UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2019**
or

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to __________

COMMISSION FILE NUMBER 1-33926

TRECORA RESOURCES
(Exact name of registrant as specified in its charter)

DELAWARE	**75-1256622**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1650 Hwy 6 South, Suite 190 **Sugar Land, Texas**	**77478**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(281) 980-5522**

N/A
Former name, former address and former fiscal year, if changed since last report.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.10 per share	TREC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 _X_ No ___**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S–T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes _X_ No ___**

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

Large accelerated filer ___   Accelerated filer _X__

Non-accelerated filer ___   Smaller reporting company ___

Emerging growth company___

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). **Yes ___ No _X__**

Number of shares of the Registrant's Common Stock (par value $0.10 per share), outstanding atOctober 29, 2019: 24,714,980.

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Item Number and Description

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2019 (Unaudited)	December 31, 2018
	(thousands of dollars, except par value)	
ASSETS		
Current Assets		
Cash	$ 9,157	$ 6,735
Trade receivables, net	25,497	27,112
Inventories	13,285	16,539
Investment in AMAK (held-for-sale)	34,090	38,746
Prepaid expenses and other assets	3,726	4,664
Taxes receivable	182	182
Total current assets	85,937	93,978
Plant, pipeline and equipment, net	190,345	194,657
Goodwill	21,798	21,798
Intangible assets, net	17,551	18,947
Lease right-of-use assets, net	14,364	—
Mineral properties in the United States	562	588
TOTAL ASSETS	$ 330,557	$ 329,968
LIABILITIES		
Current Liabilities		
Accounts payable	$ 10,203	$ 19,106
Accrued liabilities	7,270	5,439
Current portion of long-term debt	4,194	4,194
Current portion of lease liabilities	3,247	—
Current portion of other liabilities	1,011	752
Total current liabilities	25,925	29,491
Long-term debt, net of current portion	85,143	98,288
Lease liabilities, net of current portion	11,117	—
Other liabilities, net of current portion	906	1,352
Deferred income taxes	16,646	15,676
Total liabilities	139,737	144,807
EQUITY		
Common stock-authorized 40 million shares of $0.10 par value; issued and outstanding 24.7 million and 24.6 million in 2019 and 2018, respectively	2,472	2,463
Additional paid-in capital	59,202	58,294
Common stock in treasury, at cost	(2)	(8)
Retained earnings	128,859	124,123
Total Trecora Resources Stockholders' Equity	190,531	184,872
Noncontrolling Interest	289	289
Total equity	190,820	185,161
TOTAL LIABILITIES AND EQUITY	$ 330,557	$ 329,968

See notes to consolidated financial statements.

TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2019	2018	2019	2018
	(thousands of dollars, except per share amounts)			
REVENUES				
Product sales	$ 59,111	$ 68,613	$ 185,933	$ 198,881
Processing fees	3,604	4,803	11,308	14,382
	62,715	73,416	197,241	213,263
OPERATING COSTS AND EXPENSES				
Cost of sales and processing				
(including depreciation and amortization of $3,254, $3,813, $11,611 and $9,480, respectively)	53,148	66,574	167,036	188,139
GROSS PROFIT	9,567	6,842	30,205	25,124
GENERAL AND ADMINISTRATIVE EXPENSES				
General and administrative	6,401	6,327	18,532	17,216
Depreciation	208	205	629	592
	6,609	6,532	19,161	17,808
OPERATING INCOME	2,958	310	11,044	7,316
OTHER INCOME (EXPENSE)				
Interest income	—	5	5	26
Interest expense	(1,211)	(924)	(4,111)	(2,617)
Loss on Extinguishment of Debt	—	(315)	—	(315)
Miscellaneous income (expense), net	74	(28)	330	(67)
	(1,137)	(1,262)	(3,776)	(2,973)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,821	(952)	7,268	4,343
INCOME TAX EXPENSE (BENEFIT)	238	(236)	1,412	854
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,583	(716)	5,856	3,489
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(1,002)	(893)	(1,120)	(531)
NET INCOME (LOSS)	$ 581	$ (1,609)	$ 4,736	$ 2,958
Basic Earnings per Common Share				
Net income (loss) from continuing operations (dollars)	$ 0.06	$ (0.03)	$ 0.24	$ 0.14
Net loss from discontinued operations, net of tax (dollars)	(0.04)	(0.04)	(0.05)	(0.02)
Net income (loss) (dollars)	$ 0.02	$ (0.07)	$ 0.19	$ 0.12
Basic weighted average number of common shares outstanding	24,717	24,483	24,689	24,397
Diluted Earnings per Common Share				
Net income (loss) from continuing operations (dollars)	$ 0.06	$ (0.03)	$ 0.23	$ 0.14
Net loss from discontinued operations, net of tax (dollars)	(0.04)	(0.04)	(0.04)	(0.02)
Net income (loss) (dollars)	$ 0.02	$ (0.07)	$ 0.19	$ 0.12
Diluted weighted average number of common shares outstanding	25,053	25,175	25,077	25,138

See notes to consolidated financial statements.

TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30

	TRECORA RESOURCES STOCKHOLDERS							
	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
	(thousands)				*(thousands of dollars)*			
June 30, 2019	**24,715**	**$ 2,472**	**$ 58,920**	**$ (2)**	**$ 128,278**	**$ 189,668**	**$ 289**	**$ 189,957**
Restricted Stock Units								
Issued to Directors	—	—	96	—	—	**96**	—	**96**
Issued to Employees	—	—	186	—	—	**186**	—	**186**
Common Stock								
Issued to Directors	—	—	—	—	—	**—**	—	**—**
Issued to Employees	—	—	—	—	—	**—**	—	**—**
Net Income	—	—	—	—	581	**581**	—	**581**
September 30, 2019	**24,715**	**$ 2,472**	**$ 59,202**	**$ (2)**	**$ 128,859**	**$ 190,531**	**$ 289**	**$ 190,820**
June 30, 2018	**24,311**	**$ 2,451**	**$ 56,365**	**$ (61)**	**$ 131,022**	**$ 189,777**	**$ 289**	**$ 190,066**
Stock Options								
Issued to Directors	—	—	—	—	—	**—**	—	**—**
Issued to Employees	—	—	—	—	—	**—**	—	**—**
Cancellation of Issuance to Former Director	—	—	—	—	—	**—**	—	**—**
Restricted Stock Units								
Issued to Directors	—	—	75	—	—	**75**	—	**75**
Issued to Employees	—	—	550	—	—	**550**	—	**550**
Common Stock								
Issued to Directors	—	—	159	41	—	**200**	—	**200**
Issued to Employees	—	—	(2)	1	—	**(1)**	—	**(1)**
Stock Exchange	—	—	—	—	—	**—**	—	**—**
Warrants	—	—	—	—	—	**—**	—	**—**
Net Income	—	—	—	—	(1,609)	**(1,609)**	—	**(1,609)**
September 30, 2018	**24,311**	**$ 2,451**	**$ 57,147**	**$ (19)**	**$ 129,413**	**$ 188,992**	**$ 289**	**$ 189,281**

See notes to consolidated financial statements.

TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30

	TRECORA RESOURCES STOCKHOLDERS							
	COMMON STOCK		ADDITIONAL PAID-IN	TREASURY	RETAINED		NON-CONTROLLING	TOTAL
	SHARES	AMOUNT	CAPITAL	STOCK	EARNINGS	TOTAL	INTEREST	EQUITY
	(thousands)				*(thousands of dollars)*			
January 1, 2019	**24,626**	**$ 2,463**	**$ 58,294**	**$ (8)**	**$ 124,123**	**$ 184,872**	**$ 289**	**$ 185,161**
Restricted Stock Units								
Issued to Directors	—	—	264	—	—	**264**	—	**264**
Issued to Employees	—	—	644	—	—	**644**	—	**644**
Common Stock								
Issued to Directors	10	1	—	6	—	**7**	—	**7**
Issued to Employees	79	8	—	—	—	**8**	—	**8**
Net Income	—	—	—	—	4,736	**4,736**	—	**4,736**
September 30, 2019	**24,715**	**$ 2,472**	**$ 59,202**	**$ (2)**	**$ 128,859**	**$ 190,531**	**$ 289**	**$ 190,820**
January 1, 2018	**24,311**	**$ 2,451**	**$ 56,012**	**$ (196)**	**$ 126,455**	**$ 184,722**	**$ 289**	**$ 185,011**
Stock Options								
Issued to Directors	—	—	(10)	—	—	**(10)**	—	**(10)**
Issued to Employees	—	—	154	—	—	**154**	—	**154**
Cancellation of Issuance to Former Director	—	—	(680)	—	—	**(680)**	—	**(680)**
Restricted Stock Units								
Issued to Directors	—	—	250	—	—	**250**	—	**250**
Issued to Employees	—	—	1,284	—	—	**1,284**	—	**1,284**
Common Stock								
Issued to Directors	—	—	82	78	—	**160**	—	**160**
Issued to Employees	—	—	130	155	—	**285**	—	**285**
Stock Exchange	—	—	(66)	(65)	—	**(131)**	—	**(131)**
Warrants	—	—	(9)	9	—	**—**	—	**—**
Net Income	—	—	—	—	2,958	**2,958**	—	**2,958**
September 30, 2018	**24,311**	**$ 2,451**	**$ 57,147**	**$ (19)**	**$ 129,413**	**$ 188,992**	**$ 289**	**$ 189,281**

See notes to consolidated financial statements.

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TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2019	2018
	(thousands of dollars)	
OPERATING ACTIVITIES		
Net Income	$ 4,736	$ 2,958
Loss from Discontinued Operations	(1,120)	(531)
Income from Continuing Operations	$ 5,856	$ 3,489
Adjustments to Reconcile Income from Continuing Operations To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	10,863	8,614
Amortization of Intangible Assets	1,396	1,396
Stock-based Compensation	904	1,002
Deferred Income Taxes	1,268	1,116
Postretirement Obligation	(28)	(817)
Bad Debt Expense	(19)	152
Amortization of Loan Fees	136	216
Loss on Extinguishment of Debt	—	315
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Trade Receivables	1,634	(4,160)
Increase in Insurance Receivables	—	(391)
Decrease in Taxes Receivable	—	4,029
Decrease in Inventories	3,253	622
Increase in Prepaid Expenses and Other Assets	914	(1,592)
Decrease in Accounts Payable and Accrued Liabilities	(6,031)	(2,977)
Decrease in Other Liabilities	267	96
Net Cash Provided by Operating Activities - Continuing Operations	20,413	11,110
Net Cash Used in Operating Activities - Discontinued Operations	(164)	—
Net Cash Provided by Operating Activities	20,249	11,110
INVESTING ACTIVITIES		
Additions to Plant, Pipeline and Equipment	(6,978)	(19,090)
Proceeds from PEVM	27	—
Net Cash Used in Investing Activities - Continuing Operations	(6,951)	(19,090)
Net Cash Provided by (Used in) Investing Activities - Discontinued Operations	2,697	(114)
Net Cash Used in Investing Activities	(4,254)	(19,204)
FINANCING ACTIVITIES		
Net Cash (Paid) Received Related to Stock-Based Compensation	(292)	441
Additions to Long-Term Debt	2,000	18,177
Repayments of Long-Term Debt	(15,281)	(12,260)
Net Cash (Used in) Provided by Financing Activities - Continuing Operations	(13,573)	6,358
NET INCREASE (DECREASE) IN CASH	2,422	(1,736)
CASH AT BEGINNING OF PERIOD	6,735	3,028
CASH AT END OF PERIOD	$ 9,157	$ 1,292
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 3,749	$ 2,663
Cash payments for taxes, net of refunds	$ 53	$ 209
Supplemental disclosure of non-cash items:		
Capital expansion amortized to depreciation expense	$ 426	$ 573
Foreign taxes paid by AMAK	$ 891	$ —
Stock exchange (Note 16)	$ —	$ 131

See notes to consolidated financial statements.

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TRECORA RESOURCES AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

Organization

Trecora Resources (the "Company") was incorporated in the State of Delaware in 1967. Our principal business activities are the manufacturing of various specialty hydrocarbons and specialty waxes and the provision of custom processing services. Unless the context requires otherwise, references to "we," "us," "our," and the "Company" are intended to mean Trecora Resources and its subsidiaries.

This document includes the following abbreviations:

(1) TREC – Trecora Resources
(2) TOCCO – Texas Oil & Chemical Co. II, Inc. – Wholly owned subsidiary of TREC and parent of SHR and TC
(3) SHR – South Hampton Resources, Inc. – Specialty Petrochemicals segment and parent of GSPL
(4) GSPL – Gulf State Pipe Line Co, Inc. – Pipeline support for the Specialty Petrochemicals segment
(5) TC – Trecora Chemical, Inc. – Specialty Waxes segment
(6) AMAK – Al Masane Al Kobra Mining Company – Held-for-sale mining equity investment –33% ownership
(7) PEVM – Pioche Ely Valley Mines, Inc. – Inactive mine – 55% ownership

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these unaudited financial statements do not include all of the information and footnotes required by GAAP for complete financial statements and, therefore, should be read in conjunction with the financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

The unaudited condensed financial statements included in this document have been prepared on the same basis as the annual financial statements and in management's opinion reflect all adjustments, including normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods presented. We have made estimates and judgments affecting the amounts reported in this document. The actual results that we experience may differ materially from our estimates. In the opinion of management, the disclosures included in these financial statements are adequate to make the information presented not misleading.

Operating results for the nine months ended September 30, 2019 are not necessarily indicative of results for the year ending December 31, 2019.

We currently operate in two segments, Specialty Petrochemicals and Specialty Waxes. All revenue originates from sources in the United States, and all long-lived assets owned are located in the United States.

In addition, we own a 33% interest in AMAK, a Saudi Arabian closed joint stock company, which owns, operates and is developing mining assets in Saudi Arabia. Our investment is classified as held-for-sale and and the equity in earnings (losses) are recorded in discontinued operations. See Notes 16 and 19.

Accounting Standards Adopted in 2019

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842),* as amended by ASU 2017-13, 2018-01, 2018-10, 2018-11, and 2019-01, in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under prior GAAP and disclosing key information about leasing arrangements. The new standard requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. The Company adopted ASC 842 in the first quarter of 2019 utilizing the modified retrospective transition approach. The Company has elected (1) the package of practical expedients, which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs for any existing leases as of the adoption date, and (2) the hindsight practical expedient when determining lease term and assessing impairment of right-of-use assets. In addition, the Company elected the practical expedients related to (1) certain classes of underlying asset to not separate non-lease components from lease components and (2) the short-term lease recognition exemption for all leases that qualify. The adoption of ASC 842 on January 1, 2019 resulted in the recognition of right-of-use assets of approximately $17.0 million and lease liabilities for operating leases of approximately $17.0 million on its Consolidated Balance Sheets, with no material impact to retained earnings or Consolidated Statements of Operations. See Note 8 for further information regarding the impact of the adoption of ASC 842 on the Company's consolidated financial statements.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, the FASB issued ASU No. 2017-4,*Intangibles - Goodwill and Other (Topic 350)*. The amendments in ASU 2017-4 simplify the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Instead, under these amendments, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss should not exceed the total amount of goodwill allocated to that reporting unit. The amendments are effective for public business entities for the first interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The Company has goodwill from a prior business combination and performs an annual impairment test or more frequently if changes or circumstances occur that would more-likely-than-not reduce the fair value of the reporting unit below its carrying value. During the year ended December 31, 2018, the Company performed its impairment assessment and determined the fair value of the aggregated reporting units exceed the carrying value, such that the Company's goodwill was not considered impaired. Based on the most recent assessment, the Company cannot anticipate future goodwill impairment assessments. The Company does not anticipate a material impact from these amendments to the Company's financial position and results of operations. The current accounting policies and processes are not anticipated to change, except for the elimination of the Step 2 analysis.

In June 2018, the FASB issued ASU No. 2018-07,*Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The Company adopted this ASU on January 1, 2019 and it did not have a material effect on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13,*Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which is designed to improve the effectiveness of disclosures by removing, modifying and adding disclosures related to fair value measurements. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and the ASU allows for early adoption in any interim period after issuance of the update. The adoption of this ASU is not expected to have a significant impact on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13,*Financial Instruments - Credit Losses (Topic 326)*, to require the measurement of expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable forecasts and applies to all financial assets, including trade receivables. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and the ASU allows for early adoption as of the beginning of an interim or annual reporting period beginning after December 15, 2018. The Company is currently assessing the impact this ASU will have on its consolidated financial statements.

3. TRADE RECEIVABLES

Trade receivables, net, consisted of the following:

	September 30, 2019	December 31, 2018
	(thousands of dollars)	
Trade receivables	$ 25,930	$ 27,564
Less allowance for doubtful accounts	(433)	(452)
Trade receivables, net	$ 25,497	$ 27,112

Trade receivables serve as collateral for our amended and restated credit agreement. See Note 10.

4. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consisted of the following:

	September 30, 2019	December 31, 2018
	(thousands of dollars)	
Prepaid license	$ 1,411	$ 2,419
Spare parts	1,816	1,597
Other prepaid expenses and assets	499	648
Total prepaid expenses and other assets	$ 3,726	$ 4,664

5. INVENTORIES

Inventories included the following:

	September 30, 2019	December 31, 2018
	(thousands of dollars)	
Raw material	$ 3,278	$ 4,742
Work in process	157	173
Finished products	9,850	11,624
Total inventory	$ 13,285	$ 16,539

Inventory serves as collateral for our amended and restated credit agreement. See Note 10.

Inventory included Specialty Petrochemicals products in transit valued at approximately$3.1 million and $4.1 million at September 30, 2019, and December 31, 2018, respectively.

6. PLANT, PIPELINE AND EQUIPMENT

Plant, pipeline and equipment consisted of the following:

	September 30, 2019	December 31, 2018
	(thousands of dollars)	
Platinum catalyst metal	$ 1,580	$ 1,612
Catalyst	4,387	3,131
Land	5,428	5,428
Plant, pipeline and equipment	259,435	253,905
Construction in progress	4,442	4,343
Total plant, pipeline and equipment	$ 275,272	$ 268,419
Less accumulated depreciation	(84,927)	(73,762)
Net plant, pipeline and equipment	$ 190,345	$ 194,657

Plant, pipeline, and equipment serve as collateral for our amended and restated credit agreement. See Note 10.

Labor capitalized for construction was approximately nil and $0.1 million for the three months and $0.1 million and $2.2 million for the nine months ended September 30, 2019 and 2018, respectively.

Construction in progress during the first nine months of 2019 included Advanced Reformer unit improvements and pipeline maintenance at SHR and equipment modifications at TC. Construction in progress during the first nine months of 2018 included equipment purchased for various equipment updates at the TC facility, the Advanced Reformer unit, tankage upgrades, and an addition to the rail spur at SHR.

Amortization relating to the catalyst, which is included in cost of sales, was approximately $0.2 million and nil for the three months and $0.7 million and nil for the nine months ended September 30, 2019 and 2018, respectively.

7. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill and intangible assets were recorded in relation to the acquisition of TC on October 1, 2014.

Goodwill was $21.8 million and $21.8 million as of September 30, 2019 and December 31, 2018, respectively.

The following tables summarize the gross carrying amounts and accumulated amortization of intangible assets by major class:

	September 30, 2019		
	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization (Definite-lived)		(thousands of dollars)	
Customer relationships	$ 16,852	$ (5,617)	$ 11,235
Non-compete agreements	94	(94)	—
Licenses and permits	1,471	(575)	896
Developed technology	6,131	(3,066)	3,065
	24,548	(9,352)	15,196
Intangible assets not subject to amortization (Indefinite-lived)			
Emissions allowance	197	—	197
Trade name	2,158	—	2,158
Total	$ 26,903	$ (9,352)	$ 17,551

	December 31, 2018		
	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization (Definite-lived)		(thousands of dollars)	
Customer relationships	$ 16,852	$ (4,775)	$ 12,077
Non-compete agreements	94	(80)	14
Licenses and permits	1,471	(495)	976
Developed technology	6,131	(2,606)	3,525
	24,548	(7,956)	16,592
Intangible assets not subject to amortization (Indefinite-lived)			
Emissions allowance	197	—	197
Trade name	2,158	—	2,158
Total	$ 26,903	$ (7,956)	$ 18,947

Amortization expense for intangible assets included in cost of sales for the three months ended September 30, 2019 and 2018, was approximately $0.5 million and $0.5 million, respectively, and for the nine months ended September 30, 2019 and 2018, was approximately $1.4 million and $1.4 million, respectively.

Based on identified intangible assets that are subject to amortization as ofSeptember 30, 2019, we expect future amortization expenses for each period to be as follows:

	Total	Remainder of 2019	2020	2021	2022	2023	2024	Thereafter
				(thousands of dollars)				
Customer relationships	$ 11,235	$ 281	$ 1,123	$ 1,123	1,123	1,123	1,123	$ 5,339
Licenses and permits	896	26	106	101	86	86	86	405
Developed technology	3,065	153	613	613	613	613	460	—
Total future amortization expense	$ 15,196	$ 460	$ 1,842	$ 1,837	$ 1,822	$ 1,822	$ 1,669	$ 5,744

8. LEASES

The Company leases certain rail cars, rail equipment, office space and office equipment. The Company determines if a contract is a lease at the inception of the arrangement. The Company reviews all options to extend, terminate, or purchase its right-of-use assets at the inception of the lease and accounts for these options when they are reasonably certain of being exercised.

Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. Lease expense for these leases is recognized on a straight-line basis over the lease term.

The components of lease expense were as follows:

($ in thousands)	Classification in the Condensed Consolidated Statements of Income	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost (a)	Cost of sales, exclusive of depreciation and amortization	$ 1,114	$ 3,369
Operating lease cost (a)	Selling, general and administrative	34	103
Total operating lease cost		$ 1,148	$ 3,472
Finance lease cost:			
Amortization of right-of-use assets	Depreciation	$ —	—
Interest on lease liabilities	Interest Expense	—	—
Total finance lease cost		$ —	$ —
Total lease cost		$ 1,148	$ 3,472

(a) Short-term lease costs were approximately $64 thousand during the period.

The Company had no variable lease expense, as defined by ASC 842, during the period.

($ in thousands)	Classification on the Condensed Consolidated Balance Sheets	September 30, 2019
Assets:		
Operating	Operating lease assets	$ 14,364
Finance	Property, plant, and equipment	—
Total leased assets		$ 14,364
Liabilities:		
Current		
Operating	Current portion of operating lease liabilities	$ 3,247
Finance	Short-term debt and current portion of long-term debt	—
Noncurrent		
Operating	Operating lease liabilities	11,117
Finance	Long-term debt	—
Total lease liabilities		$ 14,364

($ in thousands)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	$ 1,127	$ 2,260
Operating cash flows used for finance leases	—	—
Financing cash flows used for finance leases	—	—
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 25	$ 138
Finance leases	—	—

	September 30, 2019
Weighted-average remaining lease term (in years):	
Operating leases	4.8
Finance leases	0.0
Weighted-average discount rate:	
Operating leases	4.5%
Finance leases	—%

Nearly all of the Company's lease contracts do not provide a readily determinable implicit rate. For these contracts, the Company's estimated incremental borrowing rate is based on information available at the inception of the lease.

As of September 30, 2019, maturities of lease liabilities were as follows:

($ in thousands)	Operating Leases	Finance Leases
2020	$ 3,811	$ —
2021	3,559	—
2022	3,391	—
2023	2,571	—
2024	1,243	—
Thereafter	1,329	—
Total lease payments	$ 15,904	$ —
Less: Interest	1,540	—
Total lease obligations	$ 14,364	$ —

Disclosures related to periods prior to adoption of ASU 2016-02

The Company adopted ASU 2016-02 using a modified retrospective transition approach on January 1, 2019 as noted in Note 1. As required, the following disclosure is provided for periods prior to adoption. Minimum lease commitments as of December 31, 2018 that have initial or remaining lease terms in excess of one year are as follows:

($ in thousands)	Operating Leases
2019	$ 3,670
2020	3,583
2021	3,418
2022	3,107
2023	2,288
Beyond 2023	2,065

9. ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	September 30, 2019	December 31, 2018
	(thousands of dollars)	
Accrued state taxes	249	210
Accrued property taxes	2,572	—
Accrued payroll	812	936
Accrued interest	32	31
Accrued officer compensation	1,251	—
Accrued restructuring & severance	37	1,221
Accrued foreign taxes	—	802
Other	2,317	2,239
Total	$ 7,270	$ 5,439

10. LIABILITIES AND LONG-TERM DEBT

Senior Secured Credit Facilities

As of September 30, 2019, we had $8.0 million in borrowings outstanding under the revolving credit facility (the "Revolving Facility") of our amended and restated credit agreement (as amended to the date hereof, the "ARC Agreement") and approximately $82.0 million in borrowings outstanding under the term loan facility of the ARC Agreement (the "Term Loan Facility" and, together with the Revolving Facility, the "Credit Facilities"). In addition, we had approximately $46 million of availability under our Revolving Facility at September 30, 2019. TOCCO's ability to make additional borrowings under the Revolving Facility atSeptember 30, 2019 was limited by, and in the future may be limited by our obligation to maintain compliance with the covenants contained in the ARC Agreement (including maintenance of a maximum Consolidated Leverage Ratio and minimum Consolidated Fixed Charge Coverage Ratio (each as defined in the ARC Agreement)).

On March 29, 2019, TOCCO, as borrower, and SHR, GSPL and TC, as guarantors, entered into a Sixth Amendment ("Sixth Amendment") to the ARC Agreement. Pursuant to the Sixth Amendment, certain amendments were made to the terms of the ARC Agreement, including increasing the maximum Consolidated Leverage Ratio that must be maintained by TOCCO to 4.75 to 1.00 for the four fiscal quarters ended March 31, 2019,4.50 to 1.00 for the four fiscal quarters ended June 30, 2019 and4.00 to 1.00 for the four fiscal quarters ended September 30, 2019. For the four fiscal quarters ended December 31, 2019 and each fiscal quarter thereafter, TOCCO must maintain a Consolidated Leverage Ratio of 3.50 to 1.00 (subject to temporary increase following certain acquisitions).

The maturity date for the ARC Agreement is July 31, 2023. As ofSeptember 30, 2019, the effective interest rate for the Credit Facilities was4.59%. The ARC Agreement contains a number of customary affirmative and negative covenants and we were in compliance with those covenants as of September 30, 2019.

For a summary of additional terms of the Credit Facilities, see Note 12, “Long-Term Debt and Long-Term Obligations” to the consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2018.

Debt Issuance Costs

Debt issuance costs of approximately $0.9 million were incurred in connection with the fourth amendment to the ARC Agreement. Unamortized debt issuance costs of approximately $0.7 million and $0.8 million for the periods ended September 30, 2019 and December 31, 2018, have been netted against outstanding loan balances.

Long-term debt and long-term obligations are summarized as follows:

	September 30, 2019	December 31, 2018
	(thousands of dollars)	
Revolving Facility	8,000	18,000
Term Loan Facility	82,031	85,312
Loan fees	(694)	(830)
Total long-term debt	89,337	102,482
Less current portion including loan fees	4,194	4,194
Total long-term debt, less current portion including loan fees	85,143	98,288

Subsequent to September 30, 2019, we made an optional principal payment of $5.0 million against the Revolving Facility, reducing the outstanding amount from $8.0 million to $3.0 million.

11. STOCK-BASED COMPENSATION

The Stock Option Plan for Key Employees, as well as, the Non-Employee Director Stock Option Plan (hereinafter collectively referred to as the “Stock Option Plans”), were approved by the Company’s stockholders in July 2008. The Stock Option Plans allot for the issuance of up to 1,000,000 shares.

The Trecora Resources Stock and Incentive Plan (the “Plan”) was approved by the Company’s stockholders in June 2012. As amended, the Plan allots for the issuance of up to 2.5 million shares in the form of stock options or restricted stock unit awards.

Stock-based compensation expense of approximately $0.3 million and $0.6 million was recognized during the three months and $0.9 million and $1.0 million for the nine months ended September 30, 2019 and 2018, respectively.

Stock Options and Warrant Awards

Stock options and warrants granted under the provisions of the Stock Option Plans permit the purchase of our common stock at exercise prices equal to the closing price of Company common stock on the date the options were granted. The options have terms of 10 years and generally vest ratably over terms of 4 to 5 years. There were no stock options or warrant awards issued during the three or nine months ended September 30, 2019 or 2018.

A summary of the status of the Company’s stock option and warrant awards is as follows:

	Stock Options and Warrants	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life	Intrinsic Value (in thousands)
Outstanding at January 1, 2019	745,830	10.33		
Granted	—	—		
Exercised	(85,000)	7.71		
Forfeited	(173,830)	10.10		
Outstanding at September 30, 2019	487,000	10.87	3.8	$ —
Expected to vest	—			$ —
Exercisable at September 30, 2019	487,000	10.87	3.8	$ —

The aggregate intrinsic value of options was calculated as the difference between the exercise price of the underlying awards and the quoted price of our common stock. At September 30, 2019, options to purchase approximately 0.1 million shares of common stock were in-the-money.

Since no options were granted, the weighted average grant-date fair value per share of options granted during the three months ended September 30, 2019 and 2018, respectively, was $0. During the nine months ended September 30, 2019 and 2018, the aggregate intrinsic value of options and warrants exercised was approximately $0.1 million and $0.6 million, respectively, determined as of the date of option exercise.

The Company received no cash from the exercise of options during the nine months ended September 30, 2019 and 2018. Of the 85,000 stock options exercised, the Company only issued approximately 11,000 shares due to cashless transactions. The tax benefit realized from the exercise was insignificant.

The Company has no non-vested options as of September 30, 2019.

Restricted Stock Unit Awards

Generally, restricted stock unit awards are granted annually to officers and directors of the Company under the provisions of the Plan. Restricted stock units are also granted ad hoc to attract or retain key personnel, and the terms and conditions under which these restricted stock units vest vary by award. The fair market value of restricted stock units granted is equal to the Company’s closing stock price on the date of grant. Restricted stock units granted generally vest ratably over periods ranging from 2.5 to 5 years. Certain awards also include vesting provisions based on performance metrics. Upon vesting, the restricted stock units are settled by issuing one share of Company common stock per unit.

A summary of the status of the Company's restricted stock units activity is as follows:

	Shares of Restricted Stock Units	Weighted Average Grant Date Price per Share
Outstanding at January 1, 2019	405,675	11.27
Granted	190,615	9.22
Forfeited	(123,434)	10.82
Vested	(136,568)	11.86
Outstanding at September 30, 2019	336,288	9.83
Expected to vest	336,288	

12. INCOME TAXES

We file an income tax return in the U.S. federal jurisdiction and a margin tax return in Texas. We received notification from the Internal Revenue Service ("IRS") in November 2016 that the December 31, 2014, tax return was selected for audit. In April 2017, the audit was expanded to include the year ended December 31, 2015, to review the refund claim related to research and development activities. We received notification from the IRS in March 2018 that the audit was complete. We also received notification that Texas will audit our R&D credit calculations for 2014 and 2015. We were notified by Texas that the audit has been temporarily suspended as the Comptroller's office reviews its audit process regarding R&D credits. We do not expect any changes related to the Texas audit. Tax returns for various jurisdictions remain open for examination for the years 2014 through 2018. As of September 30, 2019 and December 31, 2018, respectively, we recognized no adjustment for uncertain tax positions or related interest and penalties.

The effective tax rate varies from the federal statutory rate of 21%, primarily as a result of state tax expense, stock based compensation and a research and development credit for the three and nine months ended September 30, 2019 and 2018. We continue to maintain a valuation allowance against certain deferred tax assets, specifically for mining claims for PEVM, where realization is not certain.

13. NET INCOME PER COMMON SHARE

The following tables set forth the computation of basic and diluted net income (loss) per share for the three and nine months ended September 30, 2019 and 2018, respectively.

Net Income per Common Share - Continuing Operations

	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income (loss) from continuing operations	$ 1,583	24,717	$ 0.06	$ (716)	24,483	$ (0.03)
Unvested restricted stock units		336			398	
Dilutive stock options outstanding		—			294	
Diluted:						
Net income (loss) from continuing operations	$ 1,583	25,053	$ 0.06	$ (716)	25,175	$ (0.03)

	Nine Months Ended September 30, 2019			Nine Months Ended September 30, 2018		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income (loss) from continuing operations	$ 5,856	24,689	$ 0.24	$ 3,489	24,397	$ 0.14
Unvested restricted stock units		388			383	
Dilutive stock options outstanding		—			358	
Diluted:						
Net income (loss) from continuing operations	$ 5,856	25,077	$ 0.23	$ 3,489	25,138	$ 0.14

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Net Income Common Share - Discontinued Operations

	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income (loss) from discontinued operations, net of tax	$ (1,002)	24,717	$ (0.04)	$ (893)	24,483	$ (0.04)
Unvested restricted stock units		336			398	
Dilutive stock options outstanding		—			294	
Diluted:						
Net income (loss) from discontinued operations, net of tax	$ (1,002)	25,053	$ (0.04)	$ (893)	25,175	$ (0.04)

	Nine Months Ended September 30, 2019			Nine Months Ended September 30, 2018		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income (loss) from discontinued operations, net of tax	$ (1,120)	24,689	$ (0.05)	$ (531)	24,397	$ (0.02)
Unvested restricted stock units		388			383	
Dilutive stock options outstanding		—			358	
Diluted:						
Net income (loss) from discontinued operations, net of tax	$ (1,120)	25,077	$ (0.04)	$ (531)	25,138	$ (0.02)

Net Income per Common Share

	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income (loss)	$ 581	24,717	$ 0.02	$ (1,609)	24,483	$ (0.07)
Unvested restricted stock units		336			398	
Dilutive stock options outstanding		—			294	
Diluted:						
Net income (loss)	$ 581	25,053	$ 0.02	$ (1,609)	25,175	$ (0.07)

	Nine Months Ended September 30, 2019						Nine Months Ended September 30, 2018					
	Income		Shares	Per Share Amount			Income		Shares	Per Share Amount		
	(in thousands, except per share amounts)											
Basic:												
Net income (loss)	$	4,736	24,689	$	0.19		$	2,958	24,397	$	0.12	
Unvested restricted stock units			388						383			
Dilutive stock options outstanding			—						358			
Diluted:												
Net income (loss)	$	4,736	25,077	$	0.19		$	2,958	25,138	$	0.12	

At September 30, 2019 and 2018, 487,000 and 873,708 shares of common stock, respectively, were issuable upon the exercise of options and warrants.

14. SEGMENT INFORMATION

We operate through business segments according to the nature and economic characteristics of our products as well as the manner in which the information is used internally by our key decision maker, who is our Chief Executive Officer. Segment data may include rounding differences.

Our Specialty Petrochemicals segment includes SHR and GSPL. Our Specialty Waxes segment is TC. We also separately identify our corporate overhead which includes administrative activities such as legal, accounting, consulting, investor relations, officer and director compensation, corporate insurance, and other administrative costs.

	Three Months Ended September 30, 2019									
	Specialty Petrochemicals		Specialty Waxes		Corporate		Eliminations		Consolidated	
	(in thousands)									
Product sales	$	53,277	$	5,834	$	—	$	—	$	59,111
Processing fees		1,208		2,396		—		—		3,604
Total revenues		54,485		8,230		—		—		62,715
Operating profit (loss) before depreciation and amortization		10,414		(260)		(2,670)		—		7,484
Operating profit (loss)		7,449		(1,808)		(2,683)		—		2,958
Profit (loss) from continuing operations before taxes		6,583		(2,071)		(2,691)		—		1,821
Depreciation and amortization		1,900		1,548		14		—		3,462
Capital expenditures		2,163		361		—		—		2,524

	Three Months Ended September 30, 2018				
	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	(in thousands)				
Product sales	$ 61,675	$ 6,938	$ —	—	$ 68,613
Processing fees	2,056	2,799	—	(52)	4,803
Total revenues	63,731	9,737	—	(52)	73,416
Operating profit (loss) before depreciation and amortization	6,167	415	(2,252)	—	4,330
Operating profit (loss)	3,516	(936)	(2,270)	—	310
Profit (loss) from continuing operations before taxes	2,561	(1,239)	(2,274)	—	(952)
Depreciation and amortization	2,651	1,351	16	—	4,018
Capital expenditures	2,562	1,094	—	—	3,656

	Nine Months Ended September 30, 2019				
	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	(in thousands)				
Product sales	$ 167,351	$ 18,582	$ —	$ —	$ 185,933
Processing fees	4,117	7,191	—	—	11,308
Total revenues	171,468	25,773	—	—	197,241
Operating profit (loss) before depreciation and amortization	31,849	(343)	(7,158)	—	24,348
Operating profit (loss)	22,885	(4,638)	(7,203)	—	11,044
Profit (loss) from continuing operations before taxes	20,093	(5,623)	(7,202)	—	7,268
Depreciation and amortization	7,899	4,295	46	—	12,240
Capital expenditures	5,002	1,296	—	—	6,298

	Nine Months Ended September 30, 2018				
	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	(in thousands)				
Product sales	$ 178,094	$ 20,755	$ —	32	$ 198,881
Processing fees	5,769	8,863	—	(250)	14,382
Total revenues	183,863	29,618	—	(218)	213,263
Operating profit (loss) before depreciation and amortization	20,655	1,969	(5,234)	—	17,390
Operating profit (loss)	14,635	(2,051)	(5,268)	—	7,316
Profit (loss) from continuing operations before taxes	12,474	(2,926)	(5,205)	—	4,343
Depreciation and amortization	6,020	4,020	32	—	10,072
Capital expenditures	16,374	2,716	—	—	19,090

	September 30, 2019				
	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	(in thousands)				
Trade receivables, product sales	$ 19,129	$ 4,081	$ —	$ —	$ 23,210
Trade receivables, processing fees	517	1,770	—	—	2,287
Goodwill and intangible assets, net	—	39,349	—	—	39,349
Total assets	293,098	113,007	90,174	(165,722)	330,557

	December 31, 2018				
	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	(in thousands)				
Trade receivables, product sales	$ 21,915	$ 3,173	$ —	$ —	$ 25,088
Trade receivables, processing fees	633	1,391	—	—	2,024
Goodwill and intangible assets, net	—	40,745	—	—	40,745
Total assets	284,367	115,366	91,474	(161,239)	329,968

15. POST-RETIREMENT OBLIGATIONS

We currently have post-retirement obligations with two former executives. As ofSeptember 30, 2019 and December 31, 2018, approximately $0.3 million and $0.4 million, respectively, remained outstanding and was included in post-retirement obligations.

For additional information, see Note 22, "Post–Retirement Obligations" to the consolidated financial statements set forth in our Annual Report on Form 10–K for the year ended December 31, 2018.

16. INVESTMENT IN AMAK (Held-for-Sale)

As of September 30, 2019 and December 31, 2018, the Company had a non-controlling equity interest of33.3% and 33.4% in AMAK of approximately $34.1 million and $38.7 million, respectively. This investment is accounted for under the equity method. There were no events or changes in circumstances that may have an adverse effect on the fair value of our investment in AMAK at September 30, 2019.

The Company committed to a plan to sell our investment in AMAK during the third quarter of 2019. Management engaged in an active program to market the investment which resulted in an agreement with certain AMAK shareholders in September 2019, which became effective subsequent to September 30, 2019. See discussion of the Share Sale and Purchase Agreement in Note 19.

As all the required criteria for held-for-sale classification was met atSeptember 30, 2019, the investment in AMAK is classified as held-for-sale in the Consolidated Balance Sheets and reflected as discontinued operations in the Consolidated Statements of Operations for all periods presented. The assets held-for-sale are disclosed by the Company in the Corporate segment. The Company expects to have no continuing involvement with the discontinued operations after the closing date. The gain (loss) from discontinued operations, net of tax, include our portion of the equity in earnings (losses) in AMAK as well as other administrative expenses incurred in Saudi Arabia and transaction costs.

AMAK's financial statements were prepared in the functional currency of AMAK which is the Saudi Riyal ("SR"). In June 1986 the SR was officially pegged to the U. S. Dollar ("USD") at a fixed exchange rate of 1 USD to 3.75 SR.

The summarized results of operation and financial position for AMAK are as follows:

Results of Operations

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
	(thousands of dollars)				*(thousands of dollars)*			
Sales	$	19,643	$	19,877	$	60,873	$	53,458
Cost of sales		19,072		20,350		55,804		49,411
Gross profit (loss)		571		(473)		5,069		4,047
Selling, general, and administrative		3,557		2,736		9,102		7,151
Operating loss		(2,986)		(3,209)		(4,033)		(3,104)
Other income		43		35		396		70
Finance and interest expense		(456)		(416)		(1,349)		(1,201)
Loss before Zakat and income taxes		(3,399)		(3,590)		(4,986)		(4,235)
Zakat and income taxes		444		800		1,332		800
Net Loss	$	(3,843)	$	(4,390)	$	(6,318)	$	(5,035)

Financial Position

	September 30,		December 31,	
	2019		2018	
	(thousands of dollars)			
Current assets	$	41,030	$	44,093
Noncurrent assets		191,043		212,291
Total assets	$	232,073	$	256,384
Current liabilities	$	22,107	$	17,160
Long term liabilities		74,371		77,366
Stockholders' equity		135,595		161,858
	$	232,073	$	256,384

Changes in Ownership

- In the second quarter of 2019, certain shareholders of AMAK transferred a portion of their shares to the CEO of AMAK as a one-time retention and performance bonus. The Company transferred 100,000 shares and the transaction reduced our ownership percentage from 33.4% to 33.3%.

- In first quarter 2018, we completed an exchange of shares with certain stockholders whereby such stockholders traded 65,000 common shares of TREC in exchange for 24,489 shares of our AMAK stock. The 65,000 shares were accounted for as treasury stock. This transaction reduced our ownership percentage from 33.44% to 33.41%.

- In connection with the 2018 AMAK share repurchase program, we received net proceeds of approximately $0.4 million during the three months ended March 31, 2019. AMAK completed the share repurchase program in 2019, at which point all shares repurchased from AMAK stockholders were registered as treasury shares. Upon completion of the share repurchase program, the Company's ownership percentage in AMAK did not change from 33.4%.

The equity in the (losses) earnings of AMAK included in loss from discontinued operations, net of tax, on the consolidated statements of operations for the three and nine months ended September 30, 2019, and 2018, is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(thousands of dollars)		*(thousands of dollars)*	
AMAK Net Loss	$ (3,843)	$ (4,390)	$ (6,318)	$ (5,036)
Percentage of Ownership	33.29%	33.41%	33.29%	33.41%
Company's share of loss reported by AMAK	$ (1,279)	$ (1,467)	$ (2,103)	$ (1,682)
Amortization of difference between Company's investment in AMAK and Company's share of net assets of AMAK	337	337	1,010	1,010
Equity in (losses) earnings of AMAK	$ (942)	$ (1,130)	$ (1,093)	$ (672)

For additional information, see Note 10, "Investment in Al Masane Al Kobra Mining Company ("AMAK")" to the consolidated financial statements set forth in our Annual Report on Form 10–K for the year ended December 31, 2018.

17. RELATED PARTY TRANSACTIONS

Consulting fees of approximately $32,000 and $25,000 were incurred during the three months and $82,000 and $75,000 during the nine months ended September 30, 2019 and 2018, respectively, from our Director, Nicholas Carter. Due to his history and experience with the Company and to provide continuity after his retirement, a three year consulting agreement was entered into with Mr. Carter in July 2015. In March 2019, a new consulting agreement was entered into with Mr. Carter effective through December 31, 2019.

18. COMMITMENTS AND CONTINGENCIES

Guarantees

On October 24, 2010, we executed a limited guarantee in favor of the Saudi Industrial Development Fund ("SIDF") whereby we agreed to guaranty up to 41% of the SIDF loan (the "Loan") to AMAK in the principal amount of 330.0 million Saudi Riyals (US$88.0 million). The term of the Loan was originally through June 2019. As a condition of the Loan, SIDF required all stockholders of AMAK to execute personal or corporate guarantees; as a result, our guarantee is for approximately 135.3 million Saudi Riyals (US$36.1 million). The Loan was necessary to continue construction of the AMAK facilities and provide working capital needs. We received no consideration in connection with extending the guarantee and did so to maintain and enhance the value of our investment. On July 8, 2018, the Loan was amended to adjust the repayment schedule and extend the repayment terms through April 2024. Under the new payment terms the current amount due in 2019 is 30.0 million Saudi Riyals (US$8.0 million). The total amount outstanding on the Loan at September 30, 2019, was 290.0 million Saudi Riyals (US$77.3 million). See additional discussion including the release of the guarantee in connection with the AMAK sale in Note 19.

Operating Lease Commitments

See Note 8 for discussion on lease commitments.

Litigation

The Company is periodically named in legal actions arising from normal business activities. We evaluate the merits of these actions and, if we determine that an unfavorable outcome is probable and can be reasonably estimated, we will establish the necessary reserves. We are not currently involved in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

Supplier Agreements

From time to time, we may incur shortfall fees due to feedstock purchases being below the minimum amounts prescribed by our agreements with our suppliers. Shortfall fee expenses for the three months ended September 30, 2019, and 2018, were $0.3 million and $0.2 million, respectively, and for the nine months ended September 30, 2019, and 2018, were $0.3 million and $0.7 million, respectively.

Environmental Remediation

Amounts charged to expense for various activities related to environmental monitoring, compliance, and improvements were approximately $0.2 million and $0.1 million for the three months ended September 30, 2019, and 2018 and for the nine months ended September 30, 2019, and 2018, were $0.7 million and $0.4 million, respectively.

19. SUBSEQUENT EVENTS

Pursuant to a Share Sale and Purchase Agreement (the "Purchase Agreement") that was effective as of October 2, 2019, the Company has agreed to sell its entire 33.3% equity interest in AMAK, to AMAK and certain other existing shareholders of AMAK (collectively, the "Purchasers") for an aggregate gross purchase price (before taxes and transaction expenses) of SAR 264.7 million (or approximately US$70 million), which will be payable in US Dollars. The Purchasers have advanced 5% of the purchase price (or approximately $3.5 million) in the form of a non-refundable deposit, which was a condition to the effectiveness of the Purchase Agreement. As of September 30, 2019, deposits of approximately $2.2 million were received and recorded as a reduction in our investment in AMAK. The remainder of the deposits (approximately $1.3 million) were received subsequent to September 30, 2019.

The Purchase Agreement contains various representations, warranties and indemnity obligations of the Company and the Purchasers, including the release of the Company's guarantee as described in Note 18. The Purchase Agreement also contains certain termination rights of the Company, including if closing does not occur by November 25, 2019. The transaction is expected to close in the fourth quarter of 2019, subject to receipt of certain governmental approvals and other customary closing conditions.

On October 29, 2019 the Company experienced a severe weather event at the Specialty Petrochemicals facility in Silsbee, Texas, resulting in a plant shutdown and significant damage to one of the feedstock tanks. The plant returned to operation November 7, 2019. The Company is determining the financial impact of recovery costs and expects some loss of sales volumes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Some of the statements and information contained in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding the Company's financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are forward-looking statements. Forward-looking statements are often characterized by the use of words such as "outlook," "may," "will," "should," "could," "expects," "plans," "anticipates," "contemplates," "proposes," "believes," "estimates," "predicts," "projects," "potential," "continue," "intend," or the negative of such terms and other comparable terminology, or by discussions of strategy, plans or intentions.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such statements. Such risks, uncertainties and factors include, but are not limited to: general economic conditions domestically and internationally; insufficient cash flows from operating activities; difficulties in obtaining financing; outstanding debt and other financial and legal obligations; lawsuits; competition; industry cycles; feedstock, product and mineral prices; feedstock availability; technological developments; regulatory changes; environmental matters; foreign government instability; foreign legal and political concepts; foreign currency fluctuations; not completing, or not completely realizing the anticipated benefits from, the sale of our equity interest in AMAK; receipt and timing of necessary governmental approvals for the sale of our equity interest in AMAK; and other risks detailed in this report, in our latest Annual Report on Form 10–K, including but not limited to Part I, Item 1A. Risk Factors and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations therein, and in our other filings with the SEC.

There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements. In addition, to the extent any inconsistency or conflict exists between the information included in this report and the information included in our prior reports and other filings with the SEC, the information contained in this report updates and supersedes such information.

Forward-looking statements are based on current plans, estimates, assumptions and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

Overview

The following discussion and analysis of our financial results, as well as the accompanying unaudited consolidated financial statements and related notes to consolidated financial statements to which they refer, are the responsibility of our management. Our accounting and financial reporting fairly reflect our business model which is based on the manufacturing and marketing of specialty petrochemical products and waxes and providing custom manufacturing services.

The discussion and analysis of financial condition and the results of operations which appears below should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements which appear in our Annual Report on Form 10-K for the year ended December 31, 2018.

Our preferred supplier position into the specialty petrochemicals market is derived from the combination of our reputation as a reliable supplier established over many years, the very high purity of our products, and a focused approach to customer service. In specialty waxes, we are able to deliver to our customers a performance and price point that is unique to our market; while the diversity of our custom processing assets and capabilities offers solutions to our customers that we believe are uncommon along the U.S. Gulf Coast.

Enabling our success in these businesses is a commitment to operational excellence which establishes a culture that prioritizes the safety of our employees and communities in which we operate, the integrity of our assets and regulatory compliance. This commitment drives a change to an emphasis on forward-looking, leading-indicators of our results and proactive steps to continuously improve our performance. We bring the same commitment to excellence to our commercial activities where we focus on the value proposition to our customers while understanding opportunities to maximize our value capture through service and product differentiation, supply chain and operating cost efficiencies and diversified supply options. We believe over time our focus on execution, meeting the needs of our customers and the prudent control of our costs will create value for our stockholders.

Review of Third Quarter 2019 Results

We reported third quarter 2019 net income of $0.6 million, up from net loss of $1.6 million in the third quarter of 2018. Diluted earnings per share are $0.02 for 2019, up from a loss per share of $(0.06) in 2018. Sales volume of our Specialty Petrochemicals productsdecreased 4.8%, and sales revenue from our Specialty Petrochemicals products decreased 13.6% as compared to the third quarter 2018. Specialty Petrochemical sales volume declined due to lower Prime product sales which declined 3.0% compared to third quarter 2018. Specialty Waxes sales revenue was down 15.9% compared to the third quarter 2018.

Consolidated Adjusted EBITDA from continuing operations was $4.9 million, for the third quarter of 2019, compared with consolidated Adjusted EBITDA from continuing operations of $3.1 million, in the third quarter of 2018. Consolidated Adjusted EBITDA from continuing operations increased due to substantially better performance in our Specialty Petrochemicals segment as a result of lower feedstock costs, lower operating expenses and improved plant operations. This was partially offset by weaker performance in our Specialty Waxes business.

Non-GAAP Financial Measures

We include in this Quarterly Report on Form 10-Q the non-GAAP financial measures of EBITDA from continuing operations and Adjusted EBITDA from continuing operations and provide reconciliations from our most directly comparable GAAP financial measures to those measures.

We believe these financial measures provide users of our financial statements with supplemental information that may be useful in evaluating our operating performance. We also believe that such non-GAAP measures, when read in conjunction with our operating results presented under GAAP, can be used to better assess our performance from period to period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure. These measures are not measures of financial performance or liquidity under GAAP and should be considered in addition to, and not as a substitute for, analysis of our results under GAAP.

EBITDA from continuing operations and Adjusted EBITDA from continuing operations: We define EBITDA from continuing operations as net income from continuing operations plus interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus stock-based compensation, plus restructuring and severance expenses, plus losses on extinguishment of debt, and plus or minus gains or losses on acquisitions.

The following table presents a reconciliation of net income (loss), our most directly comparable GAAP financial performance measure for each of the periods presented, to EBITDA from continuing operations and Adjusted EBITDA from continuing operations.

	Three Months Ended September 30, 2019			
	Specialty Petrochemicals	**Specialty Waxes**	**Corporate**	**Consolidated**
	(in thousands)			
Net Income (Loss)	$ 6,278	$ (2,071)	$ (3,626)	$ 581
Loss from discontinued operations, net of tax	—	—	(1,002)	(1,002)
Income (Loss) from continuing operations	$ 6,278	$ (2,071)	$ (2,624)	$ 1,583
Interest	895	316	—	1,211
Taxes	803	—	(565)	238
Depreciation and amortization	171	24	13	208
Depreciation and amortization in cost of sales	1,729	1,524	1	3,254
EBITDA from continuing operations	$ 9,876	$ (207)	$ (3,175)	$ 6,494
Stock-based compensation	—	—	415	415
Adjusted EBITDA from continuing operations	$ 9,876	$ (207)	$ (2,760)	$ 6,909

	Three Months Ended September 30, 2018			
	Specialty Petrochemicals	**Specialty Waxes**	**Corporate**	**Consolidated**
	(in thousands)			
Net Income (Loss)	$ 2,504	$ (1,239)	$ (2,874)	$ (1,609)
Loss from discontinued operations, net of tax	—	—	(893)	(893)
Income (Loss) from continuing operations	$ 2,504	$ (1,239)	$ (1,981)	$ (716)
Interest	659	265	—	924
Taxes	372	—	(608)	(236)
Depreciation and amortization	165	24	16	205
Depreciation and amortization in cost of sales	2,486	1,327	—	3,813
EBITDA from continuing operations	$ 6,186	$ 377	$ (2,573)	$ 3,990
Stock-based compensation	—	—	630	630
Loss on extinguishment of debt	—	—	315	315
Adjusted EBITDA from continuing operations	$ 6,186	$ 377	$ (1,628)	$ 4,935

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	Nine Months Ended September 30, 2019			
	Specialty Petrochemicals	Specialty Waxes	Corporate	Consolidated
	(in thousands)			
Net Income (Loss)	$ 17,086	$ (5,623)	$ (6,727)	$ 4,736
Loss from discontinued operations, net of tax	—	—	(1,120)	(1,120)
Income (Loss) from continuing operations	$ 17,086	$ (5,623)	$ (5,607)	$ 5,856
Interest	3,143	967	1	4,111
Taxes	3,006	—	(1,594)	1,412
Depreciation and amortization	512	72	45	629
Depreciation and amortization in cost of sales	7,387	4,223	1	11,611
EBITDA from continuing operations	$ 31,134	$ (361)	$ (7,154)	$ 23,619
Stock-based compensation	—	—	973	973
Adjusted EBITDA from continuing operations	$ 31,134	$ (361)	$ (6,181)	$ 24,592

	Nine Months Ended September 30, 2018			
	Specialty Petrochemicals	Specialty Waxes	Corporate	Consolidated
	(in thousands)			
Net Income (Loss)	$ 10,402	$ (2,926)	$ (4,518)	$ 2,958
Loss from discontinued operations, net of tax	—	—	(531)	(531)
Income (Loss) from continuing operations	$ 10,402	$ (2,926)	$ (3,987)	$ 3,489
Interest	1,892	802	(77)	2,617
Taxes	2,387	—	(1,533)	854
Depreciation and amortization	492	68	32	592
Depreciation and amortization in cost of sales	5,528	3,952	—	9,480
EBITDA from continuing operations	$ 20,701	$ 1,896	$ (5,565)	$ 17,032
Stock-based compensation	—	—	1,002	1,002
Loss on extinguishment of debt	—	—	315	315
Adjusted EBITDA from continuing operations	$ 20,701	$ 1,896	$ (4,248)	$ 18,349

Liquidity and Capital Resources

Working Capital

Our approximate working capital days are summarized as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Days sales outstanding in accounts receivable	35.5	34.4	38.1
Days sales outstanding in inventory	18.4	21.0	22.8
Days sales outstanding in accounts payable	14.1	24.2	17.0
Days of working capital	39.8	31.1	43.9

Our days sales outstanding in accounts receivable atSeptember 30, 2019 was 35.5 days compared to 34.4 days at December 31, 2018, driven by slightly higher Specialty Petrochemicals sales volumes in the quarter. Our days sales outstanding in inventory decreased by approximately 2.6 days from December 31, 2018. Our days sales outstanding in accounts payable decreased due to payment for the Advanced Reformer unit catalyst replacement which was completed in December 2018, severance payments and payment for supplemental wax feed. Since days of working capital is calculated using the above three metrics, it increased for the aforementioned reasons discussed.

Cash increased $2.4 million during the nine months ended September 30, 2019, as compared to a decrease of $1.7 million for the nine months ended September 30, 2018.

The change in cash is summarized as follows:

	Nine Months Ended September 30,	
	2019	2018
Net cash provided by (used in)	*(thousands of dollars)*	
Operating activities	$ 20,249	$ 11,110
Investing activities	(4,254)	(19,204)
Financing activities	(13,573)	6,358
Increase (Decrease) in cash	$ 2,422	$ (1,736)
Cash	$ 9,157	$ 1,292

Operating Activities

Cash provided by operating activities totaled $20.2 million for the first nine months of 2019, $9.1 million higher than the corresponding period in 2018. For the first nine months of 2019 net income increased by approximately $1.8 million as compared to the corresponding period in 2018. Major non-cash items affecting 2019 income in the first nine months of 2019 included increases in depreciation and amortization of $12.3 million, deferred taxes of $1.3 million and stock-based compensation of $0.9 million. Major non-cash items affecting 2018 income in the first nine months of 2018 included increases in deferred taxes of $1.1 million and depreciation and amortization of $10.0 million.

Additional factors leading to an increase in cash provided by operating activities included:

- Trade receivables decreased approximately $1.6 million. This was due to a decrease in revenues in the third quarter 2019 of $6.7 million, or nearly 9.6%, as compared with the second quarter 2019. Revenues in the third quarter 2018 increased $5.3 million from the second quarter 2018.

- Inventories decreased approximately $3.3 million driven by lower inventory in transit primarily due to lower sales to the Canadian oil sands and an overall decrease in value of inventory due to lower feedstock prices. Additionally, our Specialty Wax segment was constrained by disruptions of wax feed supply from a key supplier, resulting in increased sales of existing inventory.

- In the first nine months of 2019, we did not have a change in taxes receivable. In the same period of 2018, we collected outstanding taxes receivable of $4.3 million related to prior periods and R&D credits.

- Accounts payable and accrued liabilities decreased $6.0 million primarily due to payment for the Advanced Reformer unit catalyst replacement which was completed in December 2018, severance payments and payment for supplemental wax feed.

Investing Activities

Cash used in investing activities during the first nine months of 2019 was approximately $4.3 million, representing a decrease of approximately $15.0 million from the corresponding period of 2018. During the first nine months of 2019, the primary use of capital expenditures was for Advanced Reformer unit improvements and pipeline maintenance at SHR and equipment modifications at TC. This was offset by $1.3 million of proceeds received from AMAK for the repurchase of shares as discussed in Note 10 on our Annual Report on Form 10-K for the year ending December 31, 2018. In addition, $2.2 million related to the deposit was received in connection with the sale of our investment in AMAK discussed in Note 16. Our foreign tax liability resulting from AMAK's share repurchase program was $0.9 million. The cash to pay these taxes was withheld from the proceeds and paid directly by AMAK. As such, net cash received from AMAK was $0.4 million. During the first nine months of 2018, we had capital expenditures related to the hydrogenation/distillation unit and the Advanced Reformer unit along with various other facility improvements.

Financing Activities

Cash used in financing activities during the first nine months of 2019 was approximately $13.6 million versus cash provided by financing activities of $6.4 million during the corresponding period of 2018. During 2019, we made principal payments on our outstanding credit facilities of $15.3 million. We drew $2.0 million on our line of credit for working capital purposes during the first nine months of 2019. During 2018, we made principal payments on our acquisition loan of $3.5 million, our term debt of $0.7 million, and our line of credit facility of $8.1 million. We drew $18.2 million on our line of credit in the first nine months of 2018 to fund ongoing capital projects.

Subsequent to September 30, 2019, we made an optional principal payment of $5.0 million against the Revolving Facility, reducing the outstanding amount from $8.0 million to $3.0 million.

Anticipated Cash Needs

We believe that the Company is capable of supporting its operating requirements and capital expenditures through internally generated funds supplemented with borrowings under our ARC Agreement.

Results of Operations

Comparison of Three Months Ended September 30, 2019 and 2018

<u>Specialty Petrochemicals Segment</u>

	Three Months Ended September 30,			
	2019	2018	Change	% Change
		(thousands of dollars)		
Specialty Petrochemicals Product Sales	$ 53,277	$ 61,675	$ (8,398)	(13.6)%
Processing	1,208	2,056	(848)	(41.2)%
Gross Revenue	$ 54,485	$ 63,731	$ (9,246)	(14.5)%
Volume of Sales (gallons)				
Specialty Petrochemicals Products	20,523	21,564	(1,041)	(4.8)%
Prime Product Sales	16,431	16,986	(555)	(3.3)%
Cost of Sales	$ 44,206	$ 57,156	(12,950)	(22.7)%
Gross Margin	18.9%	10.3%		8.6 %
Total Operating Expense*	17,248	18,673	(1,425)	(7.6)%
Natural Gas Expense*	1,000	1,265	(265)	(20.9)%
Operating Labor Costs*	3,619	4,837	(1,218)	(25.2)%
Transportation Costs*	6,997	7,126	(129)	(1.8)%
General & Administrative Expense	2,659	2,893	(234)	(8.1)%
Depreciation and Amortization**	1,900	2,651	(751)	(28.3)%
Capital Expenditures	2,163	2,562	(399)	(15.6)%

* Included in cost of sales

**Includes $1,729 and $2,486 for 2019 and 2018, respectively, which is included in operating expense

Gross Revenue

Gross Revenue for our Specialty Petrochemicals segment decreased during the third quarter 2019 from the third quarter 2018 by 14.5% primarily due to an 4.8% decrease in sales volume, a 9.2% decline in average selling price due mainly to lower feedstock costs and lower processing revenues.

Specialty Petrochemicals Product Sales

Specialty Petrochemicals product sales declined approximately 13.6% during the third quarter 2019 from the third quarter 2018 mainly due to lower product prices for prime products and by-products. Lower prices were primarily driven by lower feedstock costs. Prime product sales volume declined about 3.3% compared to the third quarter of 2018. Compared to the second quarter of 2019 prime product volume declined about 7.3% or about 1.3 million gallons primarily due to lower sales to the Canadian oil sands, and an unplanned outage at a major customer. The sales outlook to the Canadian oil sands continues to remain uncertain due to the government mandated crude production curtailments in Canada and the crude oil pricing environment. Also, we expect a decline in sales demand due to typical market seasonality in many of end-use markets.

By-product sales volumes in third quarter 2019 declined 10.6% from third quarter 2018. By-product sales volume increased 10.1% from second quarter 2019 due to an increase in feed to the Advanced Reformer unit which produces by-products. In the second quarter 2019 feed to the Advanced Reformer was diverted to maximize prime product production to meet certain customer needs . It should be noted that by-products are produced as a result of prime product production and their margins are significantly lower than margins for our prime products. Foreign sales volume increased to 22.4% of total Specialty Petrochemicals volume in the third quarter of 2019, from21.5% in the third quarter 2018. Foreign sales volume includes sales to the Canadian oil sands.

Processing

Processing revenues decreased approximately $0.8 million or 41.2% in the third quarter 2019 from the third quarter 2018 primarily due to the termination of a customer contract in the fourth quarter 2018.

Cost of Sales

We use natural gasoline as feedstock, which is the heavier liquid remaining after ethane, propane and butanes are removed from liquids produced by natural gas wells. The material is a commodity product in the oil/petrochemical markets and generally is readily available. The price of natural gasoline is highly correlated with the price of crude oil. Our Advanced Reformer unit upgrades the by-product stream produced as a result of prime product production. This upgrade allows us to sell our by-products at higher prices than would be possible without the Advanced Reformer unit.

Cost of Sales declined 22.7% during the third quarter 2019 from the third quarter 2018. The decline of approximately $13 million in cost of sales was largely due to lower feedstock costs. Benchmark Mount Belvieu natural gasoline feedstock price declined 31% from $1.54 per gallon in the third quarter of 2018 to $1.06 per gallon in the third quarter of 2019. Compared to the second quarter of 2019 benchmark Mount Belvieu natural gasoline feedstock price for the third quarter 2019 declined 12%. Natural gasoline feedstock pricing historically has been volatile. We sell our prime products under both formula-based pricing, where feedstock costs are passed through to the customer, and spot or non-formula-based pricing, which do not have pricing formulas tied to feedstock costs. Formula-based pricing is used to sell the majority of our prime products.

The gross margin percentage for the Specialty Petrochemicals Segment increased from10.3% in the third quarter of 2018 to 18.9% in the third quarter of 2019 driven by lower feedstock costs, lower operating expenses and improved margins over feed for by-products.

Total Operating Expense

Total Operating Expense decreased $1.4 million, or 7.6%, during the third quarter 2019 from 2018. There were several key drivers for the decrease, including lower labor costs, lower natural gas costs and lower transportation costs. Labor costs were lower mainly due to the cost reduction program implemented at SHR in December 2018.

Capital Expenditures

Capital expenditures in the third quarter 2019 were approximately $2.2 million compared to $2.6 million in the third quarter of 2018. Following the completion of the Advanced Reformer unit in the second quarter of 2018, capital expenditures mainly include routine plant maintenance and environmental, health and safety (EH&S) projects.

Specialty Waxes Segment

	Three Months Ended September 30,			
	2019	2018	Change	% Change
	(thousands of dollars)			
Product Sales	$ 5,834	$ 6,938	$ (1,104)	(15.9)%
Processing	2,396	2,799	(403)	(14.4)%
Gross Revenue	$ 8,230	$ 9,737	$ (1,507)	(15.5)%
Volume of specialty wax sales (thousand pounds)	8,649	9,055	(406)	(4.5)%
Cost of Sales	$ 8,879	$ 9,470	$ (591)	(6.2)%
Gross Margin (Loss)	(7.9)%	2.7%		(10.6)%
General & Administrative Expense	1,071	1,180	(109)	(9.2)%
Depreciation and Amortization*	1,548	1,351	197	14.6 %
Capital Expenditures	$ 361	$ 1,094	$ (733)	(67.0)%

*Includes $1,524 and $1,327 for 2019 and 2018, respectively, which is included in cost of sales

Product Sales

For the Specialty Wax Segment Product sales revenue decreased15.9% during the third quarter 2019 from the third quarter 2018 as specialty wax sales volume declined 4.5%. Wax sales were constrained by disruptions of wax feed supply from a key suppliers as they experienced their own operating difficulties. Our wax feed is based on certain by-products produced as a result of polyethylene production at major polyethylene producers' facilities on the US Gulf Coast. Customer demand in the third quarter was strong and our sales remained limited by wax feed supply.

Processing

Processing revenues declined 14.4% or about $0.4 million during the third quarter 2019 from the third quarter 2018. The decrease was due to lower revenues from the hydrogenation/distillation unit as we work to improve the unit's reliability and lower demand from certain custom processing customers.

Cost of Sales

Cost of Sales were lower in the third quarter 2019 from the third quarter 2018 due to lower wax sales.

Depreciation

Depreciation for the third quarter 2019 was $1.49 million relatively flat from third quarter 2018.

Capital Expenditures

Capital Expenditures were approximately $0.4 million in the third quarter 2019 compared with $1.1 million in the third quarter of 2018.

Corporate Segment

	Three Months Ended September 30,			
	2019	2018	Change	% Change
	(thousands of dollars)			
General & Administrative Expense	$ 2,670	$ 2,252	$ 418	18.6%

General corporate expenses increased during the third quarter 2019 from the third quarter 2018. The increase is primarily attributable to an increase in executive compensation accrual.

Investment in AMAK - Discontinued Operations

	Three Months Ended September 30,			
	2019	2018	Change	% Change
	(thousands of dollars)			
Equity in (losses) earnings of AMAK	$ (1,268)	$ (1,130)	$ (138)	12.2%

Equity in earnings (losses) of AMAK decreased during the third quarter 2019 from the third quarter 2018. The equity in earnings (losses) were impacted by increased selling, general and administrative expenses.

AMAK Summarized Income Statement

	Three Months Ended September 30,	
	2019	2018
	(thousands of dollars)	
Sales	$ 19,643	$ 19,877
Cost of sales	19,072	20,350
Gross profit	571	(473)
Selling, general, and administrative	3,557	2,736
Operating (loss) income	(2,986)	(3,209)
Other (expense) income	43	35
Finance and interest expense	(456)	(416)
Loss before Zakat and income taxes	(3,399)	(3,590)
Zakat and income taxes	444	800
Net Loss	$ (3,843)	$ (4,390)
Finance and interest expense	456	416
Depreciation and amortization	8,534	8,899
Zakat and income taxes	444	800
EBITDA	$ 5,591	$ 5,725

AMAK continued to make progress in throughput rates, concentrate quality and recoveries. Approximately 18,000 dry metric tons (dmt) of copper and zinc concentrate were shipped in the third quarter 2019 as compared to 17,000 dmt of copper and zinc concentrate in the third quarter 2018. Third quarter EBITDA was approximately $5.6 million, relatively flat compared to the third quarter 2018.

Comparison of Nine Months Ended September 30, 2019 and 2018

Specialty Petrochemicals Segment

	Nine Months Ended September 30,			
	2019	2018	Change	% Change
	(thousands of dollars)			
Specialty Petrochemicals Product Sales	167,351	178,094	$ (10,743)	(6.0)%
Processing	4,117	5,769	(1,652)	(28.6)%
Gross Revenue	$ 171,468	$ 183,863	$ (12,395)	(6.7)%
Volume of Sales (gallons)				
Specialty Petrochemicals Products	64,438	64,586	(148)	(0.2)%
Prime Product Sales	51,801	50,729	1,072	2.1 %
Cost of Sales	140,121	160,543	(20,422)	(12.7)%
Gross Margin	18.3%	12.7%		5.6 %
Total Operating Expense*	53,983	51,597	2,386	4.6 %
Natural Gas Expense*	3,636	3,841	(205)	(5.3)%
Operating Labor Costs*	10,918	13,351	(2,433)	(18.2)%
Transportation Costs*	21,405	21,528	(123)	(0.6)%
General & Administrative Expense	7,950	8,193	(243)	(3.0)%
Depreciation and Amortization**	7,899	6,020	1,879	31.2 %
Capital Expenditures	5,002	16,374	(11,372)	(69.5)%

* Included in cost of sales
**Includes $7,387 and $5,528 for 2019 and 2018, respectively, which is included in operating expense

Gross Revenue

Gross Revenue for our Specialty Petrochemicals segment decreased during the first nine months of 2019 from the first nine months of 2018 by 6.7% primarily due to a decrease in the average selling price of Specialty Petrochemicals products of 5.8% and lower processing revenue of $1.7 million.

Specialty Petrochemicals Product Sales

Revenues from Specialty Petrochemicals product sales decreased 6.0% during the first nine months of 2019 from the first nine months of 2018. This was primarily due to a 5.8% decrease in average selling price as a result of lower feedstock pricing. Prime product sales volumes were up 2.1% or approximately 1.1 million gallons for the first nine months of 2019 compared to the same period in 2018. The increase in sales volume was mainly due to a large sale for supplier qualification at an oil sands customer. Average selling prices decreased as prices for both prime products and by-products declined in concert with lower feedstock costs. By-product margins increased for the first nine months of 2019 compared to first nine months of 2018 primarily as a result of steady and reliable operation of the Advanced Reformer unit which upgrades the by-product stream to higher value chemical products that are sold at higher prices than would be possible without the Advanced Reformer unit. By-products are produced as a result of prime product production and their margins are significantly lower than margins for our prime products. Foreign sales volume increased to 24.1% of total Specialty Petrochemicals volume from 23.0% in the first nine months of 2018.

Processing

Processing revenues decreased $1.7 million or 28.6% in the first nine months of 2019 from the first nine months of 2018 due to the termination of a customer contract in the fourth quarter 2018.

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Cost of Sales

Cost of Sales declined 12.7% during the first nine months of 2019 from the first nine months of 2018 due to the decrease in feedstock cost. For the first nine months of 2019 compared with the same period in 2018, benchmark Mount Belvieu natural gasoline feedstock price declined 24% from approximately $1.49 per gallon to $1.13 per gallon. We sell our prime products under both formula-based pricing where feedstock costs are passed through to the customer and spot or non-formula based pricing which do not have pricing formulas tied to feedstock costs. Formula-based pricing is used to sell the majority of our prime products.

The gross margin percentage for the Specialty Petrochemicals Segment increased from 12.7% in the first nine months of 2018 to 18.3% in the first nine months of 2019 driven by lower feedstock costs resulting in better product margins, significantly higher by-product margins primarily due to more reliable operation of the Advanced Reformer unit and lower labor costs as a result of the cost reduction program implemented at SHR in December 2018.

Total Operating Expense

Total Operating Expense increased 4.6% during the first nine months of 2019 from 2018. Lower labor costs and lower other operating expenses were more than offset by $1.9 million increase in depreciation and amortization related to the Advanced Reformer unit which came on line in the third quarter of 2018.

Capital Expenditures

Capital Expenditures in the first nine months of 2019 were approximately $5.0 million compared to $16.4 million in the first nine months of 2018. The bulk of 2019 capital expenditures were related to modifications and improvements to the Advanced Reformer unit and natural gasoline feedstock pipeline maintenance work.

Specialty Waxes Segment

	Nine Months Ended September 30,			
	2019	2018	Change	% Change
		(thousands of dollars)		
Product Sales	$ 18,582	$ 20,755	$ (2,173)	(10.5)%
Processing	7,191	8,863	(1,672)	(18.9)%
Gross Revenue	$ 25,773	$ 29,618	$ (3,845)	(13.0)%
Volume of specialty wax sales (thousand pounds)	26,486	29,140	(2,654)	(9.1)%
Cost of Sales	$ 26,852	$ 27,814	$ (962)	(3.5)%
Gross Margin (Loss)	(4.2)%	6.1%		(10.3)%
General & Administrative Expense	3,423	3,787	(364)	(9.6)%
Depreciation and Amortization*	4,295	4,020	275	6.8 %
Capital Expenditures	$ 1,296	$ 2,716	$ (1,420)	(52.3)%

*Includes $4,223 and $3,952 for 2019 and 2018, respectively, which is included in cost of sales

Product Sales

Product sales revenue decreased 10.5% during the first nine months of 2019 from the first nine months of 2018 as specialty wax sales volume declined 9.1%. Planned maintenance turnaround at our Pasadena facility in the first quarter of 2019, along with outages at multiple wax feed suppliers, constrained specialty wax production and thereby sales. In addition, in 2018 sales benefited from one-time sales of off-spec product that did not meet customer specifications. Customer demand during the first nine months of 2019 was strong and our sales remained limited by wax feed supply.

Processing

Processing revenues declined approximately $1.7 million during the first nine months of 2019 from the first nine months of 2018. The decrease was due to lower revenues from the hydrogenation/distillation unit as we work to improve the unit's reliability and lower demand from certain custom processing customers.

Cost of Sales

Cost of Sales decreased 3.5% or approximately $1.0 million during the first nine months of 2019 from the first nine months of 2018 as a result of lower wax sales and lower operating expenses.

Depreciation

Depreciation increased 6.8% during the first nine months of 2019 from the first nine months of 2018.

Capital Expenditures

Capital Expenditures were approximately $1.3 million in the first nine months of 2019 compared with $2.7 million in the first nine months of 2018.

Corporate Segment

	Nine Months Ended September 30,			
	2019	2018	Change	% Change
	(thousands of dollars)			
General & Administrative Expense	$ 7,159	$ 5,234	$ 1,925	36.8%

General corporate expenses increased approximately $1.9 million during the first nine months of 2019 from the first nine months of 2018. The increase is primarily attributable to the second quarter 2018 cancellation and reversal of stock compensation expense and other post-retirement benefits totaling approximately $1.5 million previously awarded to Mr. Hatem El Khalidi.

Investment in AMAK - Discontinued Operations

	Nine Months Ended September 30,			
	2019	2018	Change	% Change
	(thousands of dollars)			
Equity in (losses) earnings of AMAK	(1,418)	(672)	(746)	111.0%

Equity in earnings (losses) of AMAK decreased during the first nine months of 2019 from the first nine months of 2018. The equity in earnings (losses) were impacted by increased selling, general and administrative expenses.

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AMAK Summarized Income Statement

	Nine Months Ended September 30, 2019	
	2019	2018
	(thousands of dollars)	
Sales	$ 60,873	$ 53,458
Cost of sales	55,804	49,411
Gross profit	5,069	4,047
Selling, general, and administrative	9,102	7,151
Operating income (loss)	(4,033)	(3,104)
Other income	396	70
Finance and interest expense	(1,349)	(1,201)
Loss before Zakat and income taxes	(4,986)	(4,235)
Zakat and income taxes	1,332	800
Net Loss	$ (6,318)	$ (5,035)
Finance and interest expense	1,349	1,201
Depreciation and amortization	23,604	24,881
Zakat and income taxes	1,332	800
EBITDA	$ 19,967	$ 21,847

AMAK continued to make progress in throughput rates, concentrate quality and recoveries. Approximately 49,000 dry metric tons (dmt) of copper and zinc concentrate were shipped in the first nine months of 2019 as compared to 42,000 dmt of copper and zinc concentrate in the first nine months of 2018. EBITDA shows a decline of approximately $1.9 million compared to the first nine months of 2018 primarily due to increased cost of sales resulting from a change in inventory valuation methodology and one-time non-recurring expenses.

Contractual Obligations

Our contractual obligations are summarized in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended December 31, 2018. See Note 10 for changes to our debt maturity schedule. There have been no other material changes to the contractual obligation amounts disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Critical Accounting Policies and Estimates

Critical accounting policies are more fully described in Note 2, “Summary of Significant Accounting Policies” to the consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2018. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period reported. By their nature, these estimates, assumptions and judgments are subject to an inherent degree of uncertainty. We base our estimates, assumptions and judgments on historical experience, market trends and other factors that are believed to be reasonable under the circumstances. Estimates, assumptions and judgments are reviewed on an ongoing basis and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies and estimates have been discussed with the Audit Committee of the Board of Directors and discussed in our Annual Report on Form 10-K for the year ended December 31, 2018. For the nine months ended September 30, 2019, there were no significant changes to these policies except for the policies related to the accounting for leases as a result of the adoption of ASU 2016-02, Leases, as of January 1, 2019 as described in Note 1 – General and Note 8 – Leases in the accompanying condensed consolidated financial statements.

Recent and New Accounting Standards

See Note 1 and 2 to the Consolidated Financial Statements for a summary of recent accounting guidance.

Off Balance Sheet Arrangements

Off balance sheet arrangements as defined by the SEC means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the registrant is a party, under which the registrant has (i) obligations under certain guarantees or contracts, (ii) retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangements, (iii) obligations under certain derivative arrangements, and (iv) obligations arising out of a material variable interest in an unconsolidated entity. Our guarantee for AMAK's debt is considered an off balance sheet arrangement. Please see further discussion in Notes 16 and 19 to the Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

For quantitative and qualitative disclosure about market risk, see Part II, Item 7A, Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10–K for the year ended December 31, 2018. There have been no material changes in the Company's exposure to market risk from the disclosure included in such report.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer, with the participation of management, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in internal control. There were no significant changes in our internal control over financial reporting that occurred during the three months ended September 30, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is periodically named in legal actions arising from normal business activities. The Company evaluates the merits of these actions and, if it determines that an unfavorable outcome is probable and can be reasonably estimated, the Company will establish the necessary reserves. We are not currently involved in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

ITEM 1A. RISK FACTORS.

Readers of this Quarterly Report on Form 10–Q should carefully consider the risks described in the Company's other reports and filings filed with or furnished to the SEC, including the Company's prior and subsequent reports on Forms 10–K, 10–Q and 8–K, in connection with any evaluation of the Company's financial position, results of operations and cash flows.

The risks and uncertainties in the Company's most recent Annual Report on Form 10–K are not the only risks that the Company faces. Additional risks and uncertainties not presently known or those that are currently deemed immaterial may also affect the Company's operations. Any of the risks, uncertainties, events or circumstances described therein could cause the Company's future financial condition, results of operations or cash flows to be adversely affected. There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, except as noted below.

Consummation of the sale of the Company's equity interest in AMAK is subject to a number of closing conditions, including receipt certain governmental approvals, that may not be satisfied, and the closing of the sale may be delayed or the sale may not be completed as contemplated, or at all.

Although we have entered into the Purchase Agreement with respect to the sale of the Company's equity interest in AMAK to the Purchasers, we cannot guarantee when, or whether the sale will be completed. The closing of the sale is subject to closing conditions, including the receipt of certain governmental approvals from the Saudi Arabian Deputy Ministry for Mineral Resources and the SIDF (with respect to release of the Company's limited guarantee of the Loan (as described in Note 18)). If the closing conditions are not satisfied or waived (to the extent any such condition may be waived), in either a timely manner or at all, the closing of the sale may be delayed or may not be completed as contemplated, or at all, which could cause us not to realize some or all of the anticipated benefits of the transaction. In addition, the market price of the Company's common stock may reflect an assumption that the pending sale will occur and on a timely basis, and the failure to do so may result in a decline in the market price of the Company's common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Unregistered Sales of Equity Securities

In connection with certain amendments to his Employment Contract, Peter M. Loggenberg, our Chief Sustainability Officer, was granted 4,400 restricted shares of our common stock on February 21, 2019. The restricted shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, and vest in equal increments over a three year period.

ITEM 6. EXHIBITS.

The following documents are filed or incorporated by reference as exhibits to this Report. Exhibits marked with an asterisk (*) are filed herewith and exhibits marked with a double asterisk (**) are furnished herewith.

Exhibit Number	Description
2.1*	Share Sale and Purchase Agreement, dated as of September 22, 2019, among Trecora Resources, Al Masane Al Kobra Mining Company and the other purchasers named therein
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

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.

TRECORA RESOURCES

Dated: November 8, 2019	By: /s/ Sami Ahmad
	Sami Ahmad
	Principal Financial Officer and Duly Authorized Officer

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EXHIBIT 2.1

EXECUTION VERSION

DATED
September 22, 2019

AL MASANE AL KOBRA MINING CO.

and the other

purchasers identified on the signature page hereto,

as Purchasers,

and

TRECORA RESOURCES, A DELAWARE (USA) CORPORATION,

as Seller

SHARE SALE AND PURCHASE AGREEMENT

CONTENTS

Clause Page

Annex:

Schedules:

THIS SHARE SALE AND PURCHASE AGREEMENT is made as of September 22, 2019 to be effective as of the Effective Date (as defined below).

PARTIES:

(1) **Trecora Resources**, a Delaware (USA) corporation, a company organized and existing under the Laws of the United States of America and having its registered office at 1650 Hwy 6 S., Suite 190, Sugar Land, TX 77478, USA ("**Seller**");

(2) **Al Masane Al Kobra Mining Co.**, a Saudi joint stock company organized under the Laws of the Kingdom of Saudi Arabia with commercial registration number 4030175345 dated 7/1/1429 issued at Jeddah and commercial registration number 5950017523 dated 03/11/1431H issued at Najran, and SAGIA license number 993/2 dated 16/7/1428 issued at Riyadh (the "**Company**");

(3) The individuals and entities identified on the signature page hereto (collectively, "**Individual Purchasers**" and together with the Company, "**Purchasers**"); and

(4) **Mohammad Aballala**, an individual, as the representative of the Purchasers for all purposes under this Agreement (the "**Purchasers' Representative**").

RECITALS:

(A) Seller is the owner of, in the aggregate, 26,467,422 Shares (as defined below) in the capital of the Company.

(B) Each Individual Purchaser is a current shareholder in the Company.

(C) Seller wishes to sell, and Purchasers wish to purchase, the Sale Shares (as defined below) on the terms and subject to the conditions set out in this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalized terms that are used in this Agreement have the meanings set forth in Annex I.

1.2 Statutory Provisions

All references to legislation, subordinate legislation, statutes, statutory provisions, enactments, directives, rules or regulations shall include references to any consolidation, re-enactment, modification, amendment, restatement or replacement of the same, any statute, statutory provision, enactment, directive, rules or regulation of which it is a consolidation, re-enactment, modification or replacement and any subordinate legislation in force under any of the same from time to time.

1.3 Agreed Form

Any reference to a document in the "**agreed form**" is to the form of the relevant document in the terms agreed between the Parties prior to the execution of this Agreement and signed or initialled for identification purposes only by or on behalf of the Parties, in each case with any amendments as may be agreed by or on behalf of the Parties.

1.4 Recitals and Schedules

References to this Agreement include the recitals, annexes and schedules which form part of this Agreement for all purposes. References in this Agreement to the Parties, the recitals, annexes, schedules and clauses are references respectively to the Parties and their legal personal representatives, successors and permitted assigns, the recitals and schedules to and clauses of this Agreement.

1.5 Meaning of References

In this Agreement, unless the context requires otherwise:

(a) words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing persons and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof;

(b) references to a "**person**" shall include any individual, firm, body corporate, unincorporated association, government, state or agency of state, association, joint venture or partnership, in each case whether or not having a separate legal personality;

(c) References to a "**company**" shall be construed so as to include any company, corporation or other body corporate wherever and however incorporated or established;

(d) references to the word "**include**" or "**including**" (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "**other**" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of matters;

(e) references to "**writing**" or "**written**" includes any method of reproducing words or text in a legible and non-transitory form;

(f) references to "**indemnify**" and to "**indemnifying**" any person against any Losses by reference to any matter includes indemnifying and keeping that person indemnified against all Losses from time to time made, suffered or incurred as a direct consequence of or which would not have arisen but for that matter;

(g) where this Agreement states that a Party "shall", "will" or "must" perform in some manner or otherwise act or omit to act, it means that the Party is legally obligated to do so in accordance with this Agreement;

(h) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced from time to time;

(i) references to paragraphs in each schedule are references to paragraphs in that particular schedule unless the context requires otherwise;

(j) a reference to any matter is a reference to any fact, matter or circumstance;

(k) references to Saudi Arabian Riyals ("**SAR**") are to the lawful currency of the Kingdom of Saudi Arabia ("**KSA**") as at the date of this Agreement; and

(l) references to times of the day are to the local time in KSA and references to a day are to a period of 24 hours running from midnight to midnight. Any reference to dates or periods of time are to the Gregorian calendar.

1.6 Headings

Clause and paragraph headings and the table of contents are inserted for ease of reference only and shall not affect construction.

1.7 Awareness

Where any statement in the Warranties is qualified by the expression "**to the best of the knowledge of the Warrantor**" or "**so far as the Warrantor is aware**" or any similar expression, the Warrantor shall be deemed to have knowledge of:

(a) anything of which any such Warrantor has knowledge; and

(b) anything of which such Warrantor would have had knowledge had it made due and careful enquiry immediately before giving the statement.

1.8 Joint and Several Obligations

All warranties, representations, indemnities, covenants, agreements, undertakings and obligations given or entered into by Purchasers are given or entered into jointly and severally.

1.9 Negotiation of the Agreement

The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provisions of this Agreement.

2. AUTHORITY OF SIGNATORIES

2.1 If requested by any other Party, a Party shall promptly deliver to each of the other Parties evidence reasonably satisfactory to the other Parties that any person executing any Transaction Document on its behalf is duly authorised signatory and is authorised to do so.

2.2 Further all Parties shall, as soon as reasonably practicable after the date of this Agreement, duly execute a power of attorney (and where appropriate such power of attorney shall be notarised and legalised) for use in KSA enabling each Party to undertake all acts and actions required to complete the Transaction in accordance with this Agreement.

2.3 It is acknowledged and agreed that the Company's entry into this Agreement and the performance of its obligations hereunder in connection with the buyback by the Company of certain of the Sale Shares (as listed in Schedule 1) (the "**Buyback**") is subject to the Company receiving the approval of its Shareholders at an extraordinary general meeting to be held on 29 September 2019 (the "**Shareholder Approval**"). Following receipt of the Shareholder Approval, the Company shall be obliged to comply with its obligations hereunder including but not limited to payment of the Deposit in accordance with Clause 4.2 which shall, for the avoidance of doubt, be paid by the Company and received by the Sellers within 11 days of the date of this Agreement.

3. SALE AND PURCHASE

3.1 Sale Shares

Subject to the Conditions being satisfied, and in accordance with the terms set forth in this Agreement, Seller shall sell to Purchasers, and Purchasers shall purchase from Seller, the Shares as set forth in Schedule 1 (the "**Sale Shares**").

3.2 The Sale Shares shall be sold on and with effect on and from the Closing Date, free from all Encumbrances and together with all rights and liabilities attaching to them including the right to receive any dividends in respect of the Sale Shares declared and/or paid after Closing.

3.3 Seller is not obliged to complete the sale of any of the Sale Shares unless the sale and purchase of all of the Sale Shares is completed simultaneously.

3.4 Purchasers acknowledge that Seller enters into this Agreement in reliance on Purchasers' Warranties and undertakings on the part of each Purchaser set out in this Agreement.

3.5 The purchase price for the Sale Shares is SAR 10 per Sale Share, equating to a total of SAR 264,674,220 (the "**Purchase Price**"). The Purchase Price will be paid in United States Dollars calculated at the prevailing exchange rate on the date of the relevant transfer.

3.6 The Purchase Price shall be paid by Purchasers in proportion to the number of Sale Shares purchased by each Purchaser hereunder as set forth in Schedule 1.

3.7 Contemporaneously with the sale of the Sale Shares, Seller will be released from any and all commitments and guarantees Seller may have to the Company or any third parties on behalf of the Company, including the guarantee (the "**Guarantee**") issued by Seller in favour of the lenders under the Loan Agreement No. 2234 by and between the SIDF and the Company, dated September 1, 2010 (the "**Loan**"), as amended. To accomplish this release, each Individual Purchaser will assume a share of the aggregate amount of the Guarantee (and any other liabilities arising out of or relating to the Sale Shares) that is proportionate to such Individual Purchaser's percentage acquisition of Sale Shares relative to the other Individual Purchasers, calculated for purposes of this Clause 3.7 on the basis that the Individual Purchasers are acquiring 100% of the Sale Shares and AMAK is not purchasing any of the Sale Shares.

4. PAYMENT OF PURCHASE PRICE AND DEPOSIT

4.1 Payment of the Purchase Price

Purchasers shall together pay the Purchase Price Balance to Seller at Closing by wire transfer of immediately available funds pursuant to the wire instructions set forth on Annex II.

4.2 Deposit

Purchasers shall deliver to Seller, by wire transfer of immediately available funds, an aggregate amount equal to 5% of the Purchase Price being SAR 13,233,711 (the "**Deposit**") pursuant to the wire instructions set forth on Annex II, no later than the date that is 10 calendar days after the date of this Agreement. In the event the Closing occurs, the Deposit shall be credited against the Purchase Price. If the Closing does not occur, Seller shall be entitled to retain the Deposit as liquidated damages (and not as a penalty) for failure of the transaction to be consummated. This Agreement will not be in effect until the Deposit is received by Seller in full, and will terminate without the need for further action if the Deposit is not received in full by Seller on or before the date that is 11 calendar days after the date of execution of this Agreement.

As consideration for receipt of the non-refundable Deposit, from the Effective Date until the date that is 60 days after the Effective Date, Seller will not solicit, negotiate, or enter into a purchase and sale agreement with respect to the Sale Shares with any third party purchaser.

5. EFFECTIVE DATE

This Agreement shall have full force and effect from and after the date on which Seller receives the Deposit in full in immediately available funds (the "**Effective Date**"). Prior to such date, this Agreement shall not be in effect or bind the Parties in any way.

6. CONDITIONS

6.1 Conditions

The obligations to Close the Transaction are conditional upon the following matters ("**Conditions**" and "**Condition**" shall mean any of them) having been satisfied (or waived where indicated), on or before the Long Stop Date:

(a) General Conditions

(i) As soon as reasonably practicable after the date of this Agreement and if required, the Parties shall procure that their respective authorised signatories execute the Short Form SPA and shall take all steps as may be necessary to have the Short Form SPA attested by the Chamber of Commerce;

(ii) SIDF shall have unconditionally approved the Transaction in writing together with confirmation that Seller is released from any and all obligations and guarantees in connection with the Loan, including the Guarantee, in accordance with Clauses 3.7 and 6.1(c)(iv); and

(iii) DMMR shall approve the Transaction.

(b) Conditions to Obligations of Purchasers:

The obligations of Purchasers to Close the Transaction as contemplated by this Agreement are subject to the satisfaction at or prior to the Closing of the following Conditions (any of which may be waived in writing by Purchasers, in whole or in part, in their sole discretion):

(i) No Governmental Entity shall have enacted, issued, promulgated or enforced or entered any Law or Order to the effect that the Transaction may not be Closed as provided herein;

(ii) Seller's Warranties shall be true and correct as at the Closing as though made at and as of such time or, in the case of Seller's Warranties made as of a specific date, as of such date;

(iii) Seller shall have performed, in all material respects, all of its obligations and undertakings hereunder required to be performed or complied by it at or prior to the Closing; and

(iv) Seller shall have procured that Patrick D. Quarles, Nicholas N. Carter and John D. Elmes (the "**Resigning Directors**") each sign their respective letter of resignation as a director on the Board of the Company with effect from the Closing Date.

(c) Conditions to Obligations of Seller:

The obligations of Seller to Close the Transaction as contemplated by this Agreement are subject to the satisfaction at or prior to the Closing of the following Conditions (any of which may be waived in writing by Seller, in whole or in part, in its sole discretion):

(i) No Governmental Entity shall have enacted, issued, promulgated or enforced or entered any Law or Order to the effect that the Transaction may not be consummated as provided herein;

(ii) Each Purchaser's Warranties shall be true and correct as of the Closing as though made at and as of such time or, in the case of Purchasers' Warranties made as of a specific date, as of such date;

(iii) Each Purchaser shall have performed, in all material respects, all of its obligations and undertakings hereunder required to be performed or complied by it at or prior to the Closing; and

(iv) Seller has been released from any and all commitments and guarantees Seller may have to the Company or any third parties on behalf of the Company, including the Guarantee. The Parties shall cooperate and use commercially reasonable efforts to take all such steps and to cause any documents supporting the discussions or effecting the foregoing to be provided, executed and delivered as soon as reasonably practicable following receipt of the request from SIDF and in any event on or before the Closing Date.

6.2 All Reasonable Endeavours

Each Party shall use all reasonable endeavours to fulfill the Conditions as soon as possible and at the latest by the Long Stop Date.

6.3 Failure to satisfy the Conditions

If any Condition remains unsatisfied on or is not waived by all Parties on or before the Long Stop Date, Seller may terminate this Agreement by giving notice of termination to the other Party in accordance with Clause 15.

7. FILINGS; OTHER ACTIONS

7.1 Seller and Purchasers (acting through the Purchasers' Representative) shall cooperate with each other and take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable Law to consummate and make effective the Transaction contemplated by this Agreement as soon as reasonably practicable, including respectively using all their reasonable endeavours to accomplish the following:

(a) the satisfaction of the Conditions in accordance with Clause 0; and

(b) the obtaining or making of all necessary consents, approvals, authorizations, filings or notices including but not limited to from SIDF, DMMR and SAGIA.

7.2 It is agreed that Purchasers, represented by the Purchasers' Representative, and the Company shall lead all discussions with the Governmental Entities. Seller shall have the right to nominate a representative to attend any meeting with a Governmental Entity (including DMMR, SIDF, SAGIA and MOCI) and Purchasers and the Company shall ensure that Seller has reasonable notice ahead of any such meeting.

7.3 Subject to applicable Law and the instructions of any Governmental Entity (including DMMR, SIDF, SAGIA and MOCI), Seller, Purchasers (acting through the Purchasers' Representative) and the Company (acting other than in its capacity as a Purchaser) each shall keep the others apprised of the status of matters relating to Closing of the Transaction contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by Seller, the Company or Purchasers from any Governmental Entity with respect to such transaction.

7.4 In connection with the resignation and removal of the Resigning Directors with effect from the Closing Date, the Company shall take all such steps as may be necessary with DMMR and MOCI and shall submit all such documents as may be required or necessary in order to complete the removal of the Resigning Directors as directors on the Board and their removal from the Company's Commercial Licence in accordance with Clause 8.6.

8. CLOSING

8.1 Time and Place of Closing

Closing shall occur on the date on which all of the Conditions have been satisfied, at the offices of Seller's counsel in Riyadh or such other place or date as may be agreed by the Parties, but in any event by no later than the Long Stop Date.

8.2 Seller Deliverables

At the Closing, Seller shall deliver, or cause to be delivered, to the Purchasers' Representative on behalf of Purchasers the following:

(a) A copy of the share certificate representing Seller's Shares in the Company (being the Sale Shares);

(b) The signed Tadawul share transfer forms to transfer the Sale Shares to the Purchasers; and

(c) Resigning Directors' letters of resignation.

8.3 Purchaser Deliverables

At the Closing, Purchasers shall deliver, or cause to be delivered, to Seller the following:

(a) The Purchase Price Balance in accordance with Clause 3.5 and Clause 4.1;

(b) Evidence that all regulatory approvals have been obtained;

(c) A release in favour of Seller from the Company and the general assembly of the Company of any and all claims and liability related to the ownership of the Sale Shares;

(d) The signed Tadawul share transfer forms to purchase the Sale Shares from the Seller; and

(e) Evidence that Seller's Guarantee has been released.

8.4 At Closing the Company shall:

(a) update the register of Shareholders of the Company with Tadawul to reflect the transfer of the Sale Shares to the relevant Purchaser; and

(b) procure that the Board acknowledge the transfer of the Sale Shares to Purchasers and the resignation of the Resigning Directors and that the Board direct that the Chairman execute all such documents, and do all such acts as may be required to duly record such transfer in the share registry and before all relevant authorities.

8.5 No Party shall be obliged to complete the sale and purchase of the Sale Shares unless all of the obligations of the respective Parties which are to be performed on the Closing Date are performed on the same date (to the extent possible) and in accordance with the terms of this Agreement.

8.6 Within no more than five Business Days after Closing and in accordance with Clause 7.4, the Company shall liaise with MOCI in connection with the resignation and removal of the Resigning Directors as directors on the Board of the Company. Within no more than two Business Days after the date of issuance by MOCI of the updated Commercial Licence showing that the Resigning Directors have been removed as directors on the Board (the "**Updated Licence**"), the Company shall provide a copy of Updated Licence to Seller and Purchasers.

8.7 As soon as reasonably practicable after the Closing Date, and in any event within no more than five Business Days after the Closing Date, the Company and the Purchasers shall notify SAGIA that the Sale Shares have been transferred from the Seller to the Purchasers and shall request that the SAGIA Licence be updated accordingly. Within no more than two Business Days after the date of issuance by SAGIA of the updated SAGIA Licence showing that the Seller is no longer a shareholder in the Company (the "**Updated SAGIA Licence**"), the Company shall provide a copy of Updated SAGIA Licence to Seller.

9. WARRANTIES

9.1 Seller's Warranties

Seller warrants to each Purchaser, that each of the statements made in Part A of Schedule 2 (the "**Seller's Warranties**") is true, accurate and not misleading, on the date of this Agreement and immediately prior to Closing (except that where any Seller Warranty is expressed to be made only at a particular date it is given only at that date).

9.2 Purchasers' Warranties

Each Purchaser warrants to Seller jointly and severally that each of the statements set out in Part B of Schedule 2 (the "**Purchasers' Warranties**") is true, accurate and not misleading as it relates to it, on the date of this Agreement and immediately prior to Closing (except that where any Purchaser Warranty is expressed to be made only at a particular date it is given only at that date).

9.3 Prompt Disclosure of Breach

Each Party shall promptly notify the other Party in writing if it becomes aware of any matter arising after the date of this Agreement but prior to Closing which would cause any Warranty to become untrue or inaccurate or misleading in any material respect.

9.4 Reliance

Each Party acknowledges that the other Parties have entered into this Agreement on the basis of and in reliance on the Warranties given by the other Parties.

9.5 Scope of Warranties

Each of the Warranties is:

(a) qualified only by reference to those matters disclosed in this Agreement; and

(b) separate and independent and, unless expressly provided to the contrary, is not limited by any other provision of the Warranties or ancillary documents.

10. INDEMNIFICATIONS; REMEDIES

10.1 Survival of Warranties and Undertakings

Purchasers' Warranties and Seller's Warranties contained in this Agreement, including the indemnification obligations in this Clause 10, shall survive the Closing for a period of one year.

10.2 No Other Warranties

The Parties hereby agree and accept that the warranties contained in Part A and Part B of Schedule 2 shall be the sole warranties furnished by the Parties in connection with the Transaction (either on the date hereof or on the date of Closing) such that any warranties which are implied by Law are hereby excluded by the Parties to the fullest extent permitted by Law.

10.3 Indemnification Obligations

(a) Each Purchaser shall, jointly and severally, indemnify and hold harmless Seller and its affiliates, officers, directors, shareholders, employees and other representatives from, against and in respect of any and all Damages whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to any breach of any: (i) Warranty made by Purchasers in this Agreement; and (ii) agreement or undertaking expressly made by Purchasers in this Agreement.

(b) Seller shall indemnify and hold harmless each Purchaser from, against and in respect of any and all Damages whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to any breach of any: (i) Warranty made by Seller in this Agreement; and (ii) agreement or undertaking expressly made by Seller in this Agreement.

10.4 Limitation on Liability

The liability of the Parties shall be limited as follows:

(a) neither Purchasers, on the one hand, nor Seller, on the other hand, shall be liable in respect of any warranty claim unless the amount of the damages to which the claiming Party would, but for this Clause 10.4(a), be entitled as a result of that claim exceeds an amount equal to SAR 2,000,000 (the "**Claim Threshold**"), and such items will not be aggregated for purposes of calculating the Deductible;

(b) neither Purchasers, on the one hand, nor Seller, on the other hand, shall be liable in respect of any warranty claim except to the extent that the amount of damages resulting from any and all claims (other than claims disregarded as contemplated by Clause 10.4(a) above) exceeds in aggregate an amount equal to SAR 10,000,000 (the "**Deductible**"), and then only to the extent of such excess over the Deductible; and

(c) the maximum aggregate liability of Purchasers, on the one hand, or Seller, on the other hand, in respect of any and all warranty claims shall not in any case exceed the Purchase Price.

10.5 NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL ANY PARTY OR ANY OF ITS AFFILIATES OR REPRESENTATIVES BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, LOSS OF REVENUE OR LOST SALES) IN CONNECTION WITH ANY CLAIMS, LOSSES, DAMAGES OR INJURIES ARISING OUT OF THE CONDUCT OF SUCH PARTY PURSUANT TO THIS AGREEMENT REGARDLESS OF WHETHER THE NONPERFORMING PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR NOT.

10.6 Liability in Case of Fraud

Nothing in this Agreement shall exclude or limit the liability of any Party in case of fraud of or fraudulent conduct by such Party under applicable Law.

10.7 Claims Procedures

In the event (i) Seller claims a right to indemnification and payment under Clause 10.3(a), or (ii) a Purchaser claims a right to indemnification and payment under Clause 10.3(b), the claiming Party shall send written notice of such claim to the other Party (a "**Notice of Claim**"); such Notice of Claim shall be served within one year of the Closing Date (the "**Time Limit**"). The failure by a Party to notify the other Party shall not relieve a Party from any liability that it may have to the claiming Party with respect to any claim made pursuant to this Clause 10.7 unless the recipient of a Notice of Claim has been materially prejudiced by any such failure to notify or unless the relevant Time Limit has expired. If a Party disputes its liability with respect to such claim, Seller and Purchasers (acting through the Purchasers' Representative) shall establish the merits and amount of such claim (by mutual agreement, litigation, arbitration or otherwise) and, within five Business Days following the final determination of the merits and amount of such claim (if any), the owing Party shall pay the other Party an amount equal to such claim as determined hereunder by wire transfer of immediately available funds.

11. TAX MATTERS

All transfer, documentary, recording, notarial, sales, use, stamp, registration or other similar Taxes or fees, if any, resulting from the transactions contemplated by this Agreement ("**Transfer Taxes**") in the Kingdom of Saudi Arabia will be borne by Purchasers. Purchasers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes and, if required by applicable Law, Seller will to the extent required by Law join in the execution of any such Tax Returns or other documentation. Purchasers and Seller shall cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any such Transfer Taxes. Purchasers will promptly pay to Seller an amount equal to any Transfer Taxes that are payable under applicable Law but are paid by Seller. For the avoidance of doubt, Transfer Taxes do not include capital gains taxes payable by Seller with respect to the Sale Shares.

12. FURTHER ASSURANCES

From the date hereof, Seller and Purchasers will, at their respective own cost and expense (except as provided by Clause 11), execute and do (or procure to be executed and done by any other necessary Party) all such deeds, documents, acts and things as the other Party may from time to time reasonably request in order to carry out the intended purpose of this Agreement, the Transaction and the actions and transactions contemplated herein.

13. NO PARTNERSHIP OR AGENCY

Nothing contained or implied in this Agreement shall constitute or be deemed to constitute a partnership or agency between any of the Parties and none of the Parties shall have any authority to bind or commit any other Party in any way.

14. COSTS

Each Party shall pay the costs and expenses incurred by it in connection with entering into this Agreement and all transactions contemplated hereby, including the fees and expenses of legal counsel, except as otherwise explicitly set forth in this Agreement.

15. TERMINATION

15.1 Date of Termination

This Agreement may be terminated and the transactions contemplated hereby may be abandoned:

(a) at any time prior to the Closing Date by unanimous written agreement of Purchasers and Seller;

(b) by Seller if:

(i) at any time prior to the Closing Date there is (x) a breach of any of Purchasers' Warranties herein occurs or (y) an objection from a Governmental Entity in relation to the Transaction;

(ii) Purchasers fail to pay the Deposit in accordance with Clause 4.2;

(iii) the Closing does not occur by the Long Stop Date; or

(iv) there is any change to the rate at which the SAR is pegged to the USD.

15.2 Effect of Termination

If this Agreement is terminated:

(a) Seller shall retain the Deposit, which shall serve as liquidated damages for lost opportunities (and not as a penalty) in lieu of all other Damages. The Parties hereby acknowledge that the extent of Damages occasioned by termination for any other reason would be impossible or extremely impractical to ascertain and that the amount of the Deposit is a fair and reasonable estimate of the Damages suffered by Seller under the circumstances.

(b) Each Party:

(i) is released from the obligation to continue to perform this Agreement except those obligations contained in the Surviving Provisions and each provision of this Agreement necessary for a Party to enforce those Clauses; and

(ii) retains the rights it has against any other Party for any past breach of the Agreement.

16. ASSIGNMENT

None of the rights or obligations under this Agreement may be assigned or transferred without the prior written consent of Seller.

17. ENTIRE AGREEMENT

17.1 Entire Agreement

This Agreement together with the Transaction Documents constitute the entire agreement between the Parties and supersede any previous oral or written agreements or arrangements between the Parties relating to the subject matter of this Agreement.

17.2 No Reliance

Each Party acknowledges that in entering into this Agreement it has not relied on any express or implied representation, warranty, collateral Contract or other assurance (except those set out in this Agreement) made by or on behalf of any other Party before the entering into of this Agreement. Each Party waives all rights and remedies which might otherwise be available to it in respect of any such representation, warranty, collateral Contract or other assurance.

17.3 Exclusion

Nothing in this Clause 17 limits or excludes any liability for fraud.

18. NOTICES

18.1 Form

Any notice or other communication to be given under this Agreement must be in writing which includes email, but excludes any other form of electronic communication, and must be delivered or sent by a courier of international repute or email to the Party to whom it is to be given at its address as follows:

(a) to Seller at:

Trecora Resources
1650 Hwy 6 S., Suite 190
Sugar Land, TX 77478
Attention: Patrick D. Quarles
Email: pquarles@trecora.com

with a copy that shall not constitute notice to:

Baker & McKenzie LLP
700 Louisiana, Suite 3000
Attention: Denmon Sigler
Email: denmon.sigler@bakermckenzie.com

(b) to Purchasers care of the Purchasers' Representative:

Address: 4896 Abdulrahma Ibn Ali Al Ash Shaikh - As Sulimaniyah, Riyadh, Kingdom of Saudi Arabia, 12243 - 7504
Attention: Mohammad Aballala
Email: m_aballala@hotmail.com

18.2 The Purchasers acknowledge and agree that the Purchasers' Representative shall represent all of the Purchasers in relation to the Transaction and that any and all notices, approvals, consents or communications made by or received by the Purchasers' Representative shall be made for and on behalf of and shall be binding on the Purchasers.

18.3 Deemed Delivery

Any notice or other communication shall be deemed to have been given:

(a) if delivered, on the date of delivery; or

(b) if sent by email, on the date of delivery, if delivered before 3.00 pm (local time at the country of destination) on any Business Day, and in any other case on the Business Day following the date of actual delivery.

18.4 Proof of Service

In proving the giving of a notice or other communication, it shall be sufficient to prove that delivery was made or in the case of email that the sender has a confirmation that the email was delivered, as the case may be.

18.5 Exceptions

For the avoidance of doubt, this Clause 18 shall not apply in relation to the service of any claim form, notice, Order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this Agreement.

18.6 Change of Details

A Party may notify all other Parties of a change to its name, relevant addressee, address, or email address for the purposes of this Clause 18, provided that such notice shall only be effective on:

(a) the date specified in the notice as the date on which the change is to take place (provided that date is not prior to the date on which the notice is deemed to be delivered); or

(b) if no date is specified or the date specified is less than five Business Days after the date on which notice is deemed to be delivered, the fifth Business Day after notice of any change has been given.

19. VARIATION, WAIVER AND CONSENT

19.1 No Waiver

A failure to exercise or delay in exercising a right or remedy provided by this Agreement or by applicable Law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by applicable Law prevents further exercise of the right or remedy or the exercise of another right or remedy.

19.2 Form

No variation or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by or on behalf of each Party (or, in the case of a waiver, by or on behalf of the Party waiving compliance).

19.3 Effectiveness

A variation, waiver or consent under this Agreement is effective only in the specific instance and for the specific purpose for which it is given.

20. SEVERABILITY

20.1 Severance

If any provision of this Agreement is held by any tribunal or court of competent jurisdiction to be illegal, invalid or unenforceable in any respect under the Law of any jurisdiction, then that provision shall (so far as it is illegal, invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement.

20.2 Replacement

Any provision of this Agreement held illegal, invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held illegal, invalid or unenforceable. The Parties shall then use all reasonable endeavours to replace the illegal, invalid or unenforceable provision(s) by legal, valid and enforceable substitute provision(s) the effect of which is as close as possible to the intended effect of the illegal, invalid or unenforceable provision(s).

21. GENERAL

21.1 Third Party Rights

A person who is not a party to the Agreement has no right to enforce any term of, or enjoy any benefit under, this Agreement.

21.2 Counterparts

The Parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the Party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each Party to the other Party. The signatures of all Parties need not appear on the same counterpart. The delivery of signed counterparts by email transmission that includes a copy of the sending Party’s signature(s) is as effective as signing and delivering the counterpart in person.

21.3 Rights and Remedies

Except where this Agreement provides otherwise, the rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by applicable Law. Notwithstanding the foregoing, the Parties agree that this Agreement shall not be capable of being rescinded or otherwise being treated as terminated for any reason after Closing. Further provided nothing contained herein will restrict the right of any Party to seek specific performance, injunctive or other equitable relief in connection with any breach or threatened breach of any covenant contained in this Agreement.

21.4 Amendments

The Agreement may be amended or otherwise modified only by written agreement duly executed by each Party.

21.5 Language

The language of this Agreement and the transactions envisaged by it is in English and all notices, demands, requests, statements, certificates or other communications to be given to the Parties in connection with this Agreement must be in English, except where required in law, regulation or practice, in which case those documents shall be in Arabic.

22. CONTINUING EFFECT

Each provision of this Agreement shall continue in full force and effect after Closing, except to the extent that a provision has been fully performed on or before Closing. For the avoidance of doubt, to the extent the Agreement is terminated, only the Surviving Provisions will continue in full force and effect.

23. GOVERNING LAW AND SUBMISSION TO ARBITRATION

23.1 Governing Law

The construction, validity and performance of this Agreement, and any non-contractual disputes or clauses arising out of or in connection with this Agreement shall be governed by the Laws of England and Wales.

23.2 Arbitration

(a) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the rules of the DIFC-LCIA, which rules are deemed to be incorporated by reference into this Clause 23.2.

(b) The number of arbitrators shall be three. The claimant and the respondent shall each nominate one member of the tribunal. Where there are multiple parties, whether as claimant or as respondent, the multiple claimants (jointly) shall nominate one member of the tribunal and the respondents (jointly) shall nominate one member of the tribunal. The party-nominated arbitrators shall, within 30 days of the response being served on the LCIA, jointly nominate an arbitrator to act as chairman of the tribunal. If they cannot agree on a person within that period, the LCIA Court shall appoint a chairman.

(c) The seat, or legal place, of arbitration shall be the DIFC-LCIA Arbitration Centre in the Dubai International Financial Centre in the Emirate of Dubai, in the United Arab Emirates.

(d) The arbitrators shall not be authorized to decide any dispute, controversy or claim *ex aequo et bono or as amiable compositeurs* but shall strictly apply the Law governing this Agreement.

(e) The language to be used in the arbitral proceedings and all pleadings and written evidence shall be English.

(f) The decision of the arbitrators shall be final, binding and enforceable upon the parties and judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In the event that the failure of a party to comply with the decision of the arbitrators requires the other parties to apply to any court for enforcement of such award, the non-complying party shall be liable to the other for all costs of such litigation including attorneys' fees. The Parties may apply to any court of competent jurisdiction for temporary or permanent injunctive relief, without breach of this paragraph or abridgement of the powers of the arbitrators. No Party shall be entitled to commence or maintain any action in any court of law upon any matter in dispute until such matter shall have been submitted to, and finally determined under, the dispute resolution and arbitration procedures in this paragraph, and then only for the enforcement of any arbitral award. The Parties irrevocably waive any objection which they may now or hereafter have to the laying of venue of any action, suit or proceeding arising out of or relating to this Agreement, or any claim that any such action, suit or proceeding brought before the arbitrators appointed under this Clause 23.2 has been brought in an inconvenient forum.

(g) Requests for arbitration should be served in accordance with the notice provisions set out in Clause 18.

[*Signature pages follow.*]

THIS AGREEMENT has been signed by the Parties (or their duly authorized representatives), in Dubai, United Arab Emirates, on the date stated at the beginning of this Agreement.

TRECORA RESOURCES

By: /s/ Patrick David Quarles
Name: Patrick David Quarles
Title: President and CEO

PURCHASERS' REPRESENTATIVE

By: /s/ Mohammad Aballala
Name: Mohammad Aballala

AL MASANE AL KOBRA MINING CO.

By: /s/ Mohammad Aballala
Name: Mohammad Aballala

MOHAMMAD ABALLALA

/s/ Mohammad Aballala

IBRAHIM A. MUSALLAM

/s/ Ibrahim A. Musallam

MAJED A. MUSALLAM

/s/ Majed A. Musallam

AYMAN A. ALSHIBL

/s/ Ayman A. Alshibl

SAVAS SAHINB

/s/ Savas Sahinb

ARABIAN MINING COMPANY

By: /s/ Talal Al Saadi
Name: Talal Al Saadi
Title: General Manager

ANNEX I
DEFINITIONS

"**Agreement**" means this share sale and purchase agreement, including all of the annexes schedules to it, as it may be amended by the Parties from time to time.

"**Board**" means the board of directors of the Company.

"**Business Day**" means a day, other than a Friday, Saturday or Sunday on which commercial banks are generally open in Riyadh, KSA, and in New York, NY, United States of America, for normal business.

"**Buyback**" has the meaning given in Clause 2.3.

"**Chairman**" means Mohammad Aballala being the chairman of the Company as at the date of this Agreement or such other person that may fulfill the role of chairman of the Company from time to time.

"**Chamber of Commerce**" means the Chamber of Commerce in Saudi Arabia.

"**Claim Threshold**" has the meaning given in Clause 10.4(a).

"**Closing**" means completion of the sale and purchase of the Sale Shares from Seller to Purchasers and payment of the Purchase Price Balance by Purchasers to Seller, in accordance with this Agreement and "**Close**" and "**Closed**" shall be construed accordingly.

"**Closing Date**" means the date on which the Closing occurs.

"**Commercial Licence**" means the commercial registration licence of the Company issued by MOCI.

"**Company**" has the meaning given in the preamble of this Agreement.

"**Conditions**" has the meaning given in Clause 6.

"**Contract**" means any contract, agreement, lease, license, commitment, warranty, guaranty, mortgage, note, bond, option, warrant, right or other instrument or consensual obligation, whether written or oral.

"**Damages**" means all claims, assessments, levies, losses, fines, penalties, damages, judgments (at equity or law) and costs and expenses (including, without limitation court costs, arbitration costs, and reasonable attorneys', accountants', investigators', and experts' fees and expenses).

"**Deductible**" has the meaning given in Clause 10.4(b).

"**Deposit**" has the meaning given in Clause 4.2.

"**DIFC-LCIA**" means the Dubai International Financial Centre-London Court of International Arbitration.

"**DMMR**" means the Saudi Arabian Deputy Ministry for Mineral Resources.

"**Effective Date**" has the meaning given in Clause 5.

"**Encumbrance**" means any option, right to acquire, mortgage, charge, pledge, lien, restriction, security interest, judgment, or other form of security and any agreement to create any of the foregoing.

"**Governmental Entity**" means a government, local government, statutory or regulatory body, court, governmental authority, department, commission, board, agency or other instrumentality of any country or jurisdiction or any part thereof having jurisdiction over this Agreement, the Company, the business of the Company, any subsidiary of the Company, any Party or any asset or transaction contemplated by this Agreement.

"**Guarantee**" has the meaning given in Clause 3.7.

"**Individual Purchasers**" has the meaning given in the preamble of this Agreement.

"**KSA**" has the meaning given in Clause 1.5(k).

"**Law**" mean any constitutional provision, law, statute, rule, regulation, ordinance, decree, administrative plans, treaty, convention, approvals, authorizations, registrations, privileges, consents, waivers, exceptions, variances, orders, judgments, written interpretations, court decrees, licenses, exemptions, publications, filings, notices to, declarations of or with or similar requirement of any Governmental Entity along with any interpretation thereof having the force of law by any Governmental Entity, including any amendments, supplements, replacements or other modifications thereto from time to time.

"**Loan**" has the meaning given in Clause 3.7.

"**Long Stop Date**" means 25 November 2019.

"**Losses**" includes, in respect of any matter, all demands, claims, actions, proceedings, damages, payments, fines, penalties, losses, costs (including legal costs), expenses (including Tax), disbursements or other liabilities of any nature.

"**MOCI**" means the Ministry of Commerce and Investment of the KSA.

"**Notice of Claim**" has the meaning given in Clause 10.7.

"**Order**" means any order, writ, ruling, decision, verdict, decree, assessment, award (including arbitration awards), judgment, stipulation, injunction or other determination or decision by, before, or under the supervision of any Governmental Entity.

"**Parties**" means the parties to this Agreement and "**Party**" means any one of them.

"**Purchase Price**" has the meaning given in Clause 3.5.

"**Purchase Price Balance**" means the Purchase Price less the Deposit being SAR 251,440,509.

"**Purchasers**" has the meaning given in the preamble of this Agreement.

"**Purchasers' Representative**" has the meaning given in the preamble of this Agreement.

"**Purchasers' Warranties**" has the meaning given in Clause 9.2.

"**Representatives**" means in respect of a Party, its affiliates, each of the employees, agents, officers, directors, auditors, advisers, debt financiers (including syndicatees), partners, associates, consultants, joint venturers or sub-contractors of that Party.

"**Resigning Directors**" has the meaning given in Clause 6.1(b)(iv).

"**SAGIA**" means the Saudi Arabia General Investment Authority.

"**SAGIA License**" means the foreign investment license issued to the Company at Riyadh by SAGIA, number 993/2 dated 16/7/1428.

"**Sale Shares**" has the meaning given in Clause 3.1, being 26,467,422 Shares of SAR 10 each.

"**SAR**" has the meaning given in Clause 1.5(k).

"**Seller**" has the meaning given in the preamble of this Agreement.

"**Seller's Warranties**" has the meaning given in Clause 9.1.

"**Shareholder Approval**" has the meaning give in Clause 2.3.

"**Shareholders**" means the shareholders in the Company from time to time.

"**Shares**" means the ordinary and issued shares in the capital of the Company as at the date of this Agreement.

"**Short Form SPA**" means the short form share purchase agreement in substantially the form agreed to be signed by the authorised representative of each of the Parties, to be attested before the Chamber of Commerce and to be submitted to SAGIA in connection with the amendment of the SAGIA License if required.

"**SIDF**" means the Saudi Industrial Development Fund.

"**Surviving Provisions**" means Clause 1 (*Definitions and Interpretation*), Clause 10 (*Indemnifications; Remedies*), Clause 12 (*Further Assurances*), Clause 15 (*Termination*), Clause 16 (*Assignments*), Clause 18 (*Notices*), Clause 21 (*General*), Clause 17 (*Entire Agreement*) and Clause 23 (*Governing Law and Submission to Arbitration*).

"**Tax**" means income, excise, profits, excise, stamp, franchise, sales, use, occupation, property, ad valorem and payroll taxes or other taxes, fees, duties, withholding, or other charges of any nature whatsoever imposed by any Governmental Entity as a taxing authority and "**Taxes**" shall be construed accordingly.

"**Time Limit**" has the meaning given in Clause 10.7.

"**Transaction**" means the sale by Seller and the purchase by Purchasers of the Sale Shares in accordance with the terms of this Agreement.

"**Transaction Documents**" means this Agreement, the Short Form SPA and any other documents that may need to be executed in accordance with this Agreement in order to implement or complete the Transaction.

"**Transfer Taxes**" has the meaning given in Clause 11.

"**Updated Licence**" has the meaning given in Clause 8.6.

"**Updated SAGIA Licence**" has the meaning given in Clause 8.7.

"**Warranties**" means the Seller's Warranties and the Purchasers' Warranties.

"**Warrantor**" means the Party making the warranty.

ANNEX II
WIRING INSTRUCTIONS

[intentionally omitted]

SCHEDULE 1

SALE SHARES

[intentionally omitted]

SCHEDULE 2

WARRANTIES

PART A: SELLER'S WARRANTIES

Seller warrants to each Purchaser, that each Seller Warranty is true and accurate, on the date of this Agreement and immediately prior to Closing (except that where any Seller Warranty is expressed to be made only at a particular date it is given only at that date):

1. OWNERSHIP OF SALE SHARES

(a) Seller is and will be on the Closing Date the record and beneficial owner and holder of the Sale Shares, free and clear of all Encumbrances. No legend or other reference to any purported Encumbrance appears upon any certificate representing the Sale Shares.

(b) The transfer of ownership by Seller to Purchasers of the Sale Shares pursuant to this Agreement and the Company updating the share registry of the Company with Tadawul in respect of the Sale Shares will transfer to Purchasers good and valid title to such Sale Shares, free and clear of all Encumbrances.

2. QUALIFICATION

Seller has full power, capacity and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder.

3. AUTHORIZATION; NON-CONTRAVENTION

Seller has taken all actions for the authorization, execution, delivery and performance of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Seller and, assuming that this Agreement constitutes the valid and binding obligations of Purchasers, constitutes the valid and binding obligation of Seller, enforceable against it in accordance with the terms hereof. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement will not, (a) materially conflict with, or result in a breach of or default under, any Contract to which Seller is a party or by which Seller or any of its assets are bound or subject, (b) materially contravene any Law or any Order currently in effect, or (c) prevent the sale or purchase of the Sale Shares pursuant to this Agreement.

PART B: PURCHASERS' WARRANTIES

Each Purchaser jointly and severally warrants to Seller that each Purchaser Warranty is true, accurate and not misleading as it relates to it, on the date of this Agreement and immediately prior to Closing (except that where any Purchaser Warranty is expressed to be made only at a particular date it is given only at that date):

1. CAPACITY AND CONSEQUENCES OF SALE

Each Purchaser has the requisite capacity, power and authority to enter into and to perform this Agreement.

2. AUTHORIZATION; NON-CONTRAVENTION

Purchasers has taken all actions for the authorization, execution, delivery and performance of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Purchasers and, assuming that this Agreement constitutes the valid and binding obligations of Seller, constitutes the valid and binding obligation of Purchaser, enforceable against it in accordance with the terms hereof. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement will not, (a) materially conflict with, or result in a breach of or default under, any Contract to which Purchaser is a party or by which Purchaser or any of its assets are bound or subject, (b) materially contravene any Law or any Order currently in effect, or (c) prevent the sale or purchase of the Sale Shares pursuant to this Agreement.

3. VALID AND ENFORCEABLE OBLIGATIONS

This Agreement will, when executed, constitute legal, valid and binding obligations of each Purchaser, enforceable against it in accordance with its terms.

4. ADEQUACY OF FUNDS

Each Purchaser has, and will at the Closing have, sufficient immediately available funds in the amount required to pay its respective portion of the Purchase Price as set out in Schedule 1.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a - 14(a)/15d-14(a)

I, Patrick Quarles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trecora Resources;

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 consolidated financial statements, and other financial information included in this quarterly 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 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm 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: November 8, 2019

/s/ Patrick Quarles

Patrick Quarles

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a - 14(a)/15d-14(a)

I, Sami Ahmad, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trecora Resources;

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 consolidated financial statements, and other financial information included in this quarterly 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 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm 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: November 8, 2019

/s/ Sami Ahmad

Sami Ahmad

Chief Financial Officer

EXHIBIT 32.1

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 Trecora Resources (the "Company") on Form 10-Q for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick Quarles, President and 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 my knowledge:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended; 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/ Patrick Quarles
Patrick Quarles
President and Chief Executive Officer

November 8, 2019

EXHIBIT 32.2

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 Trecora Resources (the "Company") on Form 10-Q for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sami Ahmad, 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 my knowledge:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended; 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/ Sami Ahmad
Sami Ahmad
Chief Financial Officer

November 8, 2019