Trickle Research

Every raging river, every great lake, every deep blue sea starts … with a trickle

Research Update

TEXAS MINERAL RESOURCES CORP.

Texas Mineral Resources Corp.

(OTC: TMRC)

Report Date: 01/26/26

12- 24 month Price Target: $2.25

Allocation: 5

Closing Stock Price at Initiation (Closing Px: 02/18/20): $.84

Closing Stock Price at Allocation Increase (Closing Px: 03/30/20): $.60

Closing Stock Price at Target Increase & Allocation Decrease (Closing Px: 06/08/20): $2.03

Closing Stock Price at Allocation Upgrade (Closing Px: 09/27/21): $1.44

Closing Stock Price at Target Decrease (Closing Px: 08/07/23): $.92

Closing Stock Price at This Update (Closing Px: 01/26/26): $1.58

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Disclosure: Portions of this report are excerpted from Texas Mineral's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

We have not provided an update on TMRC for several quarters now, which is not a place we like to be with our coverage. However, that scenario is not necessarily atypical when covering early-stage pre-revenue companies, but in most cases, when we begin coverage of those names, our expectations are that over some reasonably foreseeable time frame, the Company will experience a fundamental valuation catalyst that will speak to much better valuations than those reflected in the share price at the time of our initiating coverage. Sometimes that takes longer than we anticipate. That said, a short review of where TMRC has been since our initing coverage *nearly 6 years ago*, may be enlightening.

To recap, TMRC's major asset is an approximate 18.715% interest in a 950-acre rare earths project referred to as "Round Top", located in Hudspeth County, Texas. The balance of the Round Top project is owned by USA Rare Earth, Inc. (NASDAQ:USAR). In short, USAR entered into an agreement with TMRC in 2018, which included among other things, USAR providing funding for Round Top with a goal of getting it into production, in exchange for 70% of the project, with an opportunity to purchase an additional 10% (for a total of 80%), which USAR ultimately exercised. Subsequently, TMRC's share of the project has been diluted to approximately 18.715% as a result of an arrangement whereby TMRC would relinquish additional portions of their ownership in leu of their share of cash for ongoing development costs required to advance the project. That said, conceptually, given that respective share of Round Top, one might expect TMRC's valuation to trade in some reasonable proximity to 18.7% of USAR's valuation. That has not been the case historically and today, TMRC trades at about 3% of USAR's market cap. Here's the rub…

First, while we think it is fair to suggest that Round Top is a major asset for USAR, it is not their *only* asset. In addition to Round Top, USAR also owns and has been advancing a rare earth magnet facility in Stillwater, Oklahoma. As we understand it, they intend to have that plant operational in the current calendar year. In addition, in November 2025, USAR completed the acquisition of UK based Less Common Metals ("LCM"), which is *"the leading scaled ex-China rare earth metal and alloy manufacturer, with established leadership in Samarium, Samarium Cobalt and Neodymium Praseodymium metals and alloys".* Succinctly, TMRC has no ownership or other interest in any of USAR's non-Round Top assets, which speaks to, perhaps significantly, the disparity of their relative market capitalizations we noted above.

Second, it appears to us that USAR's most imminent focus has been on standing up their magnet facility, as well as acquiring LCM, and that focus has perhaps delayed development at Round Top, which is obviously not optimal for TMRC. For instance, the following narrative is from TMRC's **August 31, 2023** 10K filing:

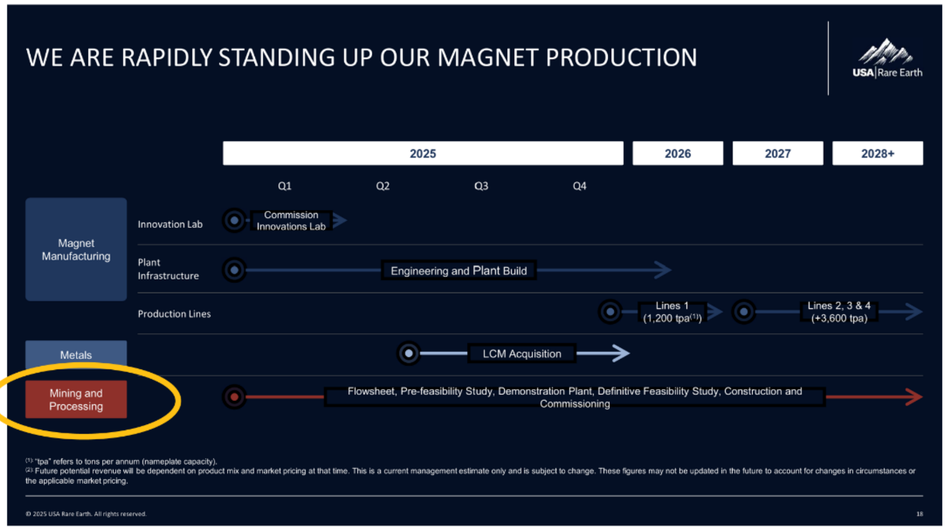
> *"USAR has advised the Company that it (i) currently expects that (A) a PFS (pre-feasibility study) reflecting this work should be completed during calendar 2024 and (B) a small manufacturing unit should be established to begin processing Round Top Project ore in calendar 2025, and (ii) believes that Round Top remains an attractive venture and is in the process of updating the Round Top Project economic model".*

Here is the corresponding comment regarding Round Top from TMRC's **August 31, 2025** 10K filing:

> *"USA Rare Earth, LLC ("USAR"), the operating manager of the Round Top project, continues to progress the Round Top Project toward operations. Over the last three years, Round Top achieved several milestones including: (i) favorable breaker trials with the goal to increase mine throughput; (ii) favorable CIX separation trials for rare earth elements indicating that the CIX technology employed can extract commercial quality rare earths from the Round Top Project ore; and (iii) favorable membrane concentration trials. The USAR Round Top team continues to pursue its plan to determine an efficient means of managing alumina content, to add gallium to its output and to maximize the value of the lithium content".*

To put the above timeline into perspective, USAR's most recent presentation (dated November 2025) notes that they have completed a *"flowsheet and are moving to Pre-Feasibility Study phase"* at Round Top. Clearly, their plans for Round Top have experienced considerable delays. **Table 1** below is USAR's current Gantt chart, which reflects the timeline they anticipate for Round Top development:

Table 1.



Succinctly, while we believe USAR clearly continues to view Round Top as an integral piece of their turnkey rare earth production strategy, we think they have obviously aligned the priorities properly, regardless of how that may impact TMRC. Here again, this all speaks to what the proper valuation of TMRC's portion of Round Top might be, keeping in mind that their "share" has been shrinking as they have been paying for their portion of development costs with that dilution.

Third, on 01/25/26 prior to the U.S. market opening on Monday 1/26/26, UK based Financial Times, released the following (US to invest $1.6bn into rare earths group in bid to shore up key minerals) :

> *The Trump administration is planning to inject $1.6bn into an American rare earths company, its biggest investment in the sector, in Washington's latest foray into private industry to shore up supplies of key minerals.*
>
> *The US government will receive a 10 per cent stake in USA Rare Earth, a publicly traded Oklahoma-based miner that controls significant US deposits of heavy rare earths, according to people familiar with the matter.*
>
> *The government investment and a separate $1bn private financing deal are expected to be announced on Monday, according to people familiar with the situation.*
>
> *One person said the government would get 16.1mn shares in USA Rare Earth and warrants for another 17.6mn, both at a price of $17.17. The government agreed to pay $277mn for the equity, giving it an implied gain of $490mn for the equity and warrants based on the current share price of $24.77.*
>
> *USA Rare Earth will also receive $1.3bn in senior secured debt financing at market rates from the government. The money will come from a finance facility created for the commerce department as part of the CHIPS and Science Act passed in 2022. A commerce official said the department completed the transaction directly with the company.*

> *Talks progressed rapidly this week as investor interest returned to critical mineral stocks after President Donald Trump said Washington had reached the "framework" for a deal that could include access to Greenland's untapped critical mineral wealth. One person familiar with the situation noted that the USA Rare Earth deal was unrelated to Greenland.*
>
> *USA Rare Earth declined to comment. The commerce department declined to discuss the deal. But an official in the Chips office — a part of the commerce department housed at the National Institute of Standards and Technology that led the negotiations — said it was "focused on onshoring critical and strategic mineral essential to the semiconductor supply chain and US national security".*
>
> *USA Rare Earth has separately tapped Cantor Fitzgerald, the Wall Street firm previously owned by commerce secretary Howard Lutnick and now run by his sons, to raise more than $1bn in fresh equity financing, the people said. It is not directly related to the deal with the government.*
>
> *The deal marks the latest example of the Trump administration's efforts to intervene in parts of the private sector viewed as critical to US national security, including taking a 10 per cent stake in chipmaker Intel and negotiating a so-called golden-share agreement in US Steel.*
>
> *USA Rare Earth, which has a market value of $3.7bn, is developing a huge mine in Sierra Blanca, Texas that it says contains 15 of the 17 rare earth elements underpinning production of cell phones, missiles and fighter jets. It also plans to open a magnet production facility in Stillwater, Oklahoma.*

We think this event speaks to the potential for acceleration of development/commercialization at Round Top, which is clearly constructive for TMRC. As of this writing, the shares finished up $.63 per share to $1.58 or 66+% for the day. While we think that move is probably appropriate, at least from the standpoint that we think the announcement should make TMRC's share of Round Top more valuable today than they were at the close on Friday (01/23/26), we still are not sure how to value that share. To reiterate, that endeavor is among other things, complicated by the shrinking nature of TMRC's share as further Round Top development advances. To that end, we would note the following.

In addition to the capital ostensibly being provided by the Commerce Department, USAR is also apparently raising an additional $1 billion through the sale of equity. According to USAR's recent presentation, they had a *"$400+ million cash position as of November 3, 2025"*, so the new capital should put them in a very liquid position. In that regard, and **this is purely our speculation**, we have always believed that the endgame for TMRC was/is a purchase of their portion of Round Top by some sort of strategic entity. It has never made much sense to us to be a public Company whose major asset is a minority stake in the project *of another public company*. If we are honest, in retrospect, our expectation was that it would have happened before now, and that optimism was based in part on the time frames that USAR has laid out in past disclosures referencing their plans for Round Top. Again, we understand, and agree with the prioritization of *their assets*, but our sense is that those prioritizations, and more specifically the lack of visibility they created around the development of Round Top, probably delayed a potential liquidity event for TMRC. That said, *we still believe* a purchase of TMRC's share of Round Top is the most likely outcome here, as *we still believe* the most logical buyer is USA Rare Earths. Perhaps, USAR's improving liquidity profile will provide the basis for that sort of transaction, but again, **that is purely our speculation**.

Lastly, we recognize that our speculation still does not provide a good sense of what the value of TMRC's share of Round Top should be. To reiterate, that notion is complicated by their shrinking share of the project in leu of cash to fund their share of the development.

As far as we can decipher, annual Round Top development over the past few years has been in the neighborhood of $20 million. So, on the "back-of-the-napkin", we know that at the end of fiscal 2024 TMRC's share of the project was 19.323%, but by the end of fiscal 2025, that share had decreased by .605% to 18.715%. If we understand the agreement properly, if the project development costs in 2025 were $20 million, 19.323% of those costs or about $3.9 million were TMRC's responsibility. They paid that portion by accepting the .605% dilution noted above. That would imply that .605% of their share was worth $3.9 million. Extending that math, if .605% is worth $3.9 million, then the current 18.715% should be worth about 31X $3.9 million ($18.715 \div .605 \approx 31$) or about $121 million, which is slightly less than the TMRC's market capitalization of $129 million at today's close. Put another way, these numbers imply that each 1% of TMRC's share of Round Top, will support about $37 million of additional development. If our math is correct that would suggest that if Round Top development to commercialization will require another roughly $425 million of development (another number we have backed into), TMRC could end up with roughly 7% of Round Top by the time it gets to commercialization. Of course that is all again, back-of-the-napkin and completely hypothetical and we submit, it is unclear to us how the exchange rate (share of the project in leu of cash) is determined. For instance, does the news from yesterday, ala the investment by the commerce department impact that exchange rate?

From a more practical standpoint, to reiterate, we think the most logical buyer of TMRC's Round Top asset is USAR. On the other hand, it certainly does not have to be, and we would think, especially as news that supports its ultimate development unfolds, the underlying value of that share should become more apparent. That notion could keep USAR from potentially exploiting TMRC through the current share in leu of cash arrangement. That is, it seems conceivable to us that TMRC might be able to find a financier for their portion of the project development if the current arrangement with USAR ends up not properly reflecting the value of TMRC's underlying share. That scenario hints that USAR *may actually be* looking at "exploiting" TMRC in that way in the first place. To that end, in our past discussions with TMRC management, which admittedly we have much less often today than we used to, we have always gotten the impression that TMRC's generally regarded USAR as a fair and decent partner. Without going too far down that rabbit hole, we could envision different scenarios, especially if a hypothetical transaction with USAR were clearly inadequate, but our bet remains on a fair arrangement with USAR. Moreover, given the new developments and despite our prior math, we are inclined to stick with our prior price target for now. We would add, the stock breeched our price target in October (2025), so in retrospect we probably should have done something at that point (either raised the target, reduced our allocation or terminated the coverage), but frankly, the move was so short lived we didn't have a chance. That being the case, we would also add, we hope our subscribers do not hesitate to sell shares of a coverage stock that breeches our target because we have not specifically provided an immediate update. For future reference, proprietary subscribers are always welcome to send an e-mail, text or phone call if/when that happens to get our take. Specifically, some of you did that during the October run in the shares.

For now, we reiterate our price target of $2.25 and our allocation of 5 on TMRC shares.

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Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals $250) and 10 representing 10 investment units or $2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit $25,000 to buying micro-cap stocks, that would assume an investment of $1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at $1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same $250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting $1000 into the position ($250 * 4). If we later raise the allocation to 6, you might consider adding two additional units or $500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Speculative Buy" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.