur dilution to our Round Top membership interest in lieu of funding the Round Top cash calls in cash. It is possible that the Round Top Budget could increase in this current fiscal year and it should be expected that the Round Top budget will be higher in future periods. The failure of us to raise capital to fund our cash call commitments in this current fiscal year and thereafter will result in dilution of our Round Top membership interest, which could be significant.

We do not have sufficient cash on hand to fund our portion of the Round Top budget during our current fiscal year. Therefore, we will need to raise additional capital to fund our portion of the Round Top budget if we elect not to dilute our Round Top membership interest. If we elect to dilute our Round Top membership interest (through choice or as a result of the failure to raise capital), such event will result in the dilution to our Round Top membership interest. 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. Moreover, the actual or perceived sale of additional shares of our Common Stock to raise capital could further depress the price of our Common Stock which could adversely impact our ability to raise capital, result in more dilution to be incurred by existing stockholders, and possibly cause us to curtail or cease our operations. Alternatively, we may rely on debt financing and assume debt obligations that require us to make substantial interest and capital payments. Also, we may issue or grant warrants or options in the future pursuant to which additional shares of Common Stock may be issued. Exercise of such warrants or options will result in dilution of equity ownership to our existing stockholders. We have no firm commitment with respect to obtaining debt or equity financing and, accordingly, we will be reliant upon a best efforts financing strategy. Accordingly, there is no assurance that we will be able to raise necessary capital, if any, to fund our portion of the Round Top Budget and our general administrative expenses during the fiscal year ending August 31, 2024, the failure of which could ultimately cause us to curtail or cease our operations.

Results of Operations

Six months ended February 29, 2024 and February 28, 2023

General and Revenue

We had no operating revenues during the six months ended February 29, 2024 and February 28, 2023. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$42.707 million as of February 29, 2024.

Operating expenses, other income (expenses) and resulting losses from Operations.

We incurred exploration costs for the six months ended February 29, 2024 and February 28, 2023, in the amount of approximately \$8,000 and \$630,000, respectively. The expenditures for the six months ended February 29, 2024 and the six months ended February 28, 2023 were primarily for leaching at the Round Top lab and to a limited extent, exploration costs for the Black Hawk project in New Mexico. For the period ending February 28, 2023 there were significant costs incurred for Round Top as a result of mining and transporting approximately 30,000 metric tonnes of rhyolite from the deposit site to the planned demonstration plant site. There was also considerable earth work done at the site of the production plant to divert storm runoff water. In addition, we began contracting various consulting groups to commence the designing of the Round Top mine, heap leaching plant and processing plant. During the six months ended February 29, 2024 and February 28, 2023, exploration expenditures for mining activities at Round Top were funded by RTMD. We account for our interest in RTMD under the proportional consolidation method. Under the proportional consolidation method, we record our share of expenses of RTMD within the income statement in the same line items that we would if we were to consolidate our financial statements with RTMD.

Our general and administrative expenses for the six months ended February 29, 2024 and February 28, 2023, respectively, were approximately \$461,000 and \$626,000. For the six months ended February 29, 2024 and February 28, 2023, this amount included approximately \$110,000 and \$182,000, respectively, in stock-based compensation to directors and common stock and stock options to 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 six months ended February 29, 2024 and February 28, 2023, we earned approximately \$21,400 and \$9,900, respectively, in interest income from depository accounts. Other income also includes \$85,000 as a reimbursement for expenses incurred in a prior period.

We had losses from operations for the six months ended February 29, 2024 and February 28, 2023 totaling approximately \$469,000 and \$1,256,000, respectively.

We had net losses for the six months ended February 29, 2024 and February 28, 2023 totaling approximately \$363,000 and \$1,241,000, respectively.

Three months ended February 29, 2024 and February 28, 2023

Revenue

We had no operating revenues during the three months ended February 29, 2024 and February 28, 2023. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$42.707 million as of February 29, 2024.

Operating expenses and resulting losses from Operations.

We incurred exploration costs for the three months ended February 29, 2024 and February 28, 2023, in the amount of approximately \$8,000 and \$398,000, respectively. Expenditures during the three months February 29, 2024 and February 28, 2023 were primarily for our Round Top project and to a limited extent, exploration costs for the Black Hawk project in New Mexico.

Our general and administrative expenses for the three months ended February 29, 2024 and February 28, 2023, respectively, were approximately \$228,000 and \$284,000. For the three months ended February 29, 2024 and February 28, 2023, this amount included approximately \$52,000 and \$77,000, 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 February 29, 2024 and February 28, 2023, we earned approximately \$9,900 and \$9,500, respectively, in interest income from depository accounts. Other income also includes \$85,000 as a reimbursement for expenses incurred in a prior period.

We had losses from operations for the three months ended February 29, 2024 and February 28, 2023 totaling approximately \$236,000 and \$682,000, respectively.

We had net losses for the three months ended February 29, 2024 and February 28, 2023 totaling approximately \$141,000 and \$673,000, respectively.

Investment Company Act Exclusion

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

- whether the exempted activity constitutes “substantially all” of our business;
 - The Company has owned mineral leases since 2010, all of our business to date has been comprised of owning and developing the mineral leases and, after the May 2021 “farm-down” of its 100% interest in the mineral leases, all of our business continues to be comprised of owning and holding a certificate of interest and a participation in the mineral leases owned by RTMD. The Company’s mineral assets historically, as well as the value of the certificate of interest at February 29, 2024, have been booked at cost in accordance with GAAP. We have an accumulated deficit of approximately \$42.7 million at February 29, 2024 as a result of owning and developing the Round Top Project.
- whether we own or trade in the mineral leases;
 - The Company has owned the mineral leases, which are now owned by RTMD, since 2010 and neither the Company nor RTMD is in the business of dealing or trading in the mineral leases.
- what qualifies as an eligible asset for purposes of the exception; and
 - The statute specifically references mineral leases and our mineral leases were owned by the Company and are now owned by RTMD. In accordance with Regulation S-K Item 1300 that governs disclosure by registrants engaged in mining operations, the definition of mineral resource is “a concentration or occurrence of material of economic interest in or on the Earth’s crust.” Our rare earth elements and minerals underlying the mineral leases meet that definition, as well as does coal, silver, gold and other material mined for economic value by registrants involved in mining operations. The SEC staff has recognized that an excepted entity can also engage in related business activities such as exploring, developing, and operating the eligible assets.
- what qualifies as a “certificate of interest or participation in” or an “investment contract relative to” the eligible assets.
 - The statute allows a Company to own a “certificate of interest” or “participation in” the mineral leases. The SEC staff has recognized that limited partnership interests and/or similar securities issued by entities that themselves own the leases constitute “certificate of interest or participation in or investment contracts” related to such leases. The Company’s 19.505% membership interest in RTMD as of March 31, 2024 constitutes a “certificate of interest” and a “participation in” the mineral leases that are owned by RTMD.

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

Off-Balance Sheet Arrangements

None.

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, and in light of the material weakness existing in our internal controls over financial reporting as of August 31, 2023 (as described in greater detail in our annual report on Form 10-K for the year ended August 31, 2023), 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 not effective in providing reasonable assurance 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

None

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)
October 2023	Common Stock	56,537	Directors	\$Nil	Services	Sec. 4(a)(2)
September – November 2023	Common Stock Options	30,000	Consultant	\$Nil	Services	Sec. 4(a)(2)
February 2024	Common Stock	147,776	Directors	\$Nil	Services	Sec. 4(a)(2)
February 2024	Common Stock Options	30,000	Consultant	\$Nil	Services	Sec. 4(a)(2)

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 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 quarter ended November 30, 2023, 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

During the quarter ended February 29, 2024, neither any director or officer adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits

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

<u>Exhibit No.</u>	<u>Description</u>
2.1	<u>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.</u>
3.1	<u>Delaware Certificate of Conversion, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on August 29, 2012.</u>
3.2	<u>Delaware Certificate of Incorporation, incorporated by reference to Exhibit 3.2 of our Form 8-K filed with the SEC on August 29, 2012.</u>
3.3	<u>Delaware Certificate of Amendment, incorporated by reference to Exhibit 3.1 of our Form 8-K filed with the SEC on March 18, 2016</u>
3.4	<u>Delaware Bylaws, incorporated by reference to Exhibit 3.3 of our Form 8-K filed with the SEC on August 29, 2012.</u>
4.1	<u>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.</u>
10.1	<u>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.</u>
10.2	<u>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.</u>
10.3	<u>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.</u>
10.4	<u>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.</u>
10.5	<u>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.</u>
10.6	<u>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.</u>
10.7	<u>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.</u>
10.8	<u>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.</u>
10.9*	<u>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.</u>
10.10*	<u>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.</u>
10.11*	<u>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.</u>
10.12*	<u>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.</u>
10.13*	<u>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.</u>
10.14	<u>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.</u>
10.15	<u>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.</u>

- 10.16 [Variation agreement with Morzev PTY LTD. \(USA Rare Earth\) dated October 2018, incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.](#)
- 10.17 [Amended and Restated Option Agreement with Morzev \(USA Rare Earth\) dated August 2019, incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the period ended August 31, 2019 filed with the SEC on November 27, 2019.](#)
- 10.18 [First Amendment to the Amended and Restated Option Agreement with USA Rare Earth dated June 29, 2020, incorporated by reference to Appendix A of the definitive proxy statement on Schedule 14A filed with the SEC on July 15, 2020.](#)
- 10.19 [Mining lease dated September 2011, incorporated by reference to Exhibit 10.19 of the Form 10-K for the period ended August 31, 2020 filed with the SEC on November 30, 2020.](#)
- 10.20 [Contribution Agreement, effective as of May 17, 2021, among USA Rare Earth, LLC, Texas Mineral Resources Corp., and Round Top Mountain Development, LLC, filed with the SEC on Form 8-K on May 21, 2021.](#)
- 10.21 [Limited Liability Company Agreement dated effective as of May 17, 2021, among USA Rare Earth, LLC, Texas Mineral Resources Corp., and Round Top Mountain Development, LLC, filed with the SEC on Form 8-K on May 21, 2021.](#)
- 10.22 [Mineral Exploration and Option Agreement dated effective October 7, 2021 between Standard Silver Corp. and Santa Fe Gold Corporation, filed with the SEC on Form 8-K on November 10, 2021.](#)
- 10.23 [Amended and Restated Limited Liability Company Agreement dated effective as of June 26, 2023, among USA Rare Earth, LLC, Texas Mineral Resources Corp., and Round Top Mountain Development, LLC, filed with the SEC on Form 8-K on June 27, 2023.](#)
- 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(1) XBRL Instance Document
101.SCH(1) XBRL Taxonomy
Extension – Schema
- 101.CAL(1) XBRL Taxonomy Extension – Calculations 101.DEF(1) XBRL Taxonomy Extension – Definitions 101.LAB(1)
XBRL Taxonomy Extension – Labels 101.PRE(1) XBRL Taxonomy Extension – Presentations

* Management contract or compensatory plan or arrangement.

- (1) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at February 29, 2024 and August 31, 2023; (ii) Consolidated Statements of Operations for the six and three months ended February 29, 2024 and February 28, 2023; (iii) Consolidated Statements of Cash Flows for the six months ended February 29, 2024 and February 28, 2023; (iv) Consolidated Statements of Shareholders' Equity for the six months ended February 29, 2024 and February 28, 2023; and (v) Notes to Consolidated 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: April 12, 2024

/s/ Daniel E. Gorski

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

Date: April 12, 2024

/s/ Wm Chris Mathers

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

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-
OXLEY ACT OF 2002**

I, Daniel E. Gorski, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 12, 2024

/s/ Daniel E. Gorski

Daniel E. Gorski, Chief Executive Officer, Principal Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-
OXLEY ACT OF 2002**

I, Wm Chris Mathers, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 12, 2024

/s/ Wm Chris Mathers

Wm Chris Mathers, Chief Financial Officer, Principal Financial and Accounting 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 Quarterly Report of Texas Mineral Resources Corp. (the “Company”) on Form 10-Q for the quarter ending February 29, 2024, 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

April 12, 2024

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

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

In connection with the Quarterly Report of Texas Mineral Resources Corp. (the “Company”) on Form 10-Q for the quarter ending February 29, 2024, 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

April 12, 2024

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.