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EX-31.1	ex31-1.htm
EX-31.2	ex31-2.htm
EX-32.1	ex32-1.htm
EX-32.2	ex32-2.htm

Module and Segment References

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
100 F Street NE
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 28, 2011

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-53482

Texas Rare Earth Resources Corp.

(Exact name of registrant as specified in its charter)

Nevada, United States

87-0294969

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)

3 Riverway, Suite 1800, Houston, Texas 77056

(Address of principal executive offices)

(361) 790-5831

(Issuer's telephone number)

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 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of April 5, 2011, the registrant had 27,581,260 shares of common stock, par value \$0.01 per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Texas Rare Earth Resources Corp
(Formerly Standard Silver Corporation)
BALANCE SHEETS

	February 28, 2011 (Unaudited)	August 31, 2010
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	\$ 4,075,801	\$ 74,434
Prepaid expenses and other current assets	14,775	-
Total current assets	4,090,576	74,434
Property, plant and equipment, net	24,093	26,559
Mineral properties	55,075	44,539
TOTAL ASSETS	\$ 4,169,744	\$ 145,532
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 71,027	\$ 20,624
Notes and interest payable to related parties	-	90,448
Total current liabilities	71,027	111,072
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, par value \$0.001; 10,000,000 shares authorized, no shares issued and outstanding as of February 28, 2011 and August 31, 2010	-	-
Common stock, par value \$0.01; 100,000,000 shares authorized, 27,581,260 and 23,670,260 issued and outstanding as of February 28, 2011 and August 31, 2010, respectively	275,813	236,703
Additional paid-in capital	5,672,494	1,220,391
Accumulated deficit	(1,849,590)	(1,422,634)
Total shareholders' equity	4,098,717	34,460
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,169,744	\$ 145,532

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

TEXAS RARE EARTH RESOURCES CORP
(Formerly Standard Silver Corporation)
UNAUDITED STATEMENTS OF OPERATIONS

	<u>Six Months ended February 28,</u>		<u>Three Months ended February 28,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
OPERATING EXPENSES				
Exploration costs	\$ 118,818	\$ 30,000	\$ 71,723	\$ 18,000
General & administrative expenses	310,301	347,933	247,666	300,881
Total operating expenses	<u>429,119</u>	<u>377,933</u>	<u>319,389</u>	<u>318,881</u>
LOSS FROM OPERATIONS	<u>(429,119)</u>	<u>(377,933)</u>	<u>(319,389)</u>	<u>(318,881)</u>
OTHER (INCOME) EXPENSE				
Interest and other income	(3,339)	(66)	(2,562)	(32)
Interest expense	1,176	6,842	441	4,816
Total other (income) expense	<u>(2,163)</u>	<u>6,776</u>	<u>(2,121)</u>	<u>4,784</u>
NET LOSS	<u>\$ (426,956)</u>	<u>\$ (384,709)</u>	<u>\$ (317,268)</u>	<u>\$ (323,665)</u>
Net loss per share:				
Basic and diluted net loss per share	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average shares outstanding:				
Basic and diluted	<u>24,973,926</u>	<u>23,251,835</u>	<u>25,756,090</u>	<u>23,400,121</u>

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

TEXAS RARE EARTH RESOURCES CORP
(Formerly Standard Silver Corporation)
UNAUDITED STATEMENTS OF CASH FLOWS

	Six Months Ended February 28,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (426,956)	\$ (384,709)
Adjustment to reconcile net loss to net cash used in operating activities:		
Stock issued for services	38,550	13,500
Stock based compensation	-	249,000
Depreciation expense	2,466	1,362
Changes in current assets and liabilities:		
Prepaid expenses	(14,775)	-
Accounts payable and accrued expenses	32,955	4,944
Net cash used in operating activities	<u>(367,760)</u>	<u>(115,903)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in mineral properties	(10,536)	(2,418)
Purchase of fixed assets	-	(28,329)
Net cash used in investing activities	<u>(10,536)</u>	<u>(30,747)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock	4,069,850	322,500
Proceeds from exercise of common stock warrants	382,813	-
Repayment of notes payable to related parties	(73,000)	-
Net cash provided by financing activities	<u>4,379,663</u>	<u>322,500</u>
NET CHANGE IN CASH	<u>4,001,367</u>	<u>175,850</u>
CASH, BEGINNING OF PERIOD	<u>74,434</u>	<u>-</u>
CASH, END OF PERIOD	<u>\$ 4,075,801</u>	<u>\$ 175,850</u>
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 18,846	\$ -
Taxes paid	\$ -	\$ -
Issuance of 131,250 shares of common stock for cash previously received	\$ 1,313	\$ -
Issuance of 61,000 shares of common stock for services previously recorded	\$ 610	\$ -
Issuance of 300,000 shares of common stock for director compensation previously recorded	\$ 3,000	\$ -

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

Texas Rare Earth Resources Corp
(formerly Standard Silver Corporation)
Notes to Interim Financial Statements
February 28, 2011
(Unaudited)

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The accompanying unaudited interim financial statements of Texas Rare Earth Resources Corp. (the "Company") (formerly Standard Silver Corporation) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Form 10-K, dated August 31, 2010, 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 August 31, 2010 as reported in Form 10-K, have been omitted.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Company had periodically received cash advances from the Company's officers and relatives of the Company's officers to fund operations. The advances accrued interest at rates ranging from five percent (5%) to six percent (6%) per annum. In December 2010, the notes payable principal balance of \$73,000 plus accrued interest for these advances was paid in full.

NOTE 3 – INVESTMENTS

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

Under the lease, we will pay the State of Texas a lease bonus of \$197,800, \$35,000 of which was paid upon the execution of the lease, \$65,000 of which will be due when we submit our initial plan of operations to conduct exploration, and \$97,800 of which will be due when we submit a supplemental plan of operations to conduct mining. Upon the sale of minerals removed from Round Top, we will pay the State of Texas a \$500,000 minimum advance royalty. Thereafter, we will pay the State of Texas a production royalty equal to eight percent (8%) of the market value of uranium and other fissionable materials removed and sold from Round Top and six and one quarter percent (6 ¼%) of the market value of all other minerals removed and sold from Round Top.

If production of paying quantities of minerals has not been obtained on or before August 17, 2011, we may pay the State of Texas a delay rental to extend the term of the lease in an amount equal to \$44,718. Thereafter, assuming production of paying quantities has not been obtained, we may pay additional delay rental fees to extend the term of the lease for successive one (1) year periods pursuant to the following schedule:

	<u>Per Acre Amount</u>	<u>Total Amount</u>
August 17, 2012 – 2014	\$ 50	\$ 44,718
August 17, 2015 – 2019	\$ 75	\$ 67,077
August 17, 2019 – 2024	\$ 150	\$ 134,155
August 17, 2025 – 2029	\$ 200	\$ 178,873

NOTE 4 – CAPITAL STOCK

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. The shares of common stock have no pre-emptive, subscription, conversion or redemption rights and may be issued only as fully paid and non-assessable shares. Holders of the common stock are entitled to equal ratable rights to dividends and distributions with respect to the common stock, as may be declared by the Board of Directors 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.

2009 – 2010 Private Placement

Between October 2009 and November 2010, the Company raised \$905,500 through the issuance of 2,263,750 shares of common stock and the issuance of Class A Warrants to purchase 2,263,750 shares of common stock and Class B Warrants to purchase 1,131,875 shares of common stock. Of the \$905,500 raised for this private placement, \$517,000 was raised prior to September 1, 2010.

Between November 2010 and January 2011, Class A Warrants to purchase 437,500 shares were exercised, and Class B Warrants to purchase 218,750 shares were exercised, resulting in \$382,813 of proceeds being raised by the Company. The final closing of this private placement was January 10, 2011.

January 2011 Private Placement

Between January and February 2011, we entered into a series of transactions with accredited investors pursuant to which we sold an aggregate of 1,600,000 shares of our common stock and five year warrants to purchase up to 1,600,000 shares of common stock, exercisable at \$2.50 per share, for gross proceeds of \$4,000,000. The Company has determined these warrants to have an approximate relative fair value of \$950,000 using a Black-Scholes model.

As additional consideration for the purchase of the shares and warrants, the Company issued to the investors an option for 120 days from the date of investment to purchase up to 6,400,000 shares of common stock at \$2.50 per share with 100% warrant coverage through the issuance of warrants to purchase up to 6,400,000 shares of common stock at an exercise price of \$2.50 per share. The Company has determined these warrants to have an approximate relative fair value of \$2,250,000 using a Black-Scholes model.

The Company paid cash commissions of \$318,000 and issued five year warrants to purchase up to 305,000 shares of its common stock at an exercise price of \$2.50 per share in connection with the sale of its securities in the January 2011 Private Placement. The Company has determined these warrants to have an approximate fair value of \$900,000 using a Black-Scholes model.

The Black-Scholes pricing model was used to estimate the fair value of the 1,600,000 and 305,000 warrants issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 404%, and an expected life of 5 years.

The Black-Scholes pricing model was used to estimate the fair value of the 6,400,000 warrants issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 265%, and an expected life of 4 months.

Other Equity Issues

In September 2010, the Company issued 300,000 common shares to a director for compensation recorded in the prior year at a fair value on the date of grant of \$249,000.

In November 2010, we entered into a non-exclusive investment banking agreement with Sunrise Securities Corp. ("SSC") pursuant to which we agreed to pay a sales commission with respect to certain financings effected, or alternative transactions entered into, by us through introductions by SSC. We also agreed to pay SSC a monthly fee of 5,000 shares of common stock. We concurrently entered into a 24 month institutional public relations agreement with SSC pursuant to which we agreed to issue SSC five year options to purchase 250,000 shares at \$1.60 per share and 250,000 shares at \$5.00 per share, with certain demand registration rights. The Company has determined these options to have an approximate fair value of \$960,000 using a Black-Scholes model. The value of these options is considered a cost of financing and has accordingly been recorded to paid-in capital.

The Black-Scholes pricing model was used to estimate the fair value of the 500,000 options issued during the period, using the assumptions of a risk free interest rate of 1.1%, dividend yield of 0%, volatility of 404%, and an expected life of 5 years.

In January 2011, we entered into a finders agreement with Aspenwood Capital ("Aspenwood") under which Aspenwood would introduce potential investors to the Company. The Company agreed to pay up to a 10% cash fee and to issue a five year warrant to purchase up to 10% of the number of shares sold to investors introduced to the Company by Aspenwood at an exercise price equal to 100% of the equity purchase price. The warrant may be exercised on a cashless basis at any time subsequent to August 31, 2011 in the event the Company does not maintain an effective registration statement on file with the SEC. The Company has paid \$5,000 under this agreement as of February 28, 2011.

NOTE 5 – CONTINGENCIES AND COMMITMENTS

Registration Rights

In connection with the 2009-2010 Private Placement, the Company entered into certain registration rights agreements. Key provisions of these registration rights are as follows:

- Equity instruments subject to registration rights:
 - o The 1,132,500 shares of the Company's common stock issued under the 2009-2010 Private Placement are subject to registration rights;
 - o The shares underlying the Class A Warrants, expiring December 31, 2011, entitle the holders to purchase 1,132,500 shares of common stock;
 - o The shares underlying the Class B Warrants, also expiring December 31, 2011, entitle the holders to purchase 566,250 shares of common stock.
- Term – The Company is required to file a registration statement covering the resale of the shares of common stock and shares of common stock underlying the warrants by February 9, 2011, and the registration is required to be deemed effective by the Securities and Exchange Commission (SEC) on or before the 150th calendar day after the filing of such registration statement. The initial registration was filed February 8, 2011.
- Events requiring transfer of consideration – Failure of the Company to file a registration statement by February 9, 2011 and/or the registration statement not deemed effective by the SEC on or before the 150th calendar day after the filing of such registration statement. The initial registration was filed February 8, 2011.
- Settlement alternatives – There are no alternative settlement arrangements.

· Maximum potential amount of consideration – In the event that transfer of consideration is required under the registration rights agreement, the Company is obligated to issue, as liquidated damages on a pro-rata basis to the subject investors, approximately 290,000 shares for each month, or pro-rated for a period less than one month, the registration is late up to a maximum of approximately 1,450,000 shares.

· Liability – Management estimates that transfer of consideration will not be required. Accordingly, the Company has not accrued a liability related to the registration rights agreements.

In connection with the January 2011 Private Placement, the Company entered into certain registration rights agreements. Key provisions of these registration rights are as follows:

· Equity instruments subject to registration rights:

o 800,000 shares of the Company's common stock issued under the January 2011 Private Placement are subject to registration rights;

o The shares underlying the warrants, expiring December 31, 2011, which entitle the holders to purchase 800,000 shares of common stock.

· Term – The Company is required to file a registration statement covering the resale of the shares of common stock and shares of common stock underlying the warrants by February 9, 2011, and the registration is required to be deemed effective by the SEC on or before the 150th calendar day after the filing of such registration statement.

· Events requiring transfer of consideration – Failure of the Company to file a registration statement by February 9, 2011 and/or the registration statement not deemed effective by the SEC on or before the 150th calendar day after the filing of such registration statement.

· Settlement alternatives – There are no alternative settlement arrangements.

· Maximum potential amount of consideration – In the event that transfer of consideration is required under the registration rights agreement, the Company is obligated to issue, as liquidated damages, a number of shares of common stock equal to ten percent of the shares of common stock purchased by the respective investors and issued upon the exercise of the warrants for a 30-day period or pro-rated for a period less than one month. However, in no event shall that amount exceed five times the first month's liquidated damages amount.

· Liability – Management estimates that transfer of consideration will not be required. Accordingly, the Company has not accrued a liability related to the registration rights agreements.

NOTE 6 – SUBSEQUENT EVENTS

In April 2011, the Company issued a five year option to purchase up to 90,000 shares of common stock at an exercise price of \$4.70 to a director as directors compensation. The option vests 1/3 each year, with 30,000 shares vesting immediately upon the issuance of the option, and the remaining 60,000 vesting equally on the second and third anniversary following the issuance date.

In March 2011, the Company issued a five-year option to purchase 150,000 shares of common stock at a purchase price of \$2.50 per share to a director as director's compensation. Additionally, in March 2011, the Company issued a five-year option to purchase 60,000 shares of common stock at a purchase price of \$2.50 per share to a director as director's compensation.

In March 2011, we granted to our chief financial officer, as a part of his employment arrangement, a five year option to purchase up to 400,000 shares of our common stock at an exercise price of \$2.50 per share. These options vest 1/36 each month provided he is employed by the Company on the vesting dates.

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

Cautionary statement regarding forward-looking statements

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to "Texas Rare Earth Resources Corp.," "we," "our" or "us" refer to Texas Rare Earth Resources Corp.

This Quarterly Report on Form 10-Q contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. You can identify forward-looking statements by terminology such as "may," "will," "would," "could," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or the negative of these terms or other similar expressions or phrases. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to: our ability to secure sufficient capital to implement our business plans; our ability to maintain appropriate relations with unions and employees; environmental laws, regulations and permits affecting our business, directly and indirectly, including, among others, those relating to mine reclamation and restoration, climate change, emissions to the air and water and human exposure to hazardous substances used, released or disposed of by us and uncertainties associated with unanticipated geological conditions related to mining.

Any forward-looking statement you read in this Quarterly Report on Form 10-Q reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, operating results, growth strategy and liquidity. You should not place undue reliance on these forward-looking statements because such statements speak only as to the date when made. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future, except as otherwise required by applicable law.

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included herein.

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.

Overview

Our Company

We are a North American based mining company engaged in the business of the acquisition and development of mineral properties. We currently hold a twenty year lease, executed in August 2010, to explore and develop an 860 acre rare earth uranium-beryllium prospect located in Hudspeth County, Texas known as "Round Top" and prospecting permits covering an adjacent 9,345 acres. We also hold prospecting permits on certain other mineral properties located in Texas and New Mexico. Although we will continue to seek other opportunities that will enable our company to grow within the exploration and development industry, we intend to focus primarily on the development of our Round Top rare earth prospect. We currently have limited operations and have not established that our Round Top property contains any proven reserves or probable reserves. The strategic necessity of developing rare earth resources, the compelling fundamentals of uranium and the future potential for beryllium in the nuclear fuel cycle all present what we believe to be excellent opportunities for us. We currently have limited operations and have not established that our Round Top property contains any proven reserves or probable reserves.

The Company was incorporated in the State of Nevada in 1970 under the name Standard Silver Corporation. During the time we operated under the name Standard Silver Corporation, our focus was the exploration of our silver prospects. In September 2010, we changed our name to Texas Rare Earth Resources Corp. to more appropriately reflect our current focus on heavy rare earth elements. The Round Top rare earth prospect was initially developed in the late 1980's as a high grade beryllium resource. During the course of this project it was discovered that rare earth and other rare metal mineralization was also present within the mass of rhyolite that overlies the beryllium target zone. Uranium mineralization was also noted

Rare earth elements (or "REEs") are a group of chemically similar elements that usually are found together in nature; they are referred to as the "lanthanide series." These individual elements have a variety of characteristics that are important in a wide range of technologies, products, and applications and are critical inputs in existing and emerging applications including: computer hard drives, cell phones, clean energy technologies, such as hybrid and electric vehicles and wind power turbines; multiple high-tech uses, including fiber optics, lasers and hard disk drives; numerous defense applications, such as guidance and control systems and global positioning systems; and advanced water treatment technology for use in industrial, military and outdoor recreation applications. We have based our belief on the data published in the GSA Special Paper 246, 1990, a copy of which can be found at http://www.minsocam.org/ammin/AM72/AM72_1122.pdf.

In July 2004, our articles of incorporation were amended and restated to increase the authorized capital to 25,000,000 common shares and, in April 2007, we affected a 1-for-2 reverse stock split. In September 2008, our articles of incorporation were further amended and restated to increase the authorized capital to 100,000,000 common shares with a par value of \$0.01 per share and to authorize 10,000,000 preferred shares with a par value of \$0.001 per share. The Company's fiscal year-end is August 31.

Our common stock is currently listed for quotation in the Pink Sheets OTCQB, a centralized quotation service maintained by OTC Markets Inc. that collects and publishes market maker quotes for over-the-counter securities (PK:TRER).

Our Exploration Plans

At our Round Top property, we intend to (i) conduct a geologic, and radiometric study of the surface of the rhyolite to define areas where beryllium, rare earth minerals and thorium are concentrated in fractures, breccias or magmatic segregations, and to understand the distribution of uranium in this rock (ii) conduct radiation and geologic mapping underground to better define the distribution and habit of occurrence of the uranium, (iii) re-log drill samples that are stored on the property with emphasis on uranium and rare metal distribution (iv) conduct a sampling and laboratory examination program to determine the precise mineralogy of the rare elements in the rhyolite and (v) use these results to develop a drill program to test higher grade rare earth targets deeper in the rhyolite.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Permits known to be required are (i) Operating plan for the conduct of exploration and development approved by the Texas General Land Office, (ii) Operating plan for production approved by the Texas General Land Office, (iii) Possible requirement of a Nuclear Materials License, (iv) various reporting to and approval by the Texas Railroad Commission regarding drilling and plugging of drill holes, (v) possible reporting to and regulation by the Texas Dept. of Health, (vi) reporting to and compliance with regulations of the Texas Commission of Environmental Quality, and potentially other permitting and regulatory requirements that we are not aware of at this time or that may be imposed in the future.

Results of Operations

General & Revenue

We had no operating revenues during the six months ("six month period") and three months ("three month period") ended February 28, 2011 and 2010. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of \$1,849,590 as of February 28, 2011.

Operating expenses and resulting losses from Operations.

We incurred exploration costs for the six month period ended February 28, 2011 and 2010 in the amount of approximately \$119,000 and \$30,000, respectively, and approximately \$72,000 and \$18,000 for the three month period ended February 28, 2011 and 2010, respectively. These expenditures were primarily related to outside geological consulting and sampling services relating to our Round Top project.

Our general and administrative ("G&A") expenses for the six month period ended February 28, 2011 and 2010 were approximately \$310,000 and \$348,000, respectively. Our G&A expenses for the six month period ended February 28, 2011 included approximately \$90,000 for public relations fees, of which \$38,500 of this amount was stock compensation for services; approximately \$130,000 for fees paid to auditors and other professionals associated with the audits and reviews of our financial statements and a registration statement; and \$52,000 for other outside professional services. The remainder of our G&A expenses for the six month period ended February 28, 2011 were working capital and corporate expenditures. Our G&A expenses for the six month period ended February 28, 2010 were primarily related to the audits of our financial statements and approximately \$263,000 in stock-based compensation to a director and other professional consultants.

Our G&A expenses for the three month period ended February 28, 2011 and 2010 were approximately \$248,000 and \$301,000, respectively. Our G&A expenses for the three month period ended February 28, 2011 included approximately \$56,000 for public relations fees, of which \$28,900 of this amount was stock compensation for services; approximately \$106,000 for fees paid to auditors and other professionals associated with the audits and reviews of our financial statements and a registration statement; and \$52,000 for other outside professional services. The remainder of our G&A expenses for the three month period ended February 28, 2011 were working capital and corporate expenditures. Our G&A expenses for the three month period ended February 28, 2010 were primarily related to the audits of our financial statements and approximately \$249,000 in stock-based compensation to a director.

We accrued interest expense on related party notes payable in the amount of approximately \$1,200 and \$7,000 for the six month period ended February 28, 2011 and 2010, respectively, and \$1,000 and \$5,000 for the three month period ended February 28, 2011 and 2010, respectively. In December 2010, the notes payable principal balance of \$73,000 and accrued interest for the advances to certain officers were paid in full.

Our loss from operations for the six month period ended February 28, 2011 and 2010 was approximately \$429,000 and \$378,000, respectively, and approximately \$319,000 for both the three month period ended February 28, 2011 and 2010, respectively. Our net loss for the six-month period ended February 28, 2011 and 2010 was approximately \$427,000 and \$385,000, respectively. Our net loss for the three-month period ended February 28, 2011 and 2010 was approximately \$317,000 and \$324,000, respectively.

Liquidity and Capital Resources

As of February 28, 2011, we had a working capital surplus of approximately \$4,020,000, resulting primarily from our January 2011 Private Placement. We believe that we have sufficient capital to fund our planned operation through the end of calendar year 2011. During the six month period ending February 28, 2011, we invested \$10,356 in mineral properties. We purchased transportation and facilities equipment for our Round Top property in the approximate amount of \$25,000 during the six month period ended February 28, 2010.

Over the next twelve to eighteen months we plan to conduct significant geological studies, sampling and drilling at our Round Top property. The timing of these expenditures is dependent upon acceptance of our operating plan by the State of Texas and the subsequent availability of drilling contractors. We estimate these expenditures will total approximately \$2,200,000 for exploration costs, \$150,000 to file our initial plan of operations and permitting fees, \$115,000 in capital expenditures, and approximately \$725,000 in general and administrative expenditures.

Our exploration costs are estimated to be approximately \$2,200,000, and our timeline includes (i) conducting and interpreting an airborne geophysical survey planned for the third quarter of this fiscal year, (ii) drilling approximately 12,000 feet and the collection of approximately 5,000 samples that will be ongoing through January 2012, (iii) metallurgical analysis of these samples that will take place during this timeframe, (iv) onsite contract geological services that will be ongoing through February 2012, and (v) ongoing other expenditures over the next twelve months that are necessary to accomplish our exploration efforts. There is no assurance that we will be able to complete these activities in the timeframe set forth above, or at all.

We estimate that we will incur approximately \$150,000 in expenditures to file our initial plan of operations with the State of Texas and to acquire necessary permits. We intend to have our initial plan of operations filed with the State of Texas during the third quarter of this fiscal year. Approval of the operating plan will trigger an additional one time property cost of \$65,000. We will be required to pay a \$45,000 lease payment to the State of Texas in August 2011 for our Round Top project. We estimate that in June 2011 we will be required to pay a \$20,000 permitting and compliance fee to the Texas Railroad Commission, and in September and October 2011, we will be required to pay approximately \$20,000 for prospecting permits to the State of Texas for our Round Top project. The estimated timeframe for these payments, including the amounts, may change.

Our capital expenditures for the next twelve months are estimated to be \$115,000, which will include the following: (i) In March and April 2011 we will spend approximately \$26,000 for computer hardware and mining software; (ii) in June 2011, we intend to spend approximately \$75,000 to purchase transportation equipment and to construct a field office in June of 2011; and (iii) in September 2011 we intend to purchase ventilation equipment for our Round Top project for approximately \$10,000. The remaining \$4,000 will be spent on other miscellaneous equipment necessary for us to conduct our exploration. The estimated timeframe for these payments, including the amounts, may change.

We have estimated that our G&A expenditures, which will be spent ratably over the next twelve months, will total at least \$725,000. Payroll, payroll taxes, benefits and associated travel for four employees is estimated to be \$520,000 over this period of time. We estimate that we will incur professional fees of approximately \$120,000 over the next twelve months. These fees will be primarily associated with the audit and reviews of our financial statements and Exchange Act filings, which will occur after each quarter end and after our fiscal year end. The remainder of our G&A expenditures totaling \$85,000 will be spent on items necessary for us to conduct our general business affairs. It is possible that our G&A expenses will exceed these estimates, depending upon factors that are out of our control.

Our exploration activities will be carried out by our geologic staff and such qualified outside contractors as is necessary. At present we have an office/lab trailer at the Round Top project site and will expand these facilities as the project develops.

As of the date hereof, the Company is not able to quantify the amount of capital needed to fund its working capital needs after calendar 2011, nor is it able to quantify the amount of capital needed to develop the Round Top project. The amount of capital will be dependent upon the Company's business strategy to exploit the Round Top project. The Company intends to raise additional working capital through best efforts debt or equity financing, as we have no firm commitments for equity capital investments to any established credit facility. No assurance can be given that additional financing will be available, on terms acceptable to the Company. The Company's viability is contingent upon its ability to receive external financing. Failure to obtain sufficient working capital may result in management resorting to the sale of assets or otherwise curtailing operations.

Recent Financings

Between October 2009 and November 2010, the Company raised \$905,500 through the issuance of 2,263,750 shares of common stock and the issuance of Class A Warrants to purchase 2,263,750 shares of common stock and Class B Warrants to purchase 1,131,875 shares of common stock. Between November 2010 and January 2011, Class A Warrants to purchase 437,500 shares were exercised, and Class B Warrants to purchase 218,750 shares were exercised, resulting in \$382,813 of proceeds being raised by the Company. The final closing of this private placement was January 10, 2011.

Between January and February 2011, we entered into a series of transactions with accredited investors pursuant to which we sold an aggregate of 1,600,000 shares of our common stock and five year warrants to purchase up to 1,600,000 shares of common stock, exercisable at \$2.50 per share, for gross proceeds of \$4,000,000. As additional consideration for the purchase of the shares and warrants, the Company issued to the investors an option for 120 days from the date of investment to purchase up to 6,400,000 shares of common stock at \$2.50 per share with 100% warrant coverage through the issuance of warrants to purchase up to 6,400,000 shares of common stock at an exercise price of \$2.50 per share.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As smaller reporting company, as defined by Rule 229.10(f)(1), we are not required to provide the information required by this Item.

Item 4. Controls and Procedures**(A) Evaluation of Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and the Company's Interim Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company's management carried out an evaluation, under the supervision and with the participation of the Company's CEO and CFO, of the effectiveness of the design and operation of the Company's system of disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the material weaknesses described herein, the Company's CEO and CFO has concluded that the Company's disclosure controls and procedures were not effective, as of the date of that evaluation, for the purposes of recording, processing, summarizing and timely reporting of material information required to be disclosed in reports filed by the Company under the Exchange Act.

Because of its size, the Company did not have the resources necessary to hire full-time accounting personnel. On December 1, 2010, the Company hired a full-time CFO and employs the services of a contract bookkeeper. Because of the structure of our staff, we have a failure to maintain effective controls over the selection, application and monitoring of our accounting policies to assure that certain complex equity transactions are accounted for in accordance with generally accepted accounting principles.

Material Weaknesses Identified

We had significant deficiencies constituting material weaknesses as defined by the standards of the Public Company Accounting Oversight Board.

The material weaknesses identified were the lack of segregation of duties necessary to maintain proper checks and balances between functions and the lack of procedures to properly account for non-routine transactions.

The absence of qualified full time accounting personnel was a contributing factor to the problems identified. The specific circumstances giving rise to the weaknesses include utilizing the services of contract accountants on a part time basis in the absence of internal accounting personnel.

(B) Changes in Internal Controls over Financial Reporting

In connection with the evaluation of the Company's internal controls during the Company's last fiscal quarter covered by this report required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, the Company's CEO and CFO has determined that there were no changes to the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

None.

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

The following table describes all securities we issued during the period covered by this report without registering the securities under the Securities Act.

Date	Description	Number	Purchaser	Proceeds (\$)	Consideration	Exemption (A)
January 2011	Common Stock	740,000	Private Placement Investors (9)	1,850,000	Cash	4(2)
January 2011	Warrants	3,700,000	Private Placement Investors (9)	-	Issued as part of placement	4(2)
January 2011	Options	2,960,000	Private Placement Investors (9)	-	Issued as part of placement	4(2)
January 2011	Common Stock	562,500	John C. Tumazos	328,125	Cash	4(2)
January 2011	Common Stock	93,750	Paul Lewis	54,688	Cash	4(2)
January 2011	Warrants	169,000	Sunrise Securities Corp.	-	Services rendered	4(2)
January 2011	Common Stock	30,000	Sunrise Securities Corp.	-	Services rendered	4(2)
February 2011	Common Stock	860,000	Private Placement Investors (5)	2,150,000	Cash	4(2)
February 2011	Warrants	4,300,000	Private Placement Investors (5)	-	Issued as part of placement	4(2)
February 2011	Options	3,440,000	Private Placement Investors (5)	-	Issued as part of placement	4(2)
February 2011	Options	500,000	Sunrise Securities Corp.	-	Services rendered	4(2)
February 2011	Warrants	319,000	Brokers	-	Services rendered/commissions	4(2)
February 2011	Options	60,000	Director	-	Services rendered	4(2)
March 2011	Options	150,000	Director	-	Services rendered	4(2)
March 2011	Options	60,000	Director	-	Services rendered	4(2)
March 2011	Options	400,000	Chief Financial Officer	-	Services rendered	4(2)
April 2011	Options	90,000	Director	-	Services Rendered	4(2)

(A) With respect to sales designated by "Sec. 4(2)," these shares were issued pursuant to the exemption from registration contained in to Section 4(2) of the Securities Act of 1933 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. We requested our stock transfer agent to affix appropriate legends to the stock certificate issued to each purchaser and the transfer agent affixed the appropriate legends. Each purchaser was given adequate access to sufficient information about us to make an informed investment decision. Except as otherwise set forth in this Quarterly Report on Form 10-Q, none of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. (Removed and Reserved)**Item 5. Other Information**

None.

Item 6. Exhibits

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

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Bylaws (filed as Exhibit 3.1 to the Form 10 filed with the SEC on October 10, 2008)
3.2	Amended and Restated Articles of Incorporation (filed as Exhibit 3.2 to the Form 10 filed with the SEC on October 10, 2008)
3.3	Amendment to Articles of Incorporation (filed as Exhibit 3.3 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
4.1	Form of Common Stock Certificate (filed as Exhibit 4.1 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.1*	Stock Option Plan (filed as Exhibit 10.1 to the Form 10 filed with the SEC on October 10, 2008)
10.2	Lease (filed as Exhibit 10.2 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.3	Form of Class A Warrant (filed as Exhibit 10.3 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.4	Form of Class B Warrant (filed as Exhibit 10.4 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.5	Form of Registration Rights Agreement (filed as Exhibit 10.5 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.6*	Director's Agreement (filed as Exhibit 10.6 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.7	Form of Subscription Agreement for January 2011 Investment (filed as Exhibit 10.7 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.8	Form of Warrant for January 2011 Investment (filed as Exhibit 10.8 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.9	Form of Registration Rights Agreement for January 2011 Investment (filed as Exhibit 10.9 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.10	Shareholders' Agreement (filed as Exhibit 10.10 to the Form 10-K for the fiscal year ended August 31, 2008 filed with the SEC on February 8, 2011)
10.11*	Director's Agreement for General Martin (filed as Exhibit 10.1 to the Form 8-K filed with the SEC on February 23, 2011)
31.1 ⁽¹⁾	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2 ⁽¹⁾	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1 ⁽¹⁾	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 ⁽¹⁾	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contract or compensatory plan or arrangement.

(1) Filed herewith.

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 RARE EARTH RESOURCES CORP.

Date: April 14, 2011

/s/ DAN GORSKI

Dan Gorski, duly authorized officer
and Principal Executive Officer

Date: April 14, 2011

/s/ WM. CHRIS MATHERS

Wm. Chris Mathers, Principal Financial Officer

Exhibit 31.1. Certification by Chief Executive Officer

I, Dan Gorski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Texas Rare Earth 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 14, 2011

/s/ DAN GORSKI

Dan Gorski, Chief Executive Officer

Exhibit 31.2. Certification by Chief Financial Officer

I, Wm. Chris Mathers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Texas Rare Earth 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 14, 2011

/s/ WM. CHRIS MATHERS

Wm. Chris Mathers, Chief Financial Officer

Exhibit 32.1. Section 1350 Certification by Chief Executive Officer

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

In connection with the Quarterly Report of Texas Rare Earth Resources Corp. (the "Company") on Form 10-Q for the quarter ending February 28, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan 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/ DAN GORSKI

Dan Gorski, Chief Executive Officer

April 14, 2011

Exhibit 32.2. Section 1350 Certification by Chief Financial Officer

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

In connection with the Quarterly Report of Texas Rare Earth Resources Corp. (the "Company") on Form 10-Q for the quarter ending February 28, 2011, 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 14, 2011
