John Tumazos Advisory and Compensated Research, LLC 2/18/2014
11 Yellow Brook Road, Holmdel, NJ 07733 732 444 1083
johntumazos@comcast.net www.advisoryandcompensatedresearch.com

TEXAS RARE EARTH RESOURCES (TRER $0.42, no rating) PAIR OF LETTERS SENT TO BOARD OF DIRECTORS

- We wrote to the Board of Directors today emphasizing the importance of selling the company and discouraging any joint venture, stock offering or continued operation that may be "value destructive."
- We wrote the Board of Directors a second letter today discussing specific metallurgy issues, such as the $2/tonne estimated leaching cost cited in the December 20, 2013 preliminary economic assessment. The TRER sulphuric acid heap leaching process is a new invention customized to its unique ores that metallurgists and other mining professionals have many questions about.
- Gustavson Associates estimated a 69% pretax IRR for TRER in the December 20, 2013 preliminary economic evaluation for sulphuric acid heap leaching with a $293 mm cap ex budget. Key assumptions were (1) exclusion of Be, Li, U, Th and Rb not yet incorporated into mineral resource, (2) exclusion of 82% of the resource tonnage and multiple exploration zones, (3) use of spot prices, (4) 10% contingency for operating expenses, (5) 25% contingency for cap ex, (6) the $2/tonne leaching cost discussed in second letter below and (7) $1.90/tonne mining cost for earthmoving prior to processing.

Disclosure of our conflicts of interest: We made a venture capital investment of $478,125 in 937,500 shares and warrants all paid and exercised by November 12, 2010 representing 3.97% new shares. Separately, on February 3, 2011 TRER engaged our affiliate, John Tumazos Very Independent Opinions, LLC, to advise it in mergers, acquisitions, joint ventures or introduce capital raisings or other advisory assignments as may arise. On February 1 and 15, 2011 and June 10, 2011 TRER disclosed warrant financings, where it met investors contributing $16.5 of the $19.6 million raised at our November 9, 2010 mining conference in New York. It paid us 1%, or $165,000, plus 149,000 warrants at $2.50.

In mid-2012 we were nominated to join the Board of Directors in a proxy filing of shareholders unhappy at the $2.13 billion cap ex proposed in the prior June 15, 2012 preliminary economic evaluation. Yours truly John Tumazos served as Board Chairman from August 6, 2012 to May 27, 2013. I own 1.89 mm TRER common shares and options and warrants for 0.57 mm more expiring in 2014 and 2016, and have done no trades since resigning. My updated SEC 13D was filed June 15, 2013 after my resignation from the board. After 90 days after May 27, 2013 my status as an "insider" ceased.

February 18, 2014 (Corporate Direction letter)

Dan Gorski and Board of Directors
President and CEO
Texas Rare Earth Resources
539 El Paso Street
Sierra Blanca, TX 79851

Dear Dan and other Directors,

Congratulations on the publication of the publication of the December 20, 2013 technical report signed by Don Hulse, Bill Crowl and Dr. Deepak Molholtra. The report embraced the TRER business concepts, erased skepticisms voiced last Spring and highlighted the upside of our valuable minerals.

The Board should recognize that the August 2012 reorganization, closure of the Denver office, and staff reductions were “transitional” in nature, and not suitable for a long-term financing or permanent operations. None of the investors in 2011 expected Dan to be the CEO in 2011, 2014 or afterwards. Lenders or equity investors expect a “conventional organization” with a CEO and CFO perhaps 20 years younger and a management team. Certainly the recent TRER Board of Directors accessed a greater talent pool than money could buy, for which we are all grateful, but financing continued operations requires more than a talented “Volunteer Board.”

The climate to raise another $20 mm or so financing, as TRER achieved in 2011 mostly by accessing my clients, has totally reversed. Many resource investors had client withdrawals from their funds, were fired, shut down or simply refuse to consider mining stocks any more. The largest investor in your 2011 financings closed its fund in October 2012. Vinik Asset Management in Boston shut down in May 2013 after Barrick and other gold stocks were among its largest holdings, where one of its key personnel would not attend my two Boston Harbor Hotel investor conferences virtually next door to his apartment because he owned Stillwater Mining that fell 67% in July 2011 after it bought an Argentine copper property. The Toronto Global and Mail has documented the decline of Sprott, whose shares fell over 70% from peaks. Molycorp has fallen over 90%. The metals resource industries have written off over $260 billion in one-time charges since calendar 2008 and mining experts have little credibility.

In my opinion, the TRER Board should be forming a calendar 2015 budget at $0.5 million, $1 mm, $2 mm or $3 mm in the event that the smallest possible outlay does the least injury to your shareholders via dilution. Such a “treading water” budget will involve choices between first priorities such as (1) several infill holes to upgrade resources from “inferred,” (2) reassaying the entire database to incorporate Lithium, Beryllium, many different iron minerals, many different potentially acid consuming minerals or others and (3) minimum lease payments to the General Land Office. Tough choices face you and the failure to act decisively will harm shareholders. Candidates for cost reduction include the monthly payments to Dorsey Whitney, salaries potentially cut to 2 or 3 day weeks, travel expense remuneration, directors’ fees or the $13.3 mm “definitive feasibility study” budget your independent outside experts estimated. Mining scientists tend to work cheaper as projects are fewer.

You should investigate any possible federal or state funding assistance, such as postponement or deferral of lease fees, and probably you have already engaged the assistance of the Texas Congressional Delegation. The U.S. Dept. of Defense, U.S. Dept. of Energy and the U.S. Geological Survey are natural constituencies to support TRER.

In my opinion, the best outcome is to sell 100% of TRER for cash or a combination of at least half cash and stock in the successor operating company. It is better to sell 100% of the company for “x” rather than issue stock for half of “x.” A way to “tread water” may be to sell in advance either an offtake right, a revenue royalty or one product such as Lithium, Beryllium or Uranium after you document ore grades.

In my opinion, the worst outcomes are to form a joint venture or issue shares. Good geology companies like Duluth Metals (an over $200 billion in situ resource with 1.5% copper-equivalent grades with 30 mm oz Pt, Pd, Au in Minnesota) or U.S. Minerals Exploration (found Montana Tunnels gold mine that operated 22 years, Green Springs and Kinsley Mountain in Nevada) have been undermined with the fine print of joint ventures, such as no payback until the acquirer earns a double-digit return or a huge “joint venture company” costing the junior $1 or $2 mm per month. A minority joint venture stake often has zero resale or stock market value because it has no offtake rights, no direct revenue, no control and reduced information flow.

A “carried 50% stake” would offer the new operator a 35% and the TRER shareholder the other half of a roughly 35% pretax return based on the December 20th study and half of the Day One profits. Any JV or retained stock interest requires TRER to trust the judgment of another company. Any joint venture “with teeth in it” would require TRER representatives on a Board or operating committee to exercise oversight, which involves further costs and delays cash payments to TRER shareholders from selling out.

I write to you as a former Board chairman owning 1.89 mm shares and 0.57 mm in options and warrants, which expire in 2014 and 2016.

Faithfully,

John C. Tumazos, CFA
11 Yellow Brook Road
Holmdel, NJ 07733

February 18, 2014 (Metallurgy letter)

Dan Gorski, President and CEO
Board of Directors
Texas Rare Earth Resources
539 El Paso Street
Sierra Blanca, TX 79851

c.c. Dr. Deepak Malhotra, RDI
Don Hulse, Gustavson

Dear Dan and other Directors,

Congratulations on the publication of the publication of the December 20, 2013 technical report, which embraced the new TRER business concepts, erased skepticisms voiced last Spring and highlighted the upside of our valuable minerals.

The purpose of this letter is to discuss the common reactions of mining professionals, especially metallurgists, some of whom cannot believe the progress the team has made. Some metallurgists do not believe the roughly $2/tonne estimated “leaching costs” and worry about or imagine problems with heap leach permeability, kinetics, ore fines, “decrepitation” (the acid creating new fines), acid consumption, acid cost, ease of operation, maintenance costs, etc.

In general, metallurgists may accept the general concept and capital expenditures, but have substantial doubts about the operating costs and thus rates of return. Attached as an appendix are the feedback of one Phd in metallurgy, Dr. Paul West-Sells, who is CEO of Western Copper and Gold which has a 120,000 mtpd mill and $2.5 billion cap ex target in the Yukon. Paul’s comments are a typical “first reaction.”

It is urgent to reassay the database for Li, Be, various iron minerals, total iron, other potential acid consuming minerals, clays or specific elements of the mineralogy that address the ease of leaching, permeability and acid consumption. On January 6th Dr. Nick and Dr. Jim each eloquently described that the acid passes over “glassy minerals” like quartz to focus on the payable minerals, but more specific knowledge may help.

You probably have good ideas about the best ways to retest, verify and communicate acid consumption results.

My small suggestion to address “maintenance costs” concerns is a simple experiment, placing 8 to 12 transparent “fish tanks” out in the desert at Round Top or the Sierra Blanca office. It may be an easy and cheap test to “bath” ordinary carbon steel, a type 304 (8% Ni, 18% Cr) or 316L (add 3% moly) stainless steel, alloy 718 (56% Ni with little iron) or other materials in a solution of either a very high H_2SO_4 acid strength or a combination of the sulphuric acid with the ores. The logic behind bathing the building materials in both acid and an ore-plus-acid solution are to determine how quickly the target acid strength dissolves metal or if the ore itself is corrosive or reacts to make the acid more corrosive. Gold autoclaves in Russia, hydromet nickel plants in Western Australia and other metallurgy processes had such equipment issues. Bathing the metals in acid for a year or more on site subject to desert heat extremes may be a useful test.

I write to you as a former Board chairman owning 1.89 mm shares and 0.57 mm in options and warrants, which expire in 2014 and 2016. I appreciate all of your efforts. Thank you.

Faithfully,

John C. Tumazos, CFA
11 Yellow Brook Road
Holmdel, NJ 07733

Appendix: Correspondence with Dr. Paul West-Sells with permission

From: Paul West-Sells
Sent: Monday, February 10, 2014 3:15 PM
To: John Tumazos
Subject: Re: "decrepitation"

Decrepitation is rock being reduced to smaller rocks by a process. In your google definition (1) below this is by heat. In an acidic heap this is by acid.

What happens in practice is the amount on fine material in the heap - say the percentage of material that has a particle size less than 0.1 mm - increases during leaching. If the percentage gets too high you will not be able to pass solution through the heap and your heap will "flood" or begin to show puddles on the surface.

It is standard to look at this during the feasibility design of a heap but should be looked at much earlier.
Paul

From: Paul West-Sells
Sent: Monday, February 10, 2014 12:09 PM
To: John Tumazos
Subject: Re: TRER

John,

Feel free to share my comments.

I sent Randy's contact as a separate email.

Regards,

Paul

From: Paul West-Sells
Sent: Friday, February 07, 2014 3:54 PM
To: John Tumazos (john@veryindependentresearch.com)
Subject: TRER

John,

I had a quick look at the Metallurgy and CAPEX and OPEX section on the December 2013 Roundtop PEA. A few comments:

1. 75 g/L acid as a leach solution will cause decrepitation of the ore. Determining what this will be and how it will affect solution transport through the heap will be important.
2. It is not clear how much of the solution needs to be bled off and neutralized to remove the leached iron and recover the rare earths, but this is what is going to dictate your acid consumption, and will be a lot higher than 1/50th of a tonne that you quoted if you are using 75 g/L acid.
3. CAPEX looks reasonable but OPEX looks low for leaching portion.

In my opinion the best consultant for acid heap leaching is a guy called Randy Scheffel – I've attached his contact information. He's a seasoned opinioned guy, but he's willing to think out of the box. He has probably been to every acid heap leach in the world and is worth talking to.

Regards,

Paul

Paul West-Sells, President & Chief Operating Officer | Western Copper and Gold Corp | Tel: 604.638.2495 | Email: pwest-sells@westerncopperandgold.com | TSX: WRN | NYSE MKT: WRN | www.westerncopperandgold.com **WE'VE MOVED** Please note our new address: 1800 – 570 Granville Street, Vancouver, BC, V6C 3P1

JOHN TUMAZOS ADVISORY AND COMPENSATED RESEARCH, LLC

John Tumazos Advisory and Compensated Research, LLC (JTACR) is a separate investment advisor registered with the State of New Jersey Bureau of Securities on June 27, 2011 as CRD # 157,606. **Under no circumstances will JTACR be commissioned by a mining or other publicly traded company simply to write a "paid" research report.** Its purpose is to include research reports after separate compensation has been received for an advisory service such as a fairness opinion, mergers & acquisitions advice, introductions of investors in a capital raising or other advisory services. Regulators presume that any "compensation" or potential compensation biases research reports, however small, and outside counsel advises us that we should not write about a company as "John Tumazos Very Independent Research, LLC" if compensated or seeking compensation.

We have created a separate web site, www.advisoryandcompensatedresearch.com to support JTACR. It is separate from our normal research investment advisor site, www.veryindependentresearch.com.

Paramount Gold and Silver, Galway Resources and Texas Rare Earth Resources have published favorable results from mineral properties after we received compensation. The purpose of JTACR is to remedy a "regulatory blackout," where we cannot publish research as "independent" under JTVIR after accepting compensation. The creation of JTACR remedies such a "regulatory gag," while openly communicating that we were compensated. It is possible that some institutional investors may consider it to be a "feather in the cap" of a small company that it engaged us to advise them in a transaction owing to our experience.

After receiving compensation from Paramount Gold and Silver in June 2010 for a fairness opinion in its acquisition of X-Cal Resources or from Galway Resources, Tara Gold Resources, Appia Energy, Focus Gold, Texas Rare Earth Resources in 2010 or potentially other companies in the future, John Tumazos Very Independent Research, LLC (JTVIR) refrains from publishing research reports on such companies.

We define "compensation" as any consideration that creates direct pretax income for any of our businesses, research or advisory or any of our employees personally. However, we do permit companies to defray expenses, and large companies' policies vary. Rio Tinto or Teck have invoiced us for charter aircraft. In contrast, we have accepted free air travel to mine sites from Vale within Brazil, Canada or Mozambique, from Agnico-Eagle to Finland, Chihuahua or Nunavut, Stonegate Agricom to Idaho, Freeport-McMoRan Copper and Gold In Arizona, Fortescue Metals to its mines, HudBay Mineral to Manitoba, Peru or Michigan, Goldcorp in Canada, Mexico and Argentina, Quadra FNX Mining in Nevada, Arizona and Sudbury, Brigus and VG Gold each to Timmons, Augen Gold to Swayze, Paramount Gold and Silver to Chihuahua, Goldcorp to Zacatecas, and many others. We do not define as "compensation" if Barrick Gold, Duluth Metals, Wits Gold or some other company picks up a group client lunch tab or buys us lunch alone. We do not define as "compensation" if a company charters an airplane to facilitate a research visit to a mine location without convenient commercial air service. We routinely invoice companies participating in our investor conferences $1,000 to $2,000 each to cover their pro rata expenses of the conference on a "Dutch Treat" basis, where we send each company a full expense accounting of our conferences as well.

The nature of the advisory services we have provided for compensation include (1) fairness opinions to the boards of directors of Paramount Gold and Silver, Tara Gold Resources, Tara Minerals Corp., and Augen Gold, (2) introductions to capital raising for Texas Rare Earth Resources and Appia Energy and (3) advisory on joint venture, strategy or capital raising for Galway Resources Victorio tungsten-molybdenum property.

As of September 30, 2011, Paramount Gold and Silver, Galway Resources, Tara Gold, Appia Energy and Focus Gold are eligible for JTACR research reports as having been "advised" and we have been "compensated." However, Texas Rare Earth Resources, Galway Resources and Quaterra Resources are the subject of current engagements, which may restrict our ability to write on them as regulators may presume we possess none-public information. In the past we have advised Duluth Metals, the Dorado Ocean Resources former subsidiary of Odyssey Marine Exploration and a private forest products company FXX, LLC without success and without receiving compensation.

Because of Texas Rare Earth Resources June 10, 2011 disclosure of a financing upon which we had advanced knowledge and introductions, the June 28, 2011 disclosure that its S1 registration statement was effective with the SEC, and a subsequent June 30, 2011

8K filing with the SEC describing both our advisory relationship and that no mergers and acquisition discussions currently are ongoing, we treat July 2011 as an “open window” in which JTACR may write on TRER and during which a group of our employees or outside sales representatives may buy an approximately 40,000 share block of TRER.

We will distribute JTACR reports to JTVIR paid subscribers free, the particular mining companies may distribute JTACR reports from time-to-time and eventually we may sell JTACR to its own subscribers for $5,000 annually after building up a coverage list.

We will monitor the financial returns of JTACR investment recommendations over time, and compare them to JTVIR returns. We expect that JTACR recommendations will provide much more volatile returns than the larger, more established companies JTVIR covers as large as BHP Billiton, Vale or Rio Tinto. Under previous employment at Donaldson, Lufkin & Jenrette, John Tumazos participated in the sole managed IPOs of Huntco in 1993 and Reliance Steel & Aluminum in September 1994 at $3.225. Huntco subsequently went bankrupt after speculating on inventory and operating at low utilization rates. Reliance Steel & Aluminum, however, appreciated 16-fold to $51.32 as of May 20, 2011. It is inevitable that some companies will make better decisions than others.

CERTIFICATION OF OUR RESEARCH OPINIONS

I, John Tumazos, certify that the opinions written in all research reports are my own. I believe what we write, and from time to time I may buy or sell the shares we recommend after a 48 hour delay after publishing our reports following the advice we give. Further, I personally proofread and “click the pdf button” on virtually every report we publish except sometimes when I am abroad.

It is my management policy that any employee is welcome and encouraged to disagree with me at any time. We have active and vigorous internal debates concerning appropriate discount rates or long-term terminal growth rates to use in net present value valuations or other analytical issues. My team realizes that customers want to pay for my 30+ years of experience, but I encourage them to disagree, correct or provoke debate concerning any view to improve the quality our work.

DEFINITION OF A RESEARCH OPINION

We have target prices, investment ratings, earnings estimates and financial models for about 45 companies upon which we maintain regular research coverage.

The legal or regulatory definition of research, however, is more broad. Regulators consider any written or editorial commentary about a stock or publicly traded company to be “research.” However, a “recommendation” or “opinion” is not rendered unless there is a price target and specific buy or sell recommendation.

From time-to-time we visit very large, important global companies outside our research coverage. Our objective may be to be well informed about industry events, predict future mine output or "supply" in a particular market or to begin to learn about a complex company to begin future full research. We may need to learn and become familiar to provide inputs to our financial models. In May 2008 we published a partial report on Xstrata after visiting two of its mines in South America. In November 2008 we published a partial report summarizing our visits to the London headquarters of Xstrata and Anglo-American outside our coverage as well as Rio Tinto and Antofagasta PLC within our full coverage. In August 2009 we published two research reports on Severstal after visiting its Columbus, MS newest steel plant a second time. These "partial" reports contained no price target, investment rating, earnings estimates or financial models. Instead, they provided detailed descriptions of the important locations we visited or meetings in headquarters.

We provide research about commodities markets in general, "seminar highlights" on up to another 75 or more companies we host annually at our conferences outside our regular full research coverage and "partial reports." We have no price target, written investment opinion, earnings estimates or financial models (production, incomes statement, cash flow or balance sheet simulations) of such companies outside our coverage that speak at our March or November conferences. Any viewpoint we have without complete financial models or careful financial analysis is "winging it."

Our intent is in writing Seminar Highlights is to provide a one page written summary of each seminar participant company's presentation. We provide live open, public, unrestricted webcasts of each such corporate presentation at our conferences as a courtesy to each participating company, and archive each webcast under the "conferences" tab of www.veryindependentresearch.com.

Our clients should not automatically consider our invitation of a company to speak at our future conferences as a "Buy Recommendation" or complete endorsement. We may not have visited the mines or assets of some of these companies. Occasionally we invite a company to speak to learn more about them as a stage in our learning process. Knight Capital Group co-hosted our November 18-19, 2009 industry conference, providing us with "more hands" to administer the event and share costs. Knight Capital Group invited a company to speak as well. We have been approached by other broker-dealers interested in sponsoring or co-hosting our conferences, and our small team may accept help in hosting 275 or so guests at such a program.

ORGANIZATION OF JTVIR

John Tumazos Very Independent Research, LLC (JTVIR) is organized as an investment advisor in the State of New Jersey and regulated by the NJ Bureau of Securities. We publish about 20 research reports each month covering about 35 to 40 stocks in the metals commodities markets, forest products, aluminum, steel, gold, copper and other mining sectors. We travel abroad or domestically typically each month visiting companies. We host two Metals Conferences each year in which companies make presentations, which are archived for roughly one year at www.veryindependentresearch.com under the “conferences” tab.

Currently we have over 30 paid clients in the U.S., Canada, Switzerland and U.K. Three of our clients have engaged us to write “custom studies” on pre-production mining stocks without any U.S. or global research coverage, including Skye Resources (an 11 bil lb nickel resource in Guatemala), Mercator Minerals (a copper-moly restart in Arizona) and JSW Steel’s 70%-owned Minera Santa Fe (48 sq km undrilled magnetic anomaly and associated iron ore properties in 3rd Region of Chile).

BOARD OF TRER AUGUST 6, 2012 TO MAY 27, 2013

On August 6, 2012 we joined the board of Texas Rare Earth Resources, and were elected Non-Executive Chairman. We made an early stage investment in the company after it obtained its core property in the fourth-quarter of 2010, and we and other activist shareholders believed there was room for improvement in its business plan and performance in 2012. We did not expect our participation in TRER to be indefinite, and believed that it will seek a larger mining company to help it complete its projects.

Up until this point we had declined all invitation to join Boards of Directors. We do not want distractions or other activities to weaken JTVIR, LLC. Further, we have a “team psychology” and a large commitment to one another within JTVIR, LLC.

On May 27, 2013 we resigned from the Board of Texas Rare Earth Resources. We were pleased that metallurgical research into sulphuric acid heap leach processes made advances, which determined an alternative process requiring 10% to 20% of the cap ex proposed in the prior June 15, 2012 NI 43-101 study.

We thought it was time to sell the company, and move on. The 2010 identification and possession of the property and the 2013 metallurgical advances added value, and we thought a larger organization would better develop the production plant. We have not sat on any other Boards.

JTVIO

John Tumazos Very Independent Opinions, LLC (JTVIO) is a separate company providing various services “other than” investment research sold to institutions in JTVIR. Counsel advised any other activities be organized separately.

Such other activities have involved < 5% of our time.

In general, we may provide investment banking or advisory services mostly to sub-$100 mm mining companies that have defined a “deposit,” but need more capital after a discovery for infill drilling, bulk metallurgical testing, definitive feasibility study or the capital outlays to build a mine. The “research coverage” of JTVIR largely involves very large companies with completed steel, aluminum, forest products or mine plants with market capitalizations usually between $1 and $250 billion. Historic companies often over one century old, such as Alcoa or U.S. Steel or BHP Billiton, will use top ten commercial or investment banks for advisory services and we make no attempt to be engaged by them owing to their long historic relationships.

We prefer to advise companies without revenues, which large investment banks like Goldman Sachs, JP Morgan, Morgan Stanley or BMO often avoid. Such mining companies without revenues are not as competitively over-banked, and many of the geologists are quite gifted and have extremely promising projects.

We have accepted compensation from Texas Rare Earth Resources and Appia Energy, a private concern, related to introducing investors to them.

In August 2011 we advised the Board of Directors of Augen Gold that a hostile tender offer from Trelawney Mining was "inadequate by $300 mm." Augen Gold paid us, but retained separately Canaccord Genuity to render the fairness opinion that we did not render.

On October 6, 2010 we were engaged by Dorado Ocean Resources Limited, a privately held company. That assignment has concluded without success or compensation.

On October 9, 2010 we were engaged by Tara Gold Resources to evaluate the fairness of their September 13, 2010 proposed merger to amalgamate with Tara Minerals, which it terminated on March 7, 2011. That assignment took a different form, however, as Tara Gold Resources adapted to new developments. We delivered a "structure opinion" to Tara Gold Resources and Tara Minerals on May 20, 2011 that the cancellation of the announced September 13, 2011 merger was "fair."

On June 24, 2010 we delivered a Fairness Opinion to the board of directors of Paramount Gold and Silver in their acquisition of X-Cal Resources, Ltd concerning the Sleeper gold mine near Winnemucca, NV formerly operated in 1986-1996 by Amax Gold and having past output of 1.66 mm oz gold and 2.3 mm oz silver plus 26,000 oz of placer gold almost one century ago. We covered Amax Gold and its parent companies, Amax Inc. and Cyprus Amax Minerals, as an analyst during its 1986-1996 former period of operation. We have received compensation from Paramount Gold and Silver.

On June 3, 2008 Galway Resources engaged JTVIO to commercialize its Victorio, New Mexico molybdenum-tungsten deposit containing over 200 mm pounds of each mineral in situ, which is JTVIO's first activity (see www.galwayresources.com June 3, 2008 press release). We have received compensation from Galway Resources. That assignment concluded, as Galway determined to take its moly-tungsten project in Canada using a new publicly traded listed vehicle.

These past engagements pose no "conflict of interest" with JTVIR research coverage as long as JTVIR does not cover or write on Paramount Gold and Silver, Galway Resources, or other sub-$250 mm market cap emerging companies. However, subsequently Galway

Resources has documented gold occurrences on Galway grounds and begun drilling. After our November 6-12, 2009 trip to the California gold district of Colombia, we published research reports on Greystar Resources and NOT Galway Resources to avoid conflicted research. We omitted Galway Resources from our "Conference Highlights" report even though it spoke at our November 19, 2009 conference in a similar vein to avoid conflicted research.

Two other small capitalization companies, which we have not named as they have not made disclosures, engaged us to sell assets or negotiate joint ventures. These assignments expired without success or compensation, and we forfeited one year "follow on" periods. We may have occasional discussions with others.

Knight Capital Group asked us to "introduce" capital raising clients to it, principally in the range of $100 mm to $1 billion market capitalization emerging mines. Knight paid us nothing, and enjoyed no success. We have terminated that relationship.

JTVIO envisions merger advisory, "second opinion" critiques of investment banking advice, strategic consulting, valuation opinions, fairness opinions, mine technical services such as "Third Party Reviews" of technical studies or other corporate services.

JTACR

John Tumazos Advisory and Compensated Research, LLC (JTACR) is a separate investment advisor registered with the State of New Jersey Bureau of Securities on June 27, 2011 as CRD # 157,606. **Under no circumstances will JTACR be commissioned by a mining or other publicly traded company simply to write a "paid" research report.** Its purpose is to include research reports after separate compensation has been received for an advisory service such as a fairness opinion, mergers & acquisitions advice, introductions of investors in a capital raising or other advisory services. Regulators presume that any "compensation" or potential compensation biases research reports, however small, and outside counsel advises us that we should not write about a company as "John Tumazos Very Independent Research, LLC" if compensated or seeking compensation.

We have created a separate web site, www.advisoryandcompensatedresearch.com to support JTACR. It is separate from our normal research investment advisor site, www.veryindependentresearch.com.

During the second half of 2011 JTACR has published research reports on Texas Rare Earth Resources, Paramount Gold and Silver and Galway Resources. In January 2013 we published research on two spinoffs, Galway Gold and Galway Metals. Thus, it was published only on these five companies, and represents < 10% of our personnel's company research and < 5% of our written research report output.

POTENTIAL MONEY MANAGEMENT ACTIVITIES

We manage my own money and one client account. Our trades conform to our published research and follow publication by a minimum of two business days. Client recommendations have first priority.

In November 2011 we accepted our first customer money management account, and we are beginning to set up an account and legal agreement to manage money for him. We are in the process of completing such paperwork.

Money Management for clients could be another line of business. “Mine Development Fund” is a “current” project to establish a small fund to invest in post-discovery, large resource companies (over $2 billion in situ mineral value already defined) requiring financing to “build the mine” and grow. The target market cap of the companies in which it would invest would be $0.1 to $10 billion. Our detailed studies of emerging mines may prove synergistic across several applications. We have also considered creating sector ETFs, but determined there is more value-added in fund management.

Our published over 1,000 research reports to Since July 7, 2007 has concentrated on the metals commodities themselves, steel, aluminum, forest products and larger capitalization mines like Rio Tinto, BHP, Freeport-McMoRan Copper, Barrick Gold, etc. Only 7%-10% of our written research involves the “sub-$2 billion mine” size range that would be the focus of either JTVIO or Mine Development Fund. Thus, compliance issues or conflicts of interest would occur in a smaller subset of JTVIR coverage as JTVIR coverage involves larger caps, “established processing companies” or commodities. JTVIO or the buy-side Mine Development Fund will focus on much smaller companies

POTENTIAL MINE SERVICES ACTIVITIES

We do not aspire to have a “consulting” business billed by the hour. However, as a substantial user of mine feasibility study reports or other technical reports prepared at early stages after first discovery, sometimes we are very dissatisfied.

We have not yet launched such a service, but we may from time-to-time provide “Third Party Review,” critique or correct what we deem to be shortcomings in such mine scoping study or prefeasibility study reports. We do not seek to “second guess” scientific issues of mine engineering or metallurgy. However, we may differ with the mathematics of reserve determination, capital cost estimates, “simultaneity” of price and cost assumptions, various business planning issues, the opportunity to “phase” or subcontract to reduce initial capital costs or other financial issues. The “custom studies” we have provided to several buy-side JTVIR customers may resemble “Mine Services” future products presented as “Third Party Review” of mine technical studies.

JTVIR DISCLOSLURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation formed July 6, 2007 with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide "unbundled" metals, paper and fertilizer industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than "day trading" sorts of near-term issues.

Except for BHP Billiton, Norbord, Pan American Silver, FCX, Cliffs Natural Resources, Platinum Group Metals, SilverWillow Energy, VMS Ventures, Advanced Exploration Inc., New Gold, Vale, Anglo American, Allegheny Technologies, Tahoe Resources, Everton Resources, Majescor, Anglo Aluminum, Stonegate Agricom, Pretium, Detour Gold, Silvercrest Mines, St. Andrews Goldfields, Torex Gold, Premier Gold, Wits Gold, Virginia Mines, Paramount Gold and Silver, Entrée Gold, Claude Resources, Kirkland Lake Gold, Magellan Minerals, Argonaut Resources, Northern Superior, Connacher Oil and Gas, Duluth Metals, URU Metals, Appia Energy, Texas Rare Earth Resources Corp., Galway Gold, Galway Metals, Eco Oro (Greystar Resources), Pilot Gold, South American Silver, Renaissance Gold, and Atna Resources, neither JTVIR, its members or is employees own or have a financial interest in any securities discussed in this report or any reports we have published recently. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to "put his or her money where his mouth is" to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Until August 6, 2012 when we joined the board of TRER, we had declined all requests to join corporate boards as our existing business keeps us busy. However, our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees.

Our policy is full disclosure of any advisory relationship or conflict going back three years, except if our corporate clients have not disclosed the asset (or company itself) is for sale.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and Grupo Imsa and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA as of June 2007: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport-McMoRan Copper & Gold, and FNX Mining..

Dynatec, Alcan and Bowater are companies not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to takeovers. Smurfit-Stone Container and AbitibiBowater were dropped from JTVIR research coverage after they entered bankruptcy. Skye Resources and FNX Mining were dropped after full coverage initiation due to takeover. FNX Mining, Brett Resources, Linear Gold, Comaplex Resources, Skye Resources, Fording Coal, Gold Eagle Mines, International Royalty, Selkirk Metals, Franconia Minerals and Fronteer Gold are companies that have spoken, were scheduled or invited to speak at our conferences and later taken over, and UTS Energy successfully defended a takeover offer.

Subsequently, since September 2007 JTVIR, LLC has initiated regular coverage of new companies not previously covered in the former universe at the former Prudential Equities Group. These new companies include CF Industries, Teck, Agnico-Eagle Mines, Mercator Minerals, Skye Resources, General Moly, Inc., Duluth Metals, Polymet Mining, Greystar Resources, Vale, Xstrata, Anglo American, Packaging Corp. of America, Norbord, Rock Tenn, Quadra FNX Mining, HudBay Minerals, Alumina Ltd., Fortescue Metals, and Century Aluminum.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. Any statements nonfactual in nature constitute only current opinions, which are subject to change.

There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. John Tumazos Very Independent Research, LLC, and its affiliates, make no representation that the companies which issue securities that are the subject of their research reports are in compliance with certain informational reporting requirements imposed by the Securities Exchange Act of 1934.

If you did not receive this research report directly from John Tumazos Very Independent Research, LLC (“JTVIR”), you may be in violation of an existing subscription or copyright. Your access to, and receipt of, this report does not by itself operate to establish a relationship between you and JTVIR, as the case may be. Please note that JTVIR bears no responsibility for any recommendation(s) or advice that such firm or its representatives may provide to you, regardless of whether any such recommendation or advice is based in whole or in part on this report.

The views and the other information provided are subject to change without notice. This report and the others posted on www.veryindependentresearch.com are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a

Additional information on the securities discussed herein is available upon request**.** The applicable disclosures can be obtained by writing to: John Tumazos Very Independent Research, LLC, 11 Yellow Brook Road, Holmdel, NJ 07733 Attn: John C. Tumazos.