

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 23, 2020

Trecora Resources

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-33926
(Commission File Number)

75-1256622
(IRS Employer
Identification No.)

1650 Hwy 6 South, Suite 190
Sugar Land, Texas 77478
(Address of principal executive offices, including Zip Code)

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

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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. ☐

Item 1.01 Entry into a Material Definitive Agreement.

As previously disclosed, Trecora Resources (the “Company”) has entered into a Share Sale and Purchase Agreement, dated September 22, 2019 (as amended, the “Purchase Agreement”), among the Company, Al Masane Al Kobra Mining Company, a Saudi Arabian closed joint stock company (“AMAK”), and certain other existing shareholders of AMAK (collectively, the “Purchasers”) pursuant to which the Company has agreed to sell its 33.3% equity interest in AMAK to the Purchasers (the “Share Sale”). Effective as of March 26, 2020, the Company and the Purchasers entered into a letter agreement, dated March 23, 2020 (the “Amendment”), providing for certain amendments to the Purchase Agreement.

Pursuant to the Amendment, the Company may complete the Share Sale with the respective Purchasers in multiple closings, in each case, subject to the completion of any remaining conditions precedent. To the extent that a Purchaser completes the purchase of all or a portion of the ordinary shares allotted to it under the Purchase Agreement on or before March 31, 2020, the non-refundable deposit paid by such Purchaser (or a portion of such deposit for a partial closing) will be credited toward the purchase price of the ordinary shares being purchased. Purchasers that complete the purchase of all or a portion of their allotted ordinary shares after March 31, 2020 but on or before September 28, 2020 (the “New Long Stop Date”), will forfeit an amount equal to 50% of the non-refundable deposit paid by such Purchasers to the Company as liquidated damages and such amount shall not be applied to the purchase price paid by the applicable Purchaser. With respect to any Purchaser that has not completed the purchase of 100% of its allocated ordinary shares on or prior to the New Long Stop Date, (i) any remaining amount of non-refundable deposit paid by such Purchaser will be forfeited to the Company as liquidated damages as of September 29, 2020 and (ii) the Company may terminate the Purchase Agreement in accordance with its terms unless the Company elects, in its sole discretion, to further extend the New Long Stop Date.

On March 26, 2020, the Company and one Purchaser, Arab Mining Company, completed the first closing of the Share Sale (the “First Closing”). In connection with the First Closing, the Company sold 4,000,000 ordinary shares for an aggregate gross purchase price (before taxes and transaction expenses) of SAR 40 million (or approximately US\$10.7 million) (inclusive of the credited amount of the Purchaser’s non-refundable deposit previously paid).

Pursuant to the Amendment, the remaining Purchasers have agreed to use their best efforts to close the purchase of 100% of their respective allotments of ordinary shares as soon as possible. The Amendment also provides that the Company will continue to have the right to appoint three directors of the board of directors of AMAK, and will enjoy all other governance rights it currently has, until the Share Sale has been completed in full.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which will be filed with the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020.

Item 7.01 Regulation FD Disclosure.

On March 27, 2020, the Company issued a press release announcing the Amendment, the completion of the First Closing and providing an update on the Company’s balance sheet and liquidity position, business and market outlook and the operational impact of, and the protective actions taken in response to, the coronavirus (or COVID-19) pandemic. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release of the Company, dated March 27, 2020

SIGNATURE

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 hereunto duly authorized.

TRECORA RESOURCES

Date: March 27, 2020

By: /s/ Christopher A. Groves
Christopher A. Groves
Corporate Controller



Trecora Resources Provides Corporate Update

SUGAR LAND, Texas, March 27, 2020 – Trecora Resources (“Trecora” or the “Company”) (NYSE: TREC), a leading provider of specialty hydrocarbons and specialty waxes, today provided updates on its previously announced AMAK share sale and purchase agreement, the Company’s balance sheet and liquidity position, business and market outlook, and finally, COVID-19 operational impact and protective actions.

AMAK Share Sale and Purchase Agreement

- Trecora has closed on a portion of the previously announced AMAK share sale. The Company has received additional gross proceeds of approximately \$10 million associated with the share allocation to the Arab Mining Company, ARMICO.
- Due to the unforeseen and systemic macroeconomic events that have had a worldwide impact, the deadline for closing the remaining AMAK share sale has been extended to September 28, 2020 at the request of the purchasers and with Trecora’s approval.
- As previously agreed, 50% of the purchasers’ non-refundable deposit will be forfeited for all share sales with a closing date after March 31, 2020 and not apply to the sale price at closing.

Balance Sheet and Liquidity Position

- As a precautionary measure during this period of uncertainty, and to ensure ample liquidity, we recently borrowed \$20 million dollars on our revolver. Including the AMAK share sale proceeds, total consolidated cash is approximately \$39 million, as of today.

Business and Market Outlook

- Q1 2020 Specialty Petrochemicals demand remains solid. Results at TC will improve significantly due to both the operation of the hydrogenation unit and higher production in other custom processing activities.
- As of today, certain end-uses tied to durable goods, such as synthetic rubber customers and the automotive sector, are showing some demand weakness heading into April. However, this appears to be offset by higher demand in the non-durable sectors such as polyethylene for packaging, expandable polystyrene for food service and hot-melt adhesives for home deliveries.

COVID-19 Operational Impact and Protective Actions

Pat Quarles, Trecora’s President and Chief Executive Officer, stated “We have clearly entered a period of tremendous uncertainty due to the COVID-19 pandemic. We have taken steps both operationally and financially to make our Company more prepared. Our guiding principle is, and has always been, the protection of our people and the communities in which we work, as well as the overall integrity of our assets. We are following all CDC and WHO recommendations for the protection of all personnel at our sites. I want to also recognize the tremendous commitment of our people during this period. As an organization, we adopted social distancing behaviors early, executed the necessary changes to enable all possible job duties to be performed from home and rapidly identified and executed the necessary adjustments to support optimal productivity for all remote workers.

“Our products are essential to the critical infrastructure of our country during this time of crisis. This is acknowledged in the Cybersecurity and Infrastructure Security Agency’s (CISA) Guidance on the Essential Critical Infrastructure Workforce as well the local regulatory and enforcement organizations in our communities. At this time, we have the necessary waivers for all critical employees to continue supporting our operations,” Mr. Quarles concluded.

Forward-Looking Statements

Some of the statements and information contained in this press release 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, including, but not limited to: expectations regarding the consummation of the sale of our remaining stake in AMAK; expectations regarding the future outlook for our business and the markets in which we operate; and expectations regarding the impact of the COVID-19 pandemic on our operations and the effectiveness of our protective actions in response to such pandemic.

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: not completing, or not completely realizing the anticipated benefits from, the sale of our remaining stake in AMAK (including the satisfaction of remaining closing conditions); general economic and financial conditions domestically and internationally; insufficient cash flows from operating activities; our ability to attract and retain key employees; feedstock, product and mineral prices; feedstock availability and our ability to access third party transportation; competition; industry cycles; natural disasters or other severe weather events, health epidemics and pandemics (including COVID-19) and terrorist attacks; our ability to consummate extraordinary transactions, including acquisitions and dispositions, and realize the financial and strategic goals of such transactions; technological developments and our ability to maintain, expand and upgrade our facilities; regulatory changes; environmental matters; lawsuits; outstanding debt and other financial and legal obligations; difficulties in obtaining additional financing on favorable conditions, or at all; local business risks in foreign countries, including civil unrest and military or political conflict, local regulatory and legal environments and foreign currency fluctuations; and other risks detailed 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 Securities and Exchange Commission (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 press release and the information included in our prior releases, reports and other filings with the SEC, the information contained in this press release 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.

About Trecora Resources (TREC)

TREC owns and operates a specialty petrochemicals facility specializing in high purity hydrocarbons and other petrochemical manufacturing and a specialty wax facility, both located in Texas, and provides custom processing services at both facilities. In addition, the Company is the original developer and a 28.3% owner of AMAK, a Saudi Arabian joint stock company.

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