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 **March 31, 2017**
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**<br>(State or other jurisdiction of organization) | **75-1256622**<br>(I.R.S. employer incorporation or identification no.) |
| **1650 Hwy 6 South, Suite 190**<br>**Sugar Land, Texas**<br>(Address of principal executive offices) | **77478**<br>(Zip code) |

Registrant's telephone number, including area code: **(409) 385-8300**

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

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 and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
**Yes_X__No**

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

**Large accelerated filer ____**

**Accelerated filer _X__**

**Non-accelerated filer ____**

**Smaller reporting company ____**

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 at May 4, 2017: 24,252,564.

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**Item Number and Description**

**PART I – FINANCIAL INFORMATION**

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

**TRECORA RESOURCES AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

| | MARCH 31, 2017 (unaudited) | DECEMBER 31, 2016 |
|---|---|---|
| **ASSETS** | *(thousands of dollars)* | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 4,045 | $ 8,389 |
| Trade receivables, net | 24,248 | 22,193 |
| Inventories | 14,957 | 17,871 |
| Prepaid expenses and other assets | 3,481 | 3,511 |
| Taxes receivable | 4,143 | 3,983 |
| Total current assets | 50,874 | 55,947 |
| | | |
| **Plant, pipeline and equipment**, net | 151,606 | 140,009 |
| | | |
| **Goodwill** | 21,798 | 21,798 |
| **Other intangible assets, net** | 22,204 | 22,669 |
| **Investment in AMAK** | 48,420 | 49,386 |
| **Mineral properties in the United States** | 588 | 588 |
| **Other assets** | 63 | 87 |
| | | |
| **TOTAL ASSETS** | $ 295,553 | $ 290,484 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 13,062 | $ 13,306 |
| Current portion of derivative instruments | 34 | 58 |
| Accrued liabilities | 3,247 | 2,017 |
| Current portion of post-retirement benefit | 314 | 316 |
| Current portion of long-term debt | 8,061 | 10,145 |
| Current portion of other liabilities | 1,112 | 870 |
| Total current liabilities | 25,830 | 26,712 |
| | | |
| **Long-term debt**, net of current portion | 76,092 | 73,107 |
| **Post-retirement benefit,** net of current portion | 897 | 897 |
| **Other liabilities,** net of current portion | 1,977 | 2,309 |
| **Deferred income taxes** | 24,261 | 23,083 |
| **Total liabilities** | 129,057 | 126,108 |
| | | |
| **EQUITY** | | |
| **Common stock**-authorized 40 million shares of $.10 par value; issued 24.5 million in 2017 and 2016 and outstanding 24.3 million and 24.2 million shares in 2017 and 2016, respectively | 2,451 | 2,451 |
| **Additional paid-in capital** | 54,077 | 53,474 |
| **Common stock in treasury, at cost** | (254) | (284) |
| **Retained earnings** | 109,933 | 108,446 |
| Total Trecora Resources Stockholders' Equity | 166,207 | 164,087 |
| Noncontrolling Interest | 289 | 289 |
| **Total equity** | 166,496 | 164,376 |
| | | |
| **TOTAL LIABILITIES AND EQUITY** | $ 295,553 | $ 290,484 |

See notes to consolidated financial statements.

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**TRECORA RESOURCES AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | **2017** | **2016** |
| **REVENUES** | *(thousands of dollars)* | |
| Petrochemical and Product Sales | $ 50,899 | $ 47,181 |
| Processing Fees | 4,643 | 5,019 |
| | 55,542 | 52,200 |
| **OPERATING COSTS AND EXPENSES** | | |
| Cost of Sales and Processing | | |
| (including depreciation and amortization of $2,383 and $2,219, respectively) | 44,924 | 40,429 |
| **GROSS PROFIT** | 10,618 | 11,771 |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| General and Administrative | 6,221 | 5,449 |
| Depreciation | 205 | 177 |
| | 6,426 | 5,626 |
| **OPERATING INCOME** | 4,192 | 6,145 |
| **OTHER INCOME (EXPENSE)** | | |
| Interest Income | 2 | 4 |
| Interest Expense | (636) | (628) |
| Equity in Earnings (Losses) of AMAK | (966) | 5,367 |
| Miscellaneous Expense | (44) | (17) |
| | (1,644) | 4,726 |
| **INCOME BEFORE INCOME TAXES** | 2,548 | 10,871 |
| **INCOME TAXES** | 1,061 | 3,647 |
| **NET INCOME** | 1,487 | 7,224 |
| **NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST** | -- | -- |
| **NET INCOME ATTRIBUTABLE TO TRECORA RESOURCES** | $ 1,487 | $ 7,224 |
| **Basic Earnings per Common Share** | | |
| Net Income Attributable to Trecora Resources (dollars) | $ 0.06 | $ 0.30 |
| Basic Weighted Average Number of Common Shares Outstanding | 24,240 | 24,484 |
| **Diluted Earnings per Common Share** | | |
| Net Income Attributable to Trecora Resources (dollars) | $ 0.06 | $ 0.29 |
| Diluted Weighted Average Number of Common Shares Outstanding | 25,054 | 25,085 |

See notes to consolidated financial statements.

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**TRECORA RESOURCES AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)**

| | 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, 2017** | 24,222 | $ 2,451 | $ 53,474 | $ (284) | $ 108,446 | $ 164,087 | $ 289 | $ 164,376 |
| Stock options | | | | | | | | |
| Issued to Directors | - | - | 30 | - | - | 30 | - | 30 |
| Issued to Employees | - | - | 308 | - | - | 308 | - | 308 |
| Restricted Common Stock | | | | | | | | |
| Issued to Directors | - | - | 82 | - | - | 82 | - | 82 |
| Issued to Employees | - | - | 213 | - | - | 213 | - | 213 |
| Common stock | | | | | | | | |
| Issued to Directors | 3 | - | (3) | 3 | - | - | - | - |
| Issued to Employees | 27 | - | (27) | 27 | - | - | - | - |
| Net Income | - | - | - | - | 1,487 | 1,487 | - | 1,487 |
| **MARCH 31, 2017** | 24,252 | $ 2,451 | $ 54,077 | $ (254) | $ 109,933 | $ 166,207 | $ 289 | $ 166,496 |

See notes to consolidated financial statements.

**TRECORA RESOURCES AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| | THREE MONTHS ENDED MARCH 31, 2017 | 2016 |
|---|---|---|
| | *(thousands of dollars)* | |
| **OPERATING ACTIVITIES** | | |
| Net Income | $ 1,487 | $ 7,224 |
| Adjustments to Reconcile Net Income of Trecora Resources | | |
| To Net Cash Provided by Operating Activities: | | |
| Depreciation | 2,123 | 1,926 |
| Amortization of Intangible Assets | 465 | 469 |
| Unrealized Gain on Derivative Instruments | (24) | (30) |
| Share-based Compensation | 633 | 647 |
| Deferred Income Taxes | 1,178 | 1,407 |
| Postretirement Obligation | (2) | 2 |
| Equity in (earnings) losses of AMAK | 966 | (5,367) |
| Amortization of loan fees | 68 | 68 |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) Decrease in Trade Receivables | (2,056) | 695 |
| (Increase) Decrease in Taxes Receivable | (160) | 2,177 |
| (Increase) Decrease in Inventories | 2,914 | (1,521) |
| Decrease in Prepaid Expenses and Other Assets | 79 | 180 |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 989 | (1,430) |
| Increase (Decrease) in Other Liabilities | 70 | (1,244) |
| **Net Cash Provided by Operating Activities** | 8,730 | 5,203 |
| **INVESTING ACTIVITIES** | | |
| Additions to Plant, Pipeline and Equipment | (13,881) | (7,602) |
| Advances to AMAK, net | (26) | - |
| **Cash Used in Investing Activities** | (13,907) | (7,602) |
| **FINANCING ACTIVITIES** | | |
| Issuance of Common Stock | - | 11 |
| Addition to Long-Term Debt | 5,000 | - |
| Repayment of Long-Term Debt | (4,167) | (2,083) |
| **Net Cash Provided by (Used in) Financing Activities** | 833 | (2,072) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (4,344) | (4,471) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 8,389 | 18,623 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | $ 4,045 | $ 14,152 |

| | | |
|---|---|---|
| Supplemental disclosure of cash flow information: | | |
| Cash payments for interest | $ 936 | $ 583 |
| Cash payments for taxes, net of refunds | $ - | $ - |
| Supplemental disclosure of non-cash items: | | |
| Capital expansion amortized to depreciation expense | $ 161 | $ 197 |

See notes to consolidated financial statements.

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**NOTES TO 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 synthetic 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. – Petrochemical segment and parent of GSPL
(4) GSPL – Gulf State Pipe Line Co, Inc. – Pipeline support for the petrochemical segment
(5) TC – Trecora Chemical, Inc. – Specialty wax segment
(6) AMAK – Al Masane Al Kobra Mining Company – 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, 2016.

The unaudited condensed financial statements included in this document have been prepared on the same basis as the annual condensed 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 three months ended March 31, 2017, are not necessarily indicative of results for the year ending December 31, 2017.

We currently operate in two segments, specialty petrochemical products and specialty synthetic waxes. All revenue originates from United States' sources, and all long-lived assets owned are located in the United States.

In addition the Company owns a 33% interest in AMAK, a Saudi Arabian closed joint stock company which owns, operates and is developing mining assets in Saudi Arabia. We account for our investment under the equity method of accounting. See Note 16.

Certain reclassifications have been made to the Consolidated Balance Sheet for the year ended December 31, 2016, related to our adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-17 as noted below in Note 2.

The impact of the adoption ASU 2015-17 on the Company's previously issued December 31, 2016, balance sheet is as follows:

| | As Originally Reported | As Retrospectively Adjusted |
|---|---|---|
| | *(in thousands)* | |
| Deferred income tax asset, current | $ 1,615 | $ - |
| Total current assets | 57,562 | 55,947 |
| Total assets | 292,099 | 290,484 |
| Deferred income tax liability, noncurrent | 24,698 | 23,083 |
| Total liabilities | 127,723 | 126,108 |
| Total liabilities and equity | 292,099 | 290,484 |

**2. RECENT ACCOUNTING PRONOUNCEMENTS**

In May 2014 the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements of FASB Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition* and most industry-specific guidance throughout the Accounting Standards Codification, resulting in the creation of FASB ASC Topic 606, *Revenue from Contracts with Customers*. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This ASU provides alternative methods of retrospective adoption and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption would be permitted but not before annual periods beginning after December 15, 2016. The Company is in its preliminary stages of evaluating the impact of these amendments, although it doesn't expect the amendments to have a significant impact to the Company's financial position or results of operation. The amendments could potentially impact the accounting procedures and processes over the recognition of certain revenue sources. The Company is expecting to begin developing processes and procedures during 2017 to ensure it is fully compliant with these amendments at the date of adoption.

In November 2015 the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The new standard eliminates the current requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. The amendments are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company implemented ASU 2015-17 by classifying all of it deferred tax assets (liabilities) as noncurrent on its March 31, 2017, Balance Sheet.

In February 2016 the FASB issued ASU No. 2016-02, *Leases (Topic 842),* to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). The ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with earlier application permitted. Upon adoption, the lessee will apply the new standard retrospectively to all periods presented or retrospectively using a cumulative effect adjustment in the year of adoption. The Company has several lease agreements for which the amendments will require the Company to recognize a lease liability to make lease payments and a right-of-use asset which will represent its right to use the underlying asset for the lease term. The Company is currently reviewing the amendments to ensure it is fully compliant by the adoption date and doesn't expect to early adopt. As permitted by the amendments, the Company is anticipating electing an accounting policy to not recognize lease assets and lease liabilities for leases with a term of twelve months or less. The Company is currently in the process of fully evaluating the amendments and will subsequently implement new processes which are not expected to significantly change since the Company already has processes for certain lease agreements that recognize the lease assets and lease liabilities. In addition, the Company will change its current accounting policies to comply with the amendments with such changes as mentioned above.

In March 2016 the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which will reduce complexity in accounting standards related to share-based payment transactions, including, among others, (1) accounting for income taxes, (2) classification of excess tax benefits on the statement of cash flow, (3) forfeitures, and (4) statutory tax withholding requirements. The ASU is effective for annual reporting periods beginning on or after December 15, 2016, and interim periods within those annual periods. The Company implemented the amendments as of January 1, 2017. The stock based compensation plan has not historically generated material amounts of excess tax benefits or deficiencies and, therefore, there is no material change in the Company's financial position or results of operation, as a result of adopting this Update. For additional information on the stock-based compensation plan, see Note 12.

In January 2017 the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350).* The amendments in ASU 2017-04 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, 2016, the Company performed its impairment assessment and determined the fair value of the aggregated reporting units exceeded the carrying value, such that the Company's goodwill was not considered impaired. Although the Company cannot anticipate future goodwill impairment assessments, based on the most recent assessment, it is unlikely that an impairment amount would need to be calculated and, therefore, 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.

**3. TRADE RECEIVABLES**

Trade receivables, net, consisted of the following:

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| | *(thousands of dollars)* | |
| Trade receivables | $ 24,548 | $ 22,493 |
| Less allowance for doubtful accounts | (300) | (300) |
| Trade receivables, net | $ 24,248 | $ 22,193 |

Trade receivables serves as collateral for our amended and restated credit agreement. See Note 9.

**4. PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets consisted of the following:

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| | *(thousands of dollars)* | |
| Prepaid license | $ 1,919 | $ 1,919 |
| Prepaid catalyst | 124 | 187 |
| Prepaid insurance | 566 | 797 |
| Other prepaid expenses and assets | 872 | 608 |
| Total | $ 3,481 | $ 3,511 |

**5. INVENTORIES**

Inventories included the following:

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| | *(thousands of dollars)* | |
| Raw material | $ 3,225 | $ 3,627 |
| Work in process | 27 | 12 |
| Finished products | 11,458 | 14,232 |
| Spare parts | 247 | - |
| Total inventory | $ 14,957 | $ 17,871 |

Effective January 1, 2017, we changed the inventory basis of SHR to FIFO.  We believe that the use of FIFO more accurately reflects current inventory valuation.  The drop in crude oil prices over the last several years has caused LIFO value of inventory to be above the FIFO value for each of the past three years.  There was no LIFO reserve in any of the periods in this filing; therefore, no change is reflected in our current statements for the retrospective application.

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Prior to this change, the difference between the calculated value of inventory under the FIFO and LIFO bases generated either a recorded LIFO reserve (i.e., where FIFO value exceeds the LIFO value) or an unrecorded negative LIFO reserve (i.e., where LIFO value exceeds the FIFO value). In the latter case, in order to ensure that inventory was reported at the lower of cost or market and in accordance with ASC 330-10, we did not increase the stated value of our inventory to the LIFO value. At December 31, 2016, LIFO value of petrochemical inventory exceeded FIFO; therefore, in accordance with the above policy, no LIFO reserve was recorded.

Inventory serves as collateral for our amended and restated credit agreement. See Note 9.

Inventory included petrochemical products in transit valued at approximately $2.4 million and $2.1 million at March 31, 2017, and December 31, 2016, respectively.

Beginning January 1, 2017, due to the expansion of our plant assets at SHR and TC, we began inventorying spare parts for our plant equipment repairs and maintenance.

## 6. PLANT, PIPELINE AND EQUIPMENT

Plant, pipeline and equipment consisted of the following:

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| | *(thousands of dollars)* | |
| Platinum catalyst metal | $ 1,612 | $ 1,612 |
| Land | 5,376 | 5,376 |
| Plant, pipeline and equipment | 156,142 | 154,107 |
| Construction in progress | 45,093 | 33,391 |
| Total plant, pipeline and equipment | 208,223 | 194,486 |
| Less accumulated depreciation | (56,617) | (54,477) |
| Net plant, pipeline and equipment | $ 151,606 | $ 140,009 |

Plant, pipeline, and equipment serve as collateral for our amended and restated credit agreement. See Note 9.

Interest capitalized for construction was approximately $373,808 and $31,000 for the three months ended March 31, 2017, and 2016, respectively.

Construction in progress during the first three months of 2017 included equipment purchased for the hydrogenation/distillation project at the TC facility, the new reformer unit and additional tankage at SHR.

Amortization relating to the platinum catalyst which is included in cost of sales was approximately $25,000 and $21,000 for the three months ended March 31, 2017, and 2016, respectively.

## 7. GOODWILL AND INTANGIBLE ASSETS, NET

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

*Intangible Assets*

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

| | March 31, 2017 | | |
|---|---|---|---|
| *Intangible assets subject to amortization (Definite-lived)* | Gross | Accumulated Amortization | Net |
| Customer relationships | $ 16,852 | $ (2,808) | $ 14,044 |
| Non-compete agreements | 94 | (48) | 46 |
| Licenses and permits | 1,471 | (311) | 1,160 |
| Developed technology | 6,131 | (1,532) | 4,599 |
| | 24,548 | (4,699) | 19,849 |
| *Intangible assets not subject to amortization (Indefinite-lived)* | | | |
| Emissions Allowance | 197 | - | 197 |
| Trade name | 2,158 | - | 2,158 |
| Total | $ 26,903 | $ (4,699) | $ 22,204 |

| Intangible assets subject to amortization (Definite-lived) | December 31, 2016 Gross | Accumulated Amortization | Net |
|---|---|---|---|
| Customer relationships | $ 16,852 | $ (2,527) | $ 14,325 |
| Non-compete agreements | 94 | (43) | 51 |
| Licenses and permits | 1,471 | (285) | 1,186 |
| Developed technology | 6,131 | (1,379) | 4,752 |
| | 24,548 | (4,234) | 20,314 |
| *Intangible assets not subject to amortization (Indefinite-lived)* | | | |
| Emissions Allowance | 197 | - | 197 |
| Trade name | 2,158 | - | 2,158 |
| Total | $ 26,903 | $ (4,234) | $ 22,669 |

Amortization expense for intangible assets included in cost of sales for the three months ended March 31, 2017, and 2016, was approximately $465,000 and $470,000, respectively.

Based on identified intangible assets that are subject to amortization as of March 31, 2017, we expect future amortization expenses for each period to be as follows (in thousands):

| | Remainder of 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter |
|---|---|---|---|---|---|---|
| Customer relationships | $ 843 | $ 1,123 | $ 1,123 | $ 1,123 | 1,123 | $ 8,710 |
| Non-compete agreements | 14 | 19 | 12 | - | - | - |
| Licenses and permits | 80 | 106 | 106 | 106 | 106 | 656 |
| Developed technology | 460 | 613 | 613 | 613 | 613 | 1,687 |
| Total future amortization expense | $ 1,397 | $ 1,861 | $ 1,854 | $ 1,842 | $ 1,842 | $ 11,053 |

**8. NET INCOME PER COMMON SHARE ATTRIBUTABLE TO TRECORA RESOURCES**

The following table (in thousands, except per share amounts) sets forth the computation of basic and diluted net income per share attributable to Trecora Resources for the three months ended March 31, 2017, and 2016, respectively.

| | Three Months Ended March 31, 2017 | | | Three Months Ended March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Income | Shares | Per Share Amount | Income | Shares | Per Share Amount |
| **Basic Net Income per Share:** | | | | | | |
| Net Income Attributable to Trecora Resources | $ 1,487 | 24,240 | $ 0.06 | $ 7,224 | 24,484 | $ 0.30 |
| | | | | | | |
| Unvested restricted stock grant | | 321 | | | 282 | |
| Dilutive stock options outstanding | | 493 | | | 319 | |
| | | | | | | |
| **Diluted Net Income per Share:** | | | | | | |
| Net Income Attributable to Trecora Resources | $ 1,487 | 25,054 | $ 0.06 | $ 7,224 | 25,085 | $ 0.29 |

At March 31, 2017, and 2016, 1,344,087 and 1,368,437 potential common stock shares, respectively were issuable upon the exercise of options and warrants.

The earnings per share calculation for the period ended March 31, 2016, included 300,000 shares of the Company that were held in the treasury of TOCCO. These shares were transferred to the treasury of TREC in late 2016.

**9. LIABILITIES AND LONG-TERM DEBT**

On October 1, 2014, we entered into an Amended and Restated Credit Agreement ("ARC") with the lenders which from time to time are parties to the ARC and Bank of America, N.A., as Administrative Agent for the Lenders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Lead Arranger. On March 28, 2017, we entered into a Second Amendment to the ARC with terms which increase the Maximum Consolidated Leverage Ratio financial covenant of 3.25x to 4.00x at March 31, 2017, and 4.25x at June 30, 2017, before stepping down to 3.75x at September 30, 2017, 3.50x at December 31, 2017, and reverting to the original financial covenant of 3.25x at March 31, 2018.

| Four Fiscal Quarter Ending | Maximum Consolidated Leverage Ratio |
|---|---|
| March 31, 2017 | 4.00 to 1.00 |
| June 30, 2017 | 4.25 to 1.00 |
| September 30, 2017 | 3.75 to 1.00 |
| December 31, 2017 | 3.50 to 1.00 |
| March 31, 2018 and each fiscal quarter thereafter | 3.25 to 1.00 |

The Second Amendment also reduces the Minimum Consolidated Fixed Charge Coverage Ratio of 1.25x to 1.10x at March 31, 2017, 1.05x at June 30, 2017 and September 30, 2017, 1.10x at December 31, 2017, before reverting to the original financial covenant of 1.25x at March 31, 2018.

| Four Fiscal Quarter Ending | Minimum Consolidated Fixed Charge Coverage Ratio |
|---|---|
| March 31, 2017 | 1.10 to 1.00 |
| June 30, 2017 | 1.05 to 1.00 |
| September 30, 2017 | 1.05 to 1.00 |
| December 31, 2017 | 1.10 to 1.00 |
| March 31, 2018 and each fiscal quarter thereafter | 1.25 to 1.00 |

Also, under the terms of the Second Amendment, two additional levels of pricing were added – levels 4 and 5.

| Level | Consolidated Leverage Ratio | LIBOR Margin | Base Rate Margin | Commitment Fee |
|---|---|---|---|---|
| 1 | Less than 1.50 to 1.00 | 2.00% | 1.00% | 0.25% |
| 2 | Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00 | 2.25% | 1.25% | 0.25% |
| 3 | Greater than or equal to 2.00 to 1.00 but less than 3.00 to 1.00 | 2.50% | 1.50% | 0.375% |
| 4 | Greater than or equal to 3.00 to 1.00 but less than 3.50 to 1.00 | 2.75% | 1.75% | 0.375% |
| 5 | Greater than or equal to 3.50 to 1.00 | 3.00% | 2.00% | 0.375% |

We were in compliance with all covenants at March 31, 2017.

Under the ARC as amended, we have a $40.0 million revolving line of credit which matures on October 1, 2019. As of March 31, 2017, and December 31, 2016, there was a long-term amount of $14.0 million and $9.0 million outstanding, respectively. The interest rate on the loan varies according to several options. Interest on the loan is paid monthly and a commitment fee of between 0.25% and 0.375% is due quarterly on the unused portion of the loan. At March 31, 2017, approximately $26.0 million was available to be drawn. Under the Second Amendment we could draw the full amount and maintain compliance with our covenants.

Under the ARC, we also borrowed $70.0 million in a single advance term loan (the "Acquisition Loan") to partially finance the acquisition of TC. Interest on the Acquisition Loan is payable quarterly using a ten year commercial style amortization. Principal is also payable on the last business day of each March, June, September and December in an amount equal to $1,750,000, provided that the final installment on the September 30, 2019, maturity date shall be in an amount equal to the then outstanding unpaid principal balance of the Acquisition Loan. At March 31, 2017, there was a short-term amount of $7.0 million and a long-term amount of $45.5 million outstanding. At December 31, 2016, there was a short-term amount of $8.8 million and a long-term amount of $47.3 million outstanding.

Under the ARC, we also had the right to borrow $25.0 million in a multiple advance loan ("Term Loans"). Borrowing availability under the Term Loans ended on December 31, 2015. The Term Loans converted from a multiple advance loan to a "mini-perm" loan once certain obligations were fulfilled such as certification that construction of D-Train was completed in a good and workmanlike manner, receipt of applicable permits and releases from governmental authorities, and receipt of releases of liens from the contractor and each subcontractor and supplier. Interest on the Term Loans is paid monthly. At

March 31, 2017, there was a short-term amount of $1.3 million and a long-term amount of $17.0 million outstanding. At December 31, 2016, there was a short-term amount of $1.7 million and a long-term amount of $17.3 million outstanding.

Debt issuance costs of approximately $0.7 million for the periods ended March 31, 2017, and December 31, 2016, have been netted against outstanding loan balances. The interest rate on all of the above loans varies according to several options as defined in the ARC. At March 31, 2017, and December 31, 2016, the rate was 3.48% and 3.27%, respectively.

**10. FAIR VALUE MEASUREMENTS**

The following items are measured at fair value on a recurring basis subject to disclosure requirements of ASC Topic 820 at March 31, 2017, and December 31, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | March 31, 2017 | Level 1 | Level 2 | Level 3 |
| | | *(thousands of dollars)* | | |
| Liabilities: | | | | |
| Interest rate swap | $ 34 | - | $ 34 | - |

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | December 31, 2016 | Level 1 | Level 2 | Level 3 |
| | | *(thousands of dollars)* | | |
| Liabilities: | | | | |
| Interest rate swap | $ 58 | - | $ 58 | - |

The carrying value of cash and cash equivalents, trade receivables, accounts payable, accrued liabilities, and other liabilities approximate fair value due to the immediate or short-term maturity of these financial instruments. The fair value of variable rate long term debt reflects recent market transactions and approximate carrying value. We used other observable inputs that would qualify as Level 2 inputs to make our assessment of the approximate fair value of our cash and cash equivalents, trade receivables, accounts payable, accrued liabilities, other liabilities and variable rate long term debt. The fair value of the derivative instruments are described below.

*Commodity Financial Instruments*

We periodically enter into financial instruments to hedge the cost of natural gasoline (the primary feedstock) and natural gas (used as fuel to operate the plant).

We assess the fair value of the financial swaps on feedstock using quoted prices in active markets for identical assets or liabilities (Level 1 of fair value hierarchy). At March 31, 2017, and December 31, 2016, no commodity financial instruments were outstanding. For additional information see Note 11.

*Interest Rate Swap*

In March 2008 we entered into an interest rate swap agreement with Bank of America related to a $10.0 million term loan secured by plant, pipeline and equipment. The interest rate swap was designed to minimize the effect of changes in the London InterBank Offered Rate ("LIBOR") rate. We had designated the interest rate swap as a cash flow hedge under ASC Topic 815, *Derivatives and Hedging*; however, due to the ARC, we felt that the hedge was no longer entirely effective. Due to the time required to make the determination and the immateriality of the hedge, we began treating it as ineffective as of October 1, 2014.

We assess the fair value of the interest rate swap using a present value model that includes quoted LIBOR rates and the nonperformance risk of the Company and Bank of America based on the Credit Default Swap Market (Level 2 of fair value hierarchy).

We have consistently applied valuation techniques in all periods presented and believe we have obtained the most accurate information available for the types of derivative contracts we hold. See discussion of our derivative instruments in Note 11.

## 11. DERIVATIVE INSTRUMENTS

*Commodity Financial Contracts*

Hydrocarbon based manufacturers, such as the Company, are significantly impacted by changes in feedstock and natural gas prices. Not considering derivative transactions, feedstock and natural gas used for the three months ended March 31, 2017, and 2016, represented approximately 67.3% and 64.0% of our petrochemical cost of sales, respectively.

We endeavor to acquire feedstock and natural gas at the lowest possible cost. Our primary feedstock (natural gasoline) is traded over the counter and not on organized futures exchanges. Financially settled instruments (fixed price swaps) are the principal vehicle used to give some predictability to feed prices. We do not purchase or hold any derivative financial instruments for trading or speculative purposes and hedging is limited by our risk management policy to a maximum of 40% of monthly feedstock requirements.

Typically, financial contracts are not designated as hedges. As of March 31, 2017, we had no outstanding committed financial contracts.

Realized and unrealized gains/losses are recorded in Cost of Sales and Processing. Since we have not held any contracts during the periods covered in this filing, there has been no effect on the three months ended March 31, 2017, or 2016.

*Interest Rate Swap*

In March 2008, we entered into a pay-fixed, receive-variable interest rate swap agreement with Bank of America related to a $10.0 million (later increased to $14 million) term loan secured by plant, pipeline and equipment. The effective date of the interest rate swap agreement was August 15, 2008, and terminates on December 15, 2017. The notional amount of the interest rate swap was $1.5 million and $1.75 million at March 31, 2017, and December 31, 2016, respectively. We receive credit for payments of variable rate interest made on the term loan at the loan's variable rates, which are based upon the London InterBank Offered Rate (LIBOR), and pay Bank of America an interest rate of 5.83% less the credit on the interest rate swap. We originally designated the transaction as a cash flow hedge according to ASC Topic 815, *Derivatives and Hedging*. Beginning on August 15, 2008, the derivative instrument was reported at fair value with any changes in fair value reported within other comprehensive income (loss) in the Company's Statement of Stockholders' Equity. We entered into the interest rate swap to minimize the effect of changes in the LIBOR rate.

The following table shows (in thousands) the impact the agreement had on the financial statements:

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| Fair value of interest rate swap - liability | $ 34 | $ 58 |

Due to the ARC discussed in Note 9, we believe that the hedge is no longer entirely effective; therefore, we began treating the interest rate swap as ineffective at that point. The changes in fair value are now recorded in the Statement of Income. For the three months ended March 31, 2017, an unrealized gain of approximately $3,000 and a realized loss of approximately $21,000 were recorded. For the three months ended March 31, 2016, an unrealized loss of approximately $6,000 and a realized loss of approximately $37,000 were recorded.

## 12. STOCK-BASED COMPENSATION

Stock-based compensation recognized in the three months ended March 31, 2017, and 2016, was approximately $633,000 and $647,000, respectively.

*Restricted Stock Awards*

Director compensation of approximately $56,000 and $0 was recognized during the three months ended March 31, 2017, and 2016, respectively, related to restricted stock awards granted to directors vesting through 2020.

Officer compensation of approximately $105,000 and $35,000 was recognized during the three months ended March 31, 2017, and 2016, respectively, related to restricted stock awards granted to officers. One-half of the restricted stock vests ratably over 3 years. The other half vests at the end of the three years based upon the performance metrics of return on invested capital and earnings per share growth. The number of shares actually granted will be adjusted based upon relative performance to our peers.

Director compensation of approximately $6,000 and $87,000 was recognized during the three months ended March 31, 2017, and 2016, respectively, related to an award of restricted stock to a director. The restricted stock award vests over 4 years in 20% increments.

Director compensation of approximately $19,000 and $19,000 during the three months ended March 31, 2017, and 2016, respectively, was recognized related to restricted stock grants vesting through 2020.

Employee compensation of approximately $108,000 and $108,000 during the three months ended March 31, 2017, and 2016, respectively, was recognized related to restricted stock with a 4 year vesting period which was awarded to officers. This restricted stock vests through 2019.

Restricted stock activity in the first three months of 2017 was as follows:

| | Shares of Restricted Stock | | Weighted Average Grant Date Price per Share |
|---|---|---|---|
| Outstanding at January 1, 2017 | 350,891 | $ | 11.44 |
| Granted | - | | - |
| Forfeited | (21,201) | $ | 10.52 |
| Vested | (59,064) | $ | 12.12 |
| Outstanding at March 31, 2017 | 270,626 | $ | 11.37 |

*Stock Option and Warrant Awards*

A summary of the status of our stock option awards and warrants is presented below:

| | Number of Stock Options & Warrants | | Weighted Average Exercise Price per Share | Weighted Average Remaining Contractual Life |
|---|---|---|---|---|
| Outstanding at January 1, 2017 | 1,348,437 | $ | 7.79 | |
| Granted | -- | | -- | |
| Exercised | (4,350) | | 3.90 | |
| Expired | -- | | -- | |
| Cancelled | -- | | -- | |
| Forfeited | -- | | -- | |
| Outstanding at March 31, 2017 | 1,344,087 | $ | 7.80 | 4.9 |
| Exercisable at March 31, 2017 | 976,587 | $ | 8.15 | 5.2 |

The fair value of the options granted were calculated using the Black Scholes option valuation model with the assumptions as disclosed in prior quarterly and annual filings.

Director compensation of approximately $30,000 and $66,000 during the three months ended March 31, 2017, and 2016, respectively, was recognized related to options to purchase shares vesting through 2017.

Employee compensation of approximately $309,000 and $308,000 during the three months ended March 31, 2017, and 2016, respectively, was recognized related to options with a 4 year vesting period which were awarded to officers and key employees. These options vest through 2018.

Post-retirement compensation of approximately $0 and $24,000 was recognized during the three months ended March 31, 2017, and 2016, related to options awarded to Mr. Hatem El Khalidi in July 2009. On May 9, 2010, the Board of Directors determined that Mr. El Khalidi forfeited these options and other retirement benefits when he made various demands against the Company and other AMAK Saudi shareholders which would benefit him personally and were not in the best interests of the Company and its shareholders. The Company is litigating its right to withdraw the options and benefits and as such, these options and benefits continue to be shown as outstanding. See further discussion in Note 18.

See the Company's Annual Report on Form 10-K for the year ended December 31, 2016, for additional information.

## 13. 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 petrochemical segment includes SHR and GSPL. Our specialty wax segment includes TC. We also separately identify our corporate overhead which includes financing and administrative activities such as legal, accounting, consulting, investor relations, officer and director compensation, corporate insurance, and other administrative costs.

| | Three Months Ended March 31, 2017 | | | |
|---|---|---|---|---|
| | Petrochemical | Specialty Wax | Corporate | Consolidated |
| | *(in thousands)* | | | |
| Product sales | $ 44,391 | $ 6,508 | $ - | $ 50,899 |
| Processing fees | 1,488 | 3,155 | - | 4,643 |
| Net revenues | 45,879 | 9,663 | - | 55,542 |
| Operating profit (loss) before depreciation and amortization | 8,214 | 745 | (2,179) | 6,780 |
| Operating profit (loss) | 6,658 | (271) | (2,195) | 4,192 |
| Profit (loss) before taxes | 6,005 | (290) | (3,167) | 2,548 |
| Depreciation and amortization | 1,556 | 1,016 | 16 | 2,588 |
| Capital expenditures | 8,756 | 5,125 | - | 13,881 |

| | Three Months Ended March 31, 2016 | | | |
|---|---|---|---|---|
| | Petrochemical | Specialty Wax | Corporate | Consolidated |
| | *(in thousands)* | | | |
| Product sales | $ 42,624 | $ 4,557 | $ - | $ 47,181 |
| Processing fees | 1,441 | 3,578 | - | 5,019 |
| Net revenues | 44,065 | 8,135 | - | 52,200 |
| Operating profit (loss) before depreciation and amortization | 8,412 | 2,062 | (1,933) | 8,541 |
| Operating profit (loss) | 7,075 | 1,011 | (1,941) | 6,145 |
| Profit (loss) before taxes | 6,449 | 1,006 | 3,416 | 10,871 |
| Depreciation and amortization | 1,337 | 1,051 | 8 | 2,396 |
| Capital expenditures | 5,662 | 1,940 | - | 7,602 |

| | March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Petrochemical | Specialty Wax | Corporate | Eliminations | Consolidated |
| | *(in thousands)* | | | | |
| Goodwill and intangible assets, net | $ - | $ 44,002 | $ - | $ - | $ 44,002 |
| Total assets | 228,280 | 116,765 | 99,018 | (148,510) | 295,553 |

| | Year Ended December 31, 2016 | | | | |
|---|---|---|---|---|---|
| | Petrochemical | Specialty Wax | Corporate | Eliminations | Consolidated |
| | *(in thousands)* | | | | |
| Goodwill and intangible assets, net | $ - | $ 44,467 | $ - | $ - | $ 44,467 |
| Total assets | 219,376 | 113,676 | 106,428 | (148,996) | 290,484 |

## 14. 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 on the selection of the December 31, 2014, tax return for audit. The audit is ongoing, and we do not expect any adjustment to the return. If any issues addressed in the audit are resolved in a manner not consistent with our expectation, provisions will be adjusted in the period the resolution occurs. Tax returns for various jurisdictions remain open for examination for the years 2013 through 2016. As of March 31, 2017, and December

31, 2016, we recognized no material adjustments in connection with uncertain tax positions. The effective tax rate varies from the federal statutory rate of 35% primarily as a result of state tax expense and stock option based compensation offset by the manufacturing deduction. The application for the change in accounting method for inventory from LIFO to FIFO is also being submitted to the IRS.

**15. POST-RETIREMENT OBLIGATIONS**

In January 2008 an amended retirement agreement was entered into with Mr. Hatem El Khalidi; however, on May 9, 2010, the Board of Directors terminated the agreement due to actions of Mr. El Khalidi. See Notes 12 and 18. All amounts which have not met termination dates remain recorded until a resolution is achieved. As of March 31, 2017, and December 31, 2016, approximately $1.0 million remained outstanding and was included in post-retirement benefits.

In July 2015 we entered into a retirement agreement with former CEO, Nicholas Carter. As of March 31, 2017, and December 31, 2016, approximately $0.3 million remained outstanding and was included in post-retirement obligations.

See the Company's Annual Report on Form 10-K for the year ended December 31, 2016, for additional information.

**16. INVESTMENT IN AMAK**

In July 2016 AMAK issued four million shares to provide additional funds for ongoing exploration work and mine start-up activities. Arab Mining Co. ("Armico") purchased 3.75 million shares at 20 Saudi Riyals per share (USD$5.33 per share)
and the remaining 250,000 shares are for future use as employee incentives. We did not participate in the offering, thereby reducing our ownership percentage in AMAK to 33.44% from 35.25%.

As of March 31, 2017, and December 31, 2016, the Company had a non-controlling equity interest of 33.44% in AMAK of approximately $48.2 million and $49.4 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 March 31, 2017.

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 March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | *( thousands of dollars)* | |
| Sales | $ 2,256 | $ 8,992 |
| Gross profit (loss) | (1,307) | 191 |
| General, administrative and other expenses | 2,589 | 2,147 |
| Loss from operations | $ (3,896) | $ (1,956) |
| Gain on settlement with former operator | - | 16,225 |
| Net income (loss) | $ (3,896) | $ 14,269 |

Gain on settlement with former operator of approximately $16.2 million during the three months ended March 31, 2016, relates to a settlement with the former operator of the mine resulting in a reduction of previously accrued operating expenses.

Depreciation and amortization was $0.5 million and $2.7 million for the three months ended March 31, 2017, and 2016, respectively. Therefore, net income (loss) before depreciation and amortization was as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | *( thousands of dollars)* | |
| Net income (loss) before depreciation and amortization | $ (3,369) | $ 16,978 |

*Financial Position*

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| | *(Thousands of Dollars)* | |
| Current assets | $ 17,333 | $ 22,860 |
| Noncurrent assets | 257,715 | 251,741 |
| Total assets | $ 275,048 | $ 274,601 |
| | | |
| Current liabilities | $ 10,326 | $ 8,005 |
| Long term liabilities | 84,567 | 82,546 |
| Shareholders' equity | 180,155 | 184,050 |
| | $ 275,048 | $ 274,601 |

The equity in the income or loss of AMAK reflected on the consolidated statements of income for the three months ended March 31, 2017, and 2016, is comprised of the following:

| | Three months ended March 31, 2017 | 2016 |
|---|---|---|
| AMAK Net income (loss) | $ (3,896) | $ 14,269 |
| | | |
| Company's share of income (loss) reported by AMAK | $ (1,303) | $ 5,030 |
| Amortization of difference between Company's investment in AMAK and Company's share of net assets of AMAK | 337 | 337 |
| Equity in earnings (loss) of AMAK | $ (966) | $ 5,367 |

See our Annual Report on Form 10-K for the year ended December 31, 2016, for additional information.

**17. RELATED PARTY TRANSACTIONS**

Consulting fees of approximately $27,000 and $33,000 were incurred during the three months ended March 31, 2017, and 2016, respectively from IHS Global FZ LLC of which Company Director Gary K Adams held the position of Chief Advisor – Chemicals until April 1, 2017.

Consulting fees of approximately $19,000 and $22,000 were incurred during the three months ended March 31, 2017, and 2016, respectively, from Chairman of the Board, 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.

**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 to AMAK in the principal amount of 330.0 million Saudi Riyals (US$88.0 million) (the "Loan"). The term of the loan is through June 2019. As a condition of the Loan, SIDF required all shareholders of AMAK to execute personal or corporate Guarantees; as a result, our guarantee is for approximately 135.33 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 its investment. The total amount outstanding to the SIDF at March 31, 2017, was 310.0 million Saudi Riyals (US$82.7 million).

***Litigation*** **-**

On March 21, 2011, Mr. El Khalidi filed suit against the Company in Texas alleging breach of contract and other claims. The 88th Judicial District Court of Hardin County, Texas dismissed all claims and counterclaims for want of prosecution in this matter on July 24, 2013. The Ninth Court of Appeals subsequently affirmed the dismissal for want of prosecution and the Supreme Court of Texas denied Mr. El Khalidi's petition for review. On May 1, 2014, Mr. El Khalidi refiled his lawsuit against the Company for breach of contract and defamation in the 356th Judicial District Court of Hardin County, Texas. The case was transferred to the 88th Judicial District Court of Hardin County, Texas. On September 1, 2016, the Court dismissed all of Mr. El Khalidi's claims and causes of action with prejudice. Mr. El Khalidi has filed a notice of appeal. Liabilities of approximately $1.0 million remain recorded, and the options will continue to accrue in accordance with their own terms until all matters are resolved.

On or about August 3, 2015, SHR received notice of a lawsuit filed in the 14th Judicial District Court of Calcasieu Parish, Louisiana. The suit alleges that the plaintiff became ill from exposure to benzene. SHR placed its insurers on notice. Its insurers retained a law firm based in Louisiana to defend SHR.

On or about March 18, 2016, SHR received notice of a lawsuit filed in the 172nd Judicial District Court of Jefferson County, Texas. The suit alleges that the plaintiff became ill from exposure to benzene. SHR placed its insurers on notice. Its insurers retained a law firm based in Texas to defend SHR.

On or about August 2, 2016, SHR received notice of a lawsuit filed in the 58th Judicial District Court of Jefferson County, Texas. The suit alleges that the plaintiff became ill from exposure to benzene. SHR placed its insurers on notice. Its insurers retained a law firm based in Texas to defend SHR.

On or about November 5, 2016, SHR received notice of a lawsuit filed in the 172nd Judicial District Court of Jefferson County, Texas. The suit alleges that the plaintiff became ill from exposure to benzene. SHR placed its insurers on notice. Its insurers retained a law firm based in Texas to defend SHR.

***Environmental Remediation*** -

Amounts charged to expense for various activities related to environmental monitoring, compliance, and improvements were approximately $165,000 and $144,000 for the three months ended March 31, 2017, and 2016, respectively.

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

### FORWARD LOOKING AND CAUTIONARY STATEMENTS

Except for the historical information and discussion contained herein, statements contained in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, including the following: a downturn in the economic environment; the Company's failure to meet growth and productivity objectives; fluctuations in revenues and purchases; impact of local legal, economic, political and health conditions; adverse effects from environmental matters, tax matters and the Company's pension plans; ineffective internal controls; the Company's use of accounting estimates; competitive conditions; the Company's ability to attract and retain key personnel and its reliance on critical skills; impact of relationships with critical suppliers; currency fluctuations; impact of changes in market liquidity conditions and customer credit risk on receivables; the Company's ability to successfully manage acquisitions and alliances; general economic conditions domestically and internationally; insufficient cash flows from operating activities; difficulties in obtaining financing; outstanding debt and other financial and legal obligations; industry cycles; specialty petrochemical product and mineral prices; feedstock availability; technological developments; regulatory changes; foreign government instability; foreign legal and political concepts; and foreign currency fluctuations, as well as other risks detailed in the Company's filings with the U.S. Securities and Exchange Commission, including this release, all of which are difficult to predict and many of which are beyond the Company's control.

### 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 involving the manufacturing and marketing of petrochemical products and synthetic waxes. Our business model involves the manufacture and sale of tangible products and the provision of custom processing services. Our consistent approach to providing high purity products and quality services to our customers has helped to sustain our current position as a preferred supplier of various petrochemical products.

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, 2016.

We believe we are well-positioned to benefit from capital investments being executed within the company. We now have sufficient pentane capacity to readily maintain our share of market growth for the foreseeable future. Both the advanced reformer unit and the hydrogenation/distillation project will provide increased revenue and gross margin. While petrochemical prices are volatile on a short-term basis and volumes depend on the demand of our customers' products and overall customer efficiency, our investment decisions are based on our long-term business outlook.

The drop in petroleum prices, which began in mid-September of 2014 and continued into the first quarter of 2016, began reversing in the second half of 2016. SHR's average feedstock price per gallon in the first quarter of 2017 was approximately 34% higher than the first quarter of 2016. The contract pricing formulas used to sell the majority of the products typically have a 30 day trailing feed cost basis; and therefore, are slightly favorable during falling prices but are unfavorable when prices rise. During the first quarter of 2017 feedstock costs were generally stable. In addition, financial penalties incurred due to feedstock purchases below minimum amounts as prescribed by the agreement with suppliers impacted margins.

We continued to emphasize operational excellence and our competitive advantages achieved through our high quality products and outstanding customer service and responsiveness.

### Review of First Quarter 2017 Results

We reported first quarter 2017 earnings of $1.5 million down from $7.2 million from first quarter 2016. Diluted earnings per share of $0.06 were reported for first quarter 2017, down from $0.29 in first quarter 2016. We recorded equity in losses from AMAK of $1.0 million in first quarter 2017 versus equity in earnings of $5.4 million in first quarter 2016. Sales volume of our petrochemical products decreased 14.9%; however, sales revenue from our petrochemical products increased 4.1% as compared to first quarter 2016. Our gross profit decreased approximately $1.2 million primarily due to an increase of approximately 34.1% in our average petrochemical feedstock cost. Prime product petrochemical sales volumes (which exclude by-product sales) were down 5.0% over first quarter 2016.

**Non-GAAP Financial Measures**

We include in this Quarterly Report the non-GAAP financial measures of EBITDA, Adjusted EBITDA and Adjusted Net Income and provide reconciliations from our most directly comparable financial measures to those measures.

We define EBITDA as net income plus interest expense including derivative gains and losses, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA plus share-based compensation, plus or minus equity in AMAK's earnings and losses or gains from equity issuances and plus or minus gains or losses on acquisitions. We define Adjusted Net Income as net income plus or minus tax effected equity in AMAK's earnings and losses and plus or minus tax effected gains or losses on acquisitions. These measures are not measures of financial performance or liquidity under U.S. GAAP and should be considered in addition to, not as a substitute for, net income (loss), nor as an indicator of cash flows reported in accordance with U.S. GAAP. These measures are used as supplemental financial measures by management and external users of our financial statements such as investors, banks, research analysts and others. We believe that these non-GAAP measures are useful as they exclude transactions not related to our core cash operating activities.

The following table presents a reconciliation of net income, our most directly comparable GAAP financial performance measure for each of the periods presented, to EBITDA, Adjusted EBITDA, and Adjusted Net Income.

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 |
|---|---|---|
| Net Income | $ 1,487 | $ 7,224 |
| | | |
| Interest expense | 636 | 628 |
| Depreciation and amortization | 2,588 | 2,396 |
| Income tax expense | 1,061 | 3,647 |
| EBITDA | $ 5,772 | $ 13,895 |
| | | |
| Share-based compensation | 633 | 647 |
| Equity in (earnings) losses of AMAK | 966 | (5,367) |
| Adjusted EBITDA | $ 7,371 | $ 9,175 |
| | | |
| Net Income | $ 1,487 | $ 7,224 |
| | | |
| Equity in (earnings) losses of AMAK | $ 966 | $ (5,367) |
| Taxes at statutory rate of 35% | 338 | (1,878) |
| Tax effected equity in (earnings) losses | 628 | (3,489) |
| Adjusted Net Income | $ 2,115 | $ 3,735 |

**Liquidity and Capital Resources**

**Working Capital**

Our approximate working capital days are summarized as follows:

| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
|---|---|---|---|
| Days sales outstanding in accounts receivable | 39.3 | 38.2 | 32.7 |
| Days sales outstanding in inventory | 24.2 | 30.2 | 30.2 |
| Days sales outstanding in accounts payable | 21.2 | 22.9 | 12.3 |
| Days of working capital | 42.4 | 45.5 | 50.6 |

Our days sales outstanding in accounts receivable increased due to an increase in wax sales and longer payment terms for some foreign customers because of increased shipping times. Our days sales outstanding in inventory decreased due to a concerted effort to reduce inventory on hand at both facilities. Our days sales outstanding in accounts payable decreased due to construction expenses for the hydrogenation/distillation project at TC nearing completion. Since days of working capital is calculated using the above three metrics, it decreased for the reasons discussed.

Cash and cash equivalents decreased $4.3 million during the three months ended March 31, 2017, as compared to a decrease of $4.5 million for the three months ended March 31, 2016. Our total available liquidity which includes cash and cash equivalents and available revolving borrowing capacity under the ARC was approximately $30.0 million and $37.9 million at March 31, 2017, and December 31, 2016, respectively.

The change in cash and cash equivalents is summarized as follows:

| | 2017 | 2016 |
|---|---|---|
| Net cash provided by (used in) | *(thousands of dollars)* | |
| Operating activities | $ 8,730 | $ 5,203 |
| Investing activities | (13,907) | (7,602) |
| Financing activities | 833 | (2,072) |
| Decrease in cash and equivalents | $ (4,344) | $ (4,471) |
| Cash and cash equivalents | $ 4,045 | $ 14,152 |

**Operating Activities**

Cash provided by operating activities totaled $8.7 million for the first three months of 2017 which was $3.5 million higher than 2016. For the first three months of 2017 net income decreased by approximately $5.7 million as compared to the corresponding period of 2016. Major non-cash items affecting 2017 income included increases in deferred taxes of $1.2 million and equity in losses of AMAK of approximately $1.0 million.

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

- Inventory decreased approximately $2.9 million (due to an effort to decrease inventory on hand at both facilities) as compared to an increase of approximately $1.5 million in 2016 (due to a decision to increase inventory because of planned outages);

- Other liabilities increased approximately $0.1 million (due to an increase in deferred wax sales revenue) as compared to a decrease of approximately $1.2 million in 2016 (due to the recognition of revenue associated with a custom processing customer); and

- Accounts payable and accrued liabilities increased $1.0 million (due to increased construction expenditures) as compared to a decrease of approximately $1.4 million in 2016 (due to a reduction in the accrual for feedstock).

These sources of cash were partially offset by the following decrease in cash provided by operations:

- Trade receivables increased approximately $2.1 million (due to sales to foreign customers with longer payment terms) as compared to a decrease of approximately $0.7 million (due to a decrease in the average selling price); and

- Income tax receivable increased $0.2 million (due to an adjustment to deferred taxes related to the change to the LIFO method for inventory valuation) as compared to a decrease of approximately $2.2 million in 2016 (due to the overpayment being applied to 2016 estimated taxes).

**Investing Activities**

Cash used by investing activities during the first three months of 2017 was approximately $13.9 million, representing an increase of approximately $6.3 million over the corresponding period of 2016. During the first three months of 2017 we continued to purchase equipment for the hydrogenation/distillation unit and the new advanced reformer unit along with some tankage and various other facility improvements. During the first three months of 2016 we purchased equipment for the hydrogenation/distillation expansion, construction of the new reformer unit, a new cooling tower, and the new custom processing unit; upgraded roads throughout the petrochemical facility; continued to make improvements to storage; and made various other facility improvements.

**Financing Activities**

Cash provided by financing activities during the first three months of 2017 was approximately $0.8 million versus cash used of $2.1 million during the corresponding period of 2016. During 2017 we made principal payments on our acquisition loan of $3.5 million and our term debt of $0.7 million. We drew $5.0 million on our line of credit to fund ongoing capital projects. During 2016 we made principal payments on our acquisition loan of $1.8 million and our term debt of $0.3 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.

**Results of Operations**

**Comparison of Three Months Ended March 31, 2017 and 2016**

**Specialty Petrochemical Segment**

| | 2017 | 2016 | Change | %Change |
|---|---|---|---|---|
| | | *(thousands of dollars)* | | |
| Petrochemical Product Sales | $ 44,391 | $ 42,624 | $ 1,767 | 4.1% |
| Processing | 1,488 | 1,441 | 47 | 3.3% |
| Gross Revenue | $ 45,879 | $ 44,065 | $ 1,814 | 4.1% |
| | | | | |
| Volume of Sales (gallons) | | | | |
| Petrochemical Products | 17,324 | 20,353 | (3,029) | (14.9%) |
| Prime Product Sales | 13,892 | 14,616 | (724) | (5.0%) |
| | | | | |
| Cost of Sales | $ 36,358 | $ 34,495 | $ 1,863 | 5.4% |
| Gross Margin | 20.8% | 21.7% | | (1.0%) |
| Total Operating Expense** | 12,969 | 13,202 | (233) | (1.8%) |
| Natural Gas Expense** | 1,084 | 772 | 312 | 40.4% |
| Operating Labor Costs** | 3,243 | 3,821 | (578) | (15.1%) |
| Transportation Costs** | 5,696 | 5,473 | 223 | 4.1% |
| General & Administrative Expense | 2,696 | 2,346 | 350 | 14.9% |
| Depreciation and Amortization* | 1,556 | 1,337 | 219 | 16.4% |
| Capital Expenditures | $ 8,756 | $ 5,662 | $ 3,094 | 54.6% |

*Includes $1,389 and $1,188 for 2017 and 2016, respectively, which is included in operating expense
** Included in cost of sales

**Gross Revenue**

Gross Revenue increased during the first quarter of 2017 from 2016 by approximately 4.1% primarily due to an increase in the average selling price of 23.0% offset by a decrease in volume of 14.9%.

**Petrochemical Product Sales**

Petrochemical product sales increased by 4.1% during first quarter 2017 from 2016 due to an increase in the average selling price of 23.0% and a decrease in volume sold of 14.9%. Our average selling price increased because a large portion of our sales are contracted with pricing formulas which are tied to prior month Natural Gas Liquid (NGL) prices which is our primary feedstock. Feedstock prices were significantly higher in first quarter of 2017 as compared to first quarter 2016. Total sales volume decreased from 2017 to 2016 primarily due to a decrease in prime product sales to one customer and a decrease of approximately 2.3 million gallons in by-product sales. Foreign sales volume decreased to 19.6% of total petrochemical volume from 20.7% in first quarter 2016.

**Processing**

Processing revenues increased 3.3% during the first quarter of 2017 from 2016 reflecting a relatively stable revenue stream.

**Cost of Sales**

Cost of Sales increased 5.4% during first quarter 2017 from 2016 primarily due to the increase in feedstock cost. Our average feedstock cost per gallon increased 34.1% over first quarter 2016. This was partially offset by a decrease in volume processed of 27.4% over first quarter 2016. 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 normally correlates approximately 90% with the price of crude oil. We expect our advanced reformer unit which is due online in fourth quarter 2017 to enable us to convert the less valuable components in our feed into higher value products, thereby allowing us to sell our byproducts at higher prices.

**Total Operating Expense**

Total Operating Expense decreased 1.8% during first quarter 2017 from 2016. Natural gas, labor, depreciation and transportation are the largest individual expenses in this category; however, not all of these decreased.

The cost of natural gas purchased increased 40.4% during 2017 from 2016 due to higher per unit cost. The average price per MMBTU for first quarter of 2017 was $3.33 whereas, for 2016 the per-unit cost was $2.28. Volume decreased to approximately 320,000 MMBTU from about 349,000 MMBTU due to lower run rates.

Labor costs were lower by 15.1% primarily due to an increase in capitalized maintenance labor for the advanced reformer project. Also, during 2016 we incurred additional labor costs associated with turnarounds.

Depreciation was higher by 16.4% during first quarter 2017 from 2016 primarily due to 2016 capital items adding to the depreciable base.

Transportation costs were higher by 4.1% primarily due to an increase in the number of isocontainers which were shipped. These containers are utilized primarily for shipments overseas.

**General and Administrative Expense**

General and Administrative costs for first quarter 2017 increased from 2016 by 14.9% primarily to an increase in our property tax accrual because of the expiration of abatements. Group insurance, administrative labor costs and costs for physicals also increased.

**Depreciation**

Depreciation increased 16.4% during first quarter of 2017 from 2016 primarily due to 2016 capital expenditures increasing our depreciable base.

**Capital Expenditures**

Capital Expenditures increased 54.6% during first quarter 2017 from 2016 primarily due to the new advanced reformer unit project. See additional detail above under "Investing Activities".

**Specialty Wax Segment**

| | 2017 | 2016 | Change | %Change |
|---|---|---|---|---|
| | | *(thousands of dollars)* | | |
| Product Sales | $ 6,508 | $ 4,557 | $ 1,951 | 42.8% |
| Processing | 3,155 | 3,578 | (423) | (11.8%) |
| Gross Revenue | $ 9,663 | $ 8,135 | $ 1,528 | 18.8% |
| | | | | |
| Volume of wax sales (thousand pounds) | 10,664 | 7,076 | 3,588 | 50.7% |
| | | | | |
| Cost of Sales | $ 8,566 | $ 5,934 | $ 2,633 | 44.4% |
| Gross Margin | 11.4% | 27.1% | | (15.7%) |
| General & Administrative Expense | 1,347 | 1,169 | 178 | 15.2% |
| Depreciation and Amortization* | 1,016 | 1,051 | (35) | (3.3%) |
| Capital Expenditures | $ 5,125 | $ 1,940 | $ 3,185 | 164.2% |

*Includes $995 and $1,031 for 2017 and 2016, respectively, which is included in cost of sales

**Product Sales**

Product sales increased 42.8% during first quarter 2017 from first quarter 2016 as we continued to see strong growth in wax sales both domestically and in export sales to Latin American and Europe. Polyethylene wax sales saw volume increases of approximately 61.2% while revenue from these sales increased 47.2%. In order to reduce wax inventories a strong emphasis was placed on increasing sales volumes of TC's low quality wax (which requires significantly less processing and carries a positive gross margin). As more customers approve of the new, higher quality wax products, lower quality wax sales will be substituted with these higher value products. Substantial progress is being made in target market segments. Several orders of the new Hot Melt Adhesives ("HMA") product were shipped to two local customers and three others are working on approval (one of which placed an order in April). Two truckloads of the new PVC lubricant product in molten form were sold, the European distributor took record volumes (over one million pounds), and we received an order for our first container load of high quality wax from Asia.

**Processing**

Processing revenues decreased 11.8% during first quarter of 2017 from first quarter 2016 primarily due to approximately $1.7 million in processing fees (non-use fee) which was recognized in the first quarter of 2016 and expired at that time. We saw over $1.0 million in revenue from B Plant (including just over $200,000 in product sales).

**Cost of Sales**

Cost of Sales increased 44.4% during first quarter of 2017 from first quarter of 2016 primarily due to increases in labor, freight, and utilities. These cost increases were attributable to the acquisition of B Plant in second quarter 2016 and significantly greater product sales compared to a year ago. In addition, increased overtime and the addition of new personnel in preparation for the start-up of the new hydrogenation/distillation project in the second quarter of 2017 also resulted in higher costs.

**General and Administrative Expense**

General and Administrative costs increased 15.2% during first quarter 2017 from 2016 primarily due to an increase in sales personnel and higher property taxes due to the addition of B Plant.

**Depreciation**

Depreciation decreased 3.3% during first quarter 2017 from 2016 primarily due to some of the assets which were near end of life at purchase becoming fully depreciated. Many of the capital expenditures during first quarter 2017 are being recorded to construction in progress for which depreciation will begin when complete.

**Capital Expenditures**

Capital Expenditures increased 164.2% during first quarter 2017 from first quarter of 2016 primarily due to expenditures for construction in progress including the hydrogenation/distillation project and various other smaller projects.

**Corporate Segment**

| | 2017 | 2016 | Change | %Change |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| General & Administrative Expense | $ 2,178 | $ 1,934 | $ 244 | 12.6% |
| Equity in earnings (losses) of AMAK | (966) | 5,367 | (6,333) | (118.0%) |

**General and Administrative Expenses**

General corporate expenses increased during first quarter 2017 from first quarter 2016 primarily due to increases in officer compensation and accounting fees. Officer compensation increased due to the addition of an officer. Accounting fees increased primarily due to time required for additional filings because of restatements.

**Equity in Earnings (Losses) of AMAK**

Equity in earnings (losses) of AMAK decreased during first quarter 2017 from first quarter 2016.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (Thousands of Dollars) | |
| Sales | $ 2,256 | $ 8,992 |
| Gross profit (loss) | (1,307) | 191 |
| General, administrative and other | 2,589 | 2,147 |
| Loss from operations | (3,896) | (1,956) |
| Gain on settlement with former operator | - | 16,225 |
| Net income (loss) | $ (3,896) | $ 14,269 |

The new team at AMAK continued work on improving operations throughout the quarter. Although there were no copper or zinc concentrate sales in the period, some inventory was built at the port. AMAK expects concentrate sales in the second quarter. The sales shown above represent gold and silver doré that were produced earlier. Guyan exploration results as well as exploration results extending the life of the copper and zinc mine assets are expected in coming quarters.

**Guarantee of Saudi Industrial Development Fund ("SIDF") Loan to AMAK**

As discussed in Note 18 to the consolidated financial statements, as a condition of the Loan from the SIDF in the principal amount of 330.0 million SR (US$88.0 million) to AMAK, we were required to execute a Guarantee of up to 41% of the Loan. The decision to provide a limited corporate guarantee in favor of AMAK was difficult as we considered numerous facts and circumstances. One of the factors considered was that without the US$88.0 million from the SIDF, construction activity on the project would likely have ceased. Another factor considered was that prior to making a firm commitment regarding funding, the SIDF performed its own exhaustive due diligence of the project and obviously reached the conclusion that the project is viable and capable of servicing the debt. Yet another factor considered was our ability to reach agreement with various AMAK Saudi shareholders whereby they agreed to use best efforts to have their personal guarantees stand ahead of and pay required payments to SIDF before our corporate guarantee. Finally, we researched numerous loans made by the SIDF to others and were unable to find a single instance where the SIDF actually called a guarantee or foreclosed on a project. Based on the above, we determined that it was in the best interest of the Company and its shareholders to provide the limited corporate guarantee to facilitate completion of the mining project in a timely manner. We also determined that the stand-in-front agreement in conjunction with the actual value of plant and equipment on the ground should act in concert to minimize any exposure arising from the corporate guarantee. The total amount outstanding to the SIDF at March 31, 2017, was 310.0 million Saudi Riyals (US$82.7 million).

**Contractual Obligations**

The table below summarizes the following contractual obligations (in thousands) of the Company at March 31, 2017:

| | **Payments due by period** | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less than 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| Operating Lease Obligations | $ 20,641 | $ 3,553 | $ 6,702 | $ 5,988 | $ 4,398 |
| Purchase Obligations | 2,309 | 2,309 | - | - | - |
| Long-Term Debt Obligations | 84,833 | 8,333 | 76,500 | - | - |
| Total | $ 107,783 | $ 14,195 | $ 83,202 | $ 5,988 | $ 4,398 |

On October 1, 2014, we entered into an Amended and Restated Credit Agreement with the lenders which from time to time are parties to the Amended and Restated Credit Agreement (collectively, the "Lenders") and Bank of America, N.A., a national banking association, as Administrative Agent for the Lenders, and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Lead Arranger. A second amendment was entered into on March 28, 2017. Refer to Note 9 on page 11 of this Form 10-Q for a detailed discussion.

**Critical Accounting Policies and Estimates**

**Inventories** - Finished products and feedstock are recorded at the lower of cost, determined on the first-in, first-out method (FIFO); or market for SHR. For TC, inventory is recorded at the lower of cost or market as follows: (1) raw material cost is calculated using the weighted-average cost method and (2) product inventory cost is calculated using the specific cost method.

Other critical accounting policies are more fully described in Note 2 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016. 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 have been discussed with the Audit Committee of the Board of Directors. We believe there have been no material changes to our critical accounting policies and estimates compared to those discussed in our Annual Report on Form 10-K for the year ended December 31, 2016 except for the change in inventory valuation method from LIFO to FIFO as described in Note 5.

**Recent and New Accounting Standards**

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

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

*Derivative Instrument Risk*

Refer to Note 11 on page 12 of this Form 10-Q.

*Interest Rate Risk*

Refer to Note 11 on page 12 of this Form 10-Q.

There have been no material changes in the Company's exposure to market risk from the disclosure included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

## 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 not effective as of the end of the period covered by this report due to the material weakness in internal control over financial reporting as described below.

***Material Weakness in Internal Control over Financial Reporting***

As described in Management's Report On Internal Control Over Financial Reporting in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2016, we determined that we did not maintain effective internal control over the accounting for our investment in AMAK. Specifically, controls were not appropriately designed, adequately documented and operating effectively related to the accounting for: (1) our equity in earnings of AMAK; and (2) changes in our ownership percentage in AMAK as the result of the sale and issuance of shares of AMAK to other investors. As a result of this material weakness, we restated our financial statements for the three months ended June 30, 2016, and September 30, 2016, respectively. This control deficiency did not result in any material adjustments to our consolidated financial statements for the year ended December 31, 2016.

Although we have made progress in the remediation of this issue, as indicated below, sufficient time needs to pass before we can conclude that newly implemented controls are operating effectively and that the material weakness has been adequately remediated. Notwithstanding the material weakness in our internal control over financial reporting, we have concluded that the interim condensed consolidated financial statements and other financial information included in this Quarterly Report on Form 10-Q, fairly present in all material respects our financial condition, results of operations and cash flows as of, and for, the periods presented.

***Remediation of Material Weakness in Internal Control over Financial Reporting***

We expect to make additional improvements during the remainder of 2017. When fully implemented and operational, we believe the enhanced procedures will remediate the material weakness we have identified and generally strengthen our internal control over financial reporting. The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Our goal is to remediate this material weakness by the end of the third quarter, subject to there being sufficient opportunities to conclude, through testing, that the enhanced control is operating effectively.

(b) Changes in internal control. Other than the efforts discussed immediately above in "Remediation of Material Weakness in Internal Control over Financial Reporting", there was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2017, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS.**

None other than the pending claims and lawsuits as discussed in Note 18 to the consolidated financial statements.

**ITEM 1A. RISK FACTORS.**

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, 2016.

**ITEM 6. EXHIBITS.**

The following documents are filed or incorporated by reference as exhibits to this Report. Exhibits marked with an asterisk (*) are management contracts or a compensatory plan, contract or arrangement.

| Exhibit Number | Description |
|---|---|
| 3(a) | - Certificate of Incorporation of the Company as amended through the Certificate of Amendment filed with the Delaware Secretary of State on May 22, 2014 (incorporated by reference to Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (file No. 001-33926)) |
| 3(b) | - Restated Bylaws of the Company dated August 1, 2014 (incorporated by reference to Exhibit 3(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (file No. 001-33926)) |
| 10(a)* | - Retirement Awards Program dated January 15, 2008 between Arabian American Development Company and Hatem El Khalidi (incorporated by reference to Exhibit 10(h) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (file No. 001-33926)) |
| 10(b)* | - Arabian American Development Company Stock and Incentive Plan adopted April 3, 2012 (incorporated by reference to Exhibit A to the Company's Form DEF 14A filed April 25, 2012 (file No. 001-33926)) |
| 10(c)* | - Employment Contract dated October 1, 2014, between Trecora Resources and Peter M. Loggenberg, Ph.D. |

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| Exhibit Number | Description |
|---|---|
| 10(d)* | - Severance Agreement and Covenant not to Compete, Solicit and Disclose dated October 1, 2014, between Trecora Resources and Subsidiaries and Peter M. Loggenberg, Ph.D. |
| 10(e) | - Articles of Association of Al Masane Al Kobra Mining Company, dated July 10, 2006 (incorporated by reference to Exhibit 10(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (file No. 001-33926)) |
| 10(f) | - Bylaws of Al Masane Al Kobra Mining Company (incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (file No. 001-33926)) |
| 10(g) | - Letter Agreement dated August 5, 2009, between Arabian American Development Company and the other Al Masane Al Kobra Company shareholders named therein (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 27, 2009 (file No. 001-33926)) |
| 10(h) | - Limited Guarantee dated October 24, 2010, between Arabian American Development Company and the Saudi Industrial Development Fund (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on October 27, 2010 (file No. 001-33926)) |
| 10(i) | - Amended and Restated Credit Agreement dated October 1, 2014, between Texas Oil & Chemical Co. II, Inc. and certain subsidiaries and Bank of America, N.A. as administrative agent (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on October 3, 2014 (file No. 001-33926)) |
| 10(j) | - Stock Purchase Agreement dated September 19, 2014, between Trecora Resources, Texas Oil & Chemical Co. II, Inc., SSI Chusei, Inc. and Schumann/Steier Holdings, LLC (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on September 25, 2014 (file No. 001-33926)) |
| 10(k) | - Second Amendment to Amended and Restated Credit Agreement dated as of March 28, 2017, among Texas Oil & Chemical Co. II, Inc. and certain subsidiaries and Bank of America, N.A. as administrative agent (incorporated by reference to Exhibit 99.2 to the Company's Form 8-K filed on March 30, 2017 (file No. 001-33926)) |
| 18.1 | - Preferability Letter |
| 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 |

| Exhibit Number | Description |
|---|---|
| 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.

DATE: May 9, 2017 TRECORA RESOURCES
(Registrant)

By: /s/Sami Ahmad
Sami Ahmad
Chief Financial Officer

**EXHIBIT 10(c)**

# EMPLOYMENT CONTRACT

This EMPLOYMENT CONTRACT ("Agreement"), effective as of the 1st day of October, 2014 ("the Date of Employment"), is entered into by and between **Trecora Resources**, a Delaware corporation whose principal office is located at 1650 Hwy 6, Suite 190, Sugar Land, Texas 77478, and **Peter M. Loggenberg, Ph.D.** ("Loggenberg") of 902 Sprucewood Lane, Houston, Texas 77024.

W I T N E S S E T H:

**WHEREAS**, Trecora Resources owns and operates a chemical manufacturing business;

**WHEREAS**, Loggenberg and Trecora Resources wish to enter into an agreement governing the terms and conditions of his employment; and

**WHEREAS**, on even date herewith, Loggenberg and Trecora Resources also entered into a Severance Agreement and Covenant Not to Compete, Solicit and Disclose ("Severance Agreement"), pursuant to which Trecora Resources promised to provide Loggenberg (i) severance pay, (ii) access to proprietary, confidential, and other information, and (iii) industry specific training, in exchange for which Loggenberg covenants not to compete, solicit and disclose the confidential information to be provided thereby;

**NOW, THEREFORE**, for and in consideration of the premises and the mutual promises, covenants, and agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby forever acknowledged and confessed, the parties hereto agree as follows:

## ARTICLE I
## EMPLOYMENT

1.1 Trecora Resources hereby agrees to employ Loggenberg as the President of its subsidiary, **Trecora Chemical, Inc.** ("Company"), and Loggenberg hereby accepts such employment in accordance with the terms of this Agreement and the terms of employment applicable to regular employees of the Company. In the event of any conflict or ambiguity between the terms of this Agreement and terms of employment applicable to regular employees, the terms of this Agreement shall control.

## ARTICLE II
## DUTIES OF LOGGENBERG

2.1 The duties of Loggenberg shall include the performance of all duties typical of the office held by Loggenberg as described in the bylaws of the Company and such other duties and projects as may be assigned by a superior officer of the Company, if any, or the board of directors of the Company. Loggenberg will not, during the term of this Agreement, directly or indirectly engage in any other business competing directly with the Company, either as an employee, employer, consultant, principal, officer, director, advisor, or in any other capacity, with or without compensation, without the prior written consent of the Company. In addition to the duties described herein, Loggenberg is also authorized and directed to do the following:

2.2 provide reasonable professional direction and supervision of the personnel of Company, including providing Company with advice and assistance in the hiring, evaluation, promotion, and firing of such personnel;

2.3 assist Company in the development of policies and procedures for Company's business and keeping such business in compliance with all such policies and procedures;

2.4 do all things reasonably necessary or desirable to maintain and improve his skills as an employee;

2.5 use reasonable efforts to promote and support the interests (business and otherwise) of the Company, including, but not limited to, participating in marketing activities and efforts;

2.6 assist the Company in marketing and developing marketing plans and procedures to expand sales of the products and services of the Company's business to both existing and new customers;

2.7 take reasonable efforts to keep and maintain (or causing to be kept and maintained) appropriate records relating to the business of the Company and attending to correspondence, reports, and other record keeping requirements associated with Loggenberg's duties with the Company;

2.8 take reasonable efforts to see that the Company complies with all state, federal, and local laws, rules, and regulations applicable to the business of the Company;

2.9 comply in all respects with the rules, policies, and procedures of the Company;

2.10 abide by any reasonable schedule of hours formulated by the Company;

2.11 at the request or with the consent of the Company, attend conventions and seminars, participate in professional societies, the cost of which will be paid by Company, and do all things reasonably desirable to maintain and improve his professional skills;

2.12 cooperate with other employees and officers of the Company and the Company's parent and sister companies in all reasonable manners; and

2.13 perform in a diligent and timely manner such duties as set forth herein and such other duties as Company and Loggenberg may, from time to time, agree.

## ARTICLE III
## EXCLUDED ACTIVITIES AND INTELLECTUAL PROPERTY

3.1 Any knowledge that Loggenberg possesses or develops that relates to Drilling Base Fluids, Fracking or Completions Fluids as well as any chemistry related to the dehydrogenation or oxidation of C2 and C3 molecules including but not limited to ethane, ethylene ethanol, propane, propylene and propanol, excluding wax production, will not be any part of this agreement as Company recognizes that this subject matter is not part of this agreement and Loggenberg retains the right to continue and retain business, intellectual property and all other rights regardless of the existence of this agreement. Should Company wish to use such technology or business, then a separate mutually acceptable agreement needs to be concluded between Loggenberg and the Company.

3.2 It is recognized by both parties that Loggenberg has business with SSI, Arthur Steier, SSI Schuman, or other related parties. Due to the possibility of conflicts of interest, and the need to provide the Company with his primary attention, it is agreed that Loggenberg will extricate himself from those interests within three (3) years of accepting the position with the Company.

3.3 It is recognized by both parties that Loggenberg has a relationship with Don Power and DP&PL, which company may have patented technologies, and which the Company may wish to use in the future. Both parties agree that if the Company can use the technology to its benefit, there will be a reasonable royalty or other fee structure developed to the benefit of both parties. In the case of development of future technologies, Loggenberg agrees to keep any further developments with that relationship separate from the business of the Company and his responsibilities thereto.

3.4 Loggenberg agrees to observe and comply with the reasonable rules and regulations of the Company and its business as adopted from time to time. Loggenberg shall not engage in any business or other activity than those listed in sections 3.1-3.3 above that hinders in any way Loggenberg's ability to serve as an employee of the Company.

## ARTICLE IV
## COMPENSATION AND BENEFITS

4.1 **Compensation During Term of Employment**.

**a.** **Salary**. Loggenberg will be paid a base salary of THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($350,000.00) per year, payable in installments according to the Company's regular payroll schedule. The base salary shall be adjusted in January following each year of employment at the discretion of the board of directors, with minimum salary increase on an annual basis determined by the same formula and factors the Company and Trecora Resources use for other upper management positions.

**b.** **Signing Bonus**. Loggenberg shall receive a bonus of THIRTY FIVE THOUSAND AND NO/100 DOLLARS ($35,000.00) payable upon signing this Agreement.

**c.** **Stock Grant**. Loggenberg shall receive a grant of SEVEN THOUSAND (7,000) restricted common shares of Trecora Resources upon the signing of this Agreement.

4.2 **Benefits**.

**a.** **Medical and Dental Insurance**. Company will either reimburse, if Loggenberg obtains his own coverage, or provide health insurance, dental insurance, medical and hospital treatment benefits for Loggenberg with such medical and hospital treatment program as made available to other similarly situated employees, and other type of benefits as the Company may from time to time have in effect for its other employees and their families. The Company currently covers 80% of the cost of such coverage with the employee responsible for the remainder. Alternatively, Loggenberg may purchase his own insurance, and the Company will contribute the amount it would have contributed under the Company's regular health insurance program.

**b.** **Pension and Profit Sharing Plans**. Loggenberg shall be entitled to participate in the 401K plan and quarterly profit sharing plan adopted by the Company for the benefit of its officers and/or regular employees.

**c.** **Long-Term Incentive Compensation Plans**. Loggenberg shall be entitled to participate in any long-term incentive compensation plan adopted by the Company for the benefit of officers and/or regular employees.

**d.** **Annual Cash Incentive Plan**. Loggenberg shall be entitled to participate in the annual cash incentive plan adopted by the Company for the benefit of officers and/or regular employees. The target Bonus for Loggenberg will be initially set at 60% for purposes of the calculation with the Maximum Bonus as % of Base Salary being set at 120% of Base Salary.

**e.** **Automobile**. Company will provide to Loggenberg the use of an automobile of Loggenberg's choice at a gross purchase price not to exceed $50,000. Company agrees to replace the automobile with a new one at Loggenberg's request no more often than once every five years or 85.000 miles, whichever comes first. Company will pay all automobile operating expenses incurred by Loggenberg in the performance of Loggenberg's Company duties. Company will procure and maintain in force an automobile liability policy for the automobile with coverage, including Loggenberg, in the minimum amount of $1,000,000 combined single limit on bodily injury and property damage.

f. **Expense Reimbursement**. Loggenberg shall be entitled to reimbursement for all reasonable expenses, including travel and entertainment in accordance with normal Company policy, incurred by Loggenberg in the performance of Loggenberg's duties. Loggenberg will maintain records and written receipts as required by Company policy and reasonably requested by the board of directors to substantiate such expenses.

g. **Vacation**. Loggenberg shall be entitled to 20 days of paid vacation each calendar year in accordance with normal Company policy.

h. **Holidays**. Loggenberg will be entitled paid holidays each calendar year in accordance with normal Company policy.

i. **Sick Leave**. Loggenberg shall be entitled to sick leave and emergency leave according to the regular policies and procedures of Company.

## ARTICLE V
## TERM AND TERMINATION

5.1 **Term of Employment**. As used herein, "Term of Employment" shall mean the period commencing and effective on date of this Agreement, and continuing for an indefinite term until terminated in accordance with the provisions of this Agreement.

5.2 **Termination For Good Cause**. Company may terminate this Agreement upon the first to occur of the following each of which shall constitute good cause for termination of this Agreement:

The commission of any crime by Loggenberg involving moral turpitude;

a. Loggenberg's embezzling any funds or property of the Company or committing any other dishonest act towards the Company;

b. Company's determination that Loggenberg was under the influence of alcohol or illegal drugs, as defined by the Company's employee handbook, during working hours;

5.3 **Termination Without Good Cause**. This Agreement may be terminated by either party without cause, by giving written notice, sixty (60) days prior to the effective date of termination. If Company terminates Loggenberg without cause, then severance payments as per the Severance Agreement entered into in addition to this Agreement will apply.

**ARTICLE VI**
**ADDITIONAL PROVISIONS**

6.1 **Additional Assurances**. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties, except as may be specifically provided to the contrary; provided, however, at the request of the Company, Loggenberg shall execute such additional instruments and take such additional acts as Company may deem necessary to effectuate this Agreement.

6.2 **Legal Fees and Costs**. Each party shall pay their own legal fees and costs to enforce the terms and provisions of this Agreement.

6.3 **Choice of Law and Dispute Resolution**. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND SHALL BE PERFORMABLE IN HARRIS COUNTY, TEXAS AND VENUE FOR ANY LITIGATION REGARDING THIS AGREEMENT SHALL BE IN THE STATE OR FEDERAL COURTS OF HARRIS COUNTY, TEXAS. LOGGENBERG HEREBY ACKNOWLEDGES THAT HE AGREES TO SUBMIT ALL CLAIMS AGAINST THE COMPANY (INCLUDING BUT NOT LIMITED TO STATUTORY AND COMMON LAW EMPLOYMENT OR TORT CLAIMS, CLAIMS FOR BREACH OF THIS AGREEMENT, OR ANY OTHER CLAIMS AGAINST THE COMPANY) TO BINDING ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION. LOGGENBERG HEREBY WAIVES HIS RIGHT TO A JURY TRIAL FOR ANY DISPUTE DESCRIBED HEREIN.

6.4 **Benefit/Assignment**. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective legal representatives, successors, and assigns; provided, however, that Loggenberg may not assign this Agreement or any or all of Loggenberg's rights or obligations hereunder without the prior written consent of the Company.

6.5 **Waiver of Breach**. The waiver by the Company of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver by the Company of any subsequent breach of the same or other provision hereof.

6.6 **Notice**. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered or mailed by prepaid certified mail, return receipt requested, addressed as follows:

Loggenberg:
Peter M. Loggenberg, Ph.D.
902 Sprucewood Lane
Houston, Texas 77024
Phone: (713) 461-4580

Company:
Trecora Resources
Attention: Nick Carter
1650 Highway 6 South
Suite 190
Sugar Land, Texas 77478
Phone 281-980-5522

With a copy to:
Charles W. Goehringer Jr.
Germer PLLC
P. O. Box 4915
Beaumont, Texas 77704-4915
Phone: (409) 654-6700
Fax: (409) 835-2115

or to such other address and to the attention of such other person or officer as either party may designate by like written notice.

6.7 **Assignment**. None.

6.8 **Severability**. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules, and regulations. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and in any respect, and the basis of the bargain of this Agreement is not thereby destroyed, such invalidity, illegality, or unenforceability shall not affect the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

6.9 **Divisions and Headings**. The divisions of this Agreement into articles and sections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

6.10 **Entire Agreement/Amendment**. This Agreement supersedes all previous contracts, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the subject matter. No party shall be entitled to benefits other than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect. The parties specifically acknowledge that, in entering into and executing this Agreement, each is relying solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or oral, not expressly incorporated herein, are superseded and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all parties hereto. This Agreement may not be changed, revised or modified unless by mutual consent and in writing, signed by both parties. The section headings and title contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever required by the context, gender shall include any other gender, singular shall include plural, and the plural shall include singular. This Agreement shall be executed in duplicate originals, each of which when executed and delivered shall constitute but one in the same instrument.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed in multiple original counterparts, all as of the day and year first above written.

COMPANY: Trecora Resources

By: /s/ Nicholas Carter
Nicholas N. Carter, President/CEO

LOGGENBERG: By: /s/ Peter M. Loggenberg
Peter M. Loggenberg, Ph.D.

**EXHIBIT 10(d)**

**SEVERANCE AGREEMENT AND**
**COVENANT NOT TO COMPETE, SOLICIT AND DISCLOSE**

This SEVERANCE AGREEMENT AND COVENANT NOT TO COMPETE, SOLICIT AND DISCLOSE ("Agreement"), effective as of the 1st day of October, 2014 ("the Effective Date"), is entered into by and between the Companies (as defined below) and Peter M. Loggenberg, Ph.D., a resident of 902 Sprucewood lane, Houston, Harris County, Texas 77024 ("Loggenberg").

**RECITALS**

**WHEREAS**, Trecora Resources, a Delaware corporation ("TREC") owns all of the capital stock of Texas Oil and Chemical Co. II, Inc., a Texas corporation ("TOCCO"), TOCCO owns all of the capital stock of South Hampton Resources, Inc., a Texas corporation ("SHR"), Trecora Chemical, Inc., a Texas corporation ("TCI"), and South Hampton Transportation, Inc., a Delaware corporation ("SHT"), and SHR owns all of the capital stock of Gulf State Pipe Line Company, Inc., a Texas corporation ("GSPL");

**WHEREAS**, TREC, TOCCO, SHR, SHT, TCI and GSPL are sometimes hereafter collectively referred to collectively as the "Companies";

**WHEREAS**, SHR owns and operates a specialty petrochemical facility near Silsbee, Texas which produces and sells high purity petrochemical solvents and other petroleum based products, including iso-pentane, normal pentane, iso-hexane and hexane which may be used in the production of polyethylene, packaging, polypropylene, expandable polystyrene, poly-iso/urethane foams and the catalyst support industry, and TCI owns and operates a specialty petrochemical facility in La Porte, Texas which produces and sells low to medium viscosity polyethylene waxes and provides toll and custom chemical processing services (the "Petrochemical Business");

**WHEREAS**, GSPL owns and operates numerous pipelines which service the SHR Silsbee, Texas facility (the "Pipeline Business");

**WHEREAS**, SHR and TCI products are sold domestically and world-wide;

**WHEREAS**, the Petrochemical Business and the Pipeline Business are sometimes hereinafter referred to collectively as the "Business";

**WHEREAS**, Loggenberg is an employee of TCI and may become an "at-will" employee of one or more of the Companies at a date in the future;

**WHEREAS**, Loggenberg has significant experience, contacts and knowledge within the chemicals and petrochemicals industries that will come to bear for the benefit of the Companies; and

**WHEREAS**, in exchange for the mutual promises herein, TREC, on behalf of the Companies, promises to provide to Loggenberg (i) severance pay unless terminated for good cause, (ii) access to proprietary, confidential, and other information as defined in this Agreement, and (iii) industry specific training, the sufficiency of which is hereby acknowledged and confessed as a part of the consideration for this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are hereby forever acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

## ARTICLE I
## ACKNOWLEDGEMENTS

1.1 Loggenberg recognizes and acknowledges the following:

a. That TREC's decision to make cash severance payments to Loggenberg on dismissal or termination of employment other than for good cause ("Severance Payments") is induced primarily because of the covenants and assurances made by Loggenberg in this Agreement, and, but for this Agreement, TREC would not have agreed to make the Severance Payments;

b. That Loggenberg is receiving substantial compensation on account of, and as consideration for, Loggenberg covenants and assurances in this Agreement; such consideration includes, but is not limited to, the Severance Payments, providing Loggenberg access to confidential and proprietary information as defined in this Article I, and providing Loggenberg industry specific training;

c. That the Companies have devoted a considerable amount of time, effort, and expense to establishing a customer base and to hiring and training the Companies' employees and agents, that such customer base and employees and agents comprise valuable assets of the Companies, and that, as a result of the employment relationship with the Companies, Loggenberg will have access to this customer and employee and agent base;

d. That Loggenberg's covenants and assurances are necessary to ensure the protection of the Companies' confidential and proprietary business information and the continuation of the Business;

e. That Loggenberg and the Companies carefully considered the necessity to protect the Companies against Loggenberg's or Companies violation of the covenants and assurances in this Agreement, and the nature and scope of such protection;

f. That irreparable harm and damage will be done to the Companies or Loggenberg in the event that Loggenberg or Company violates this Agreement;

g. That the duration and scope applicable to the covenants and assurances described in this Agreement are fair, reasonable, and necessary, that adequate compensation has been received by Loggenberg under this Agreement for such obligations, and that these obligations will not prevent Loggenberg from earning a livelihood;

h. That, in the event that any part of the covenants set forth in this Agreement shall be held to be invalid or unenforceable, the remaining parts thereof shall nevertheless continue to be valid and enforceable as though the invalid or enforceable parts had not been included therein. If any court of competent jurisdiction determines, for any reason, that the restrictions in this Agreement are not reasonable or enforceable or that the consideration is inadequate, such restrictions shall be interpreted, modified, or rewritten to include as much of the duration and scope identified in this Agreement as will render such restrictions valid and enforceable; Provided that these covenants do not violate any Texas State or Federal law.

i. That, for purposes of this Agreement, "**Proprietary or Confidential Information**" includes the following, without limitation: this Agreement, any and all secrets or confidential technology, proprietary information, customer lists, employee and agent information, trade secrets, business records, marketing programs and strategies, computer software, personnel information, business plans and related plans, training and instruction in the Companies' methodology or business systems, specialized requirements of the Companies' customers, memorandums, or other writings, in the possession or control of the Companies, not generally known or available to members of the general public, including any copies, worksheets, or extracts from any of the above, provided, however that "**Proprietary or Confidential Information**" does not include (a) information received by Loggenberg from a source other than the Companies or their advisors, provided that such source is legally in possession of the same and not under an obligation of confidentiality with respect thereto, (b) any information which Loggenberg can document was in his possession prior to his becoming an employee of TCI or SSI Chusei, Inc., a Texas corporation, and (c) information which is now or hereafter becomes generally available to the public other than as a result of a disclosure by the Companies.

j. That, for purposes of this Agreement, "**Products**" means low to medium viscosity polyethylene wax, as well as any other goods, materials or services that the Companies may subsequently research, develop, manufacture or market during one or more of the Companies' employment of Loggenberg.

## ARTICLE II
## COVENANTS

2.1 **Covenant Not to Compete**. Loggenberg agrees that during Loggenberg's term of employment, and for a period of two (2) years after the expiration or termination of Loggenberg's term of employment, Loggenberg, and any related corporate entities, partnerships, or other legal entities under his direct control or influence, whether natural persons or business organizations, will not, directly or indirectly, in any manner or capacity, engage in any of the following activities:

a. Own, manage, operate, control, participate in the management or control of, be employed by, lend Loggenberg's name to, or maintain or continue any interest whatsoever in any enterprise which conducts or will conduct business in the development, manufacture, sale or marketing of Products or compete with the Companies in any respect with business conducted by the company during the employment of Loggenberg;

b. Request or advise any supplier, customer, or other person or entity that has or will have dealings with the Companies, to withdraw, curtail, or cancel such dealings with the Companies;

c. Disclose to any person or entity the name of any client, customer, account, supplier, person, firm, partnership, association, corporation, or business organization, entity or enterprise that has, or has the potential to have, dealings with the Companies, except where such information is public knowledge or as required by law.

2.2 **Covenant not to Solicit**. Loggenberg agrees that during the Loggenberg's term of employment, and for a period of two (2) years after the expiration or termination of Loggenberg's term of employment, Loggenberg, and any related corporate entities, partnerships, or other legal entities under his direct control or influence, whether natural persons or business organizations, will not, directly or indirectly, in any manner or capacity, engage in any of the following activities:

a. Solicit clients, customers, or accounts of the Companies, or request or advise any previous or present client, customer, or account of the Companies to withdraw, curtail, or cancel such client's, customer's or account's business with the Companies;

b. Solicit any employee, agent, or affiliate of the Companies to terminate his or her employment, agency, or affiliation with the Companies;

c. Solicit to hire any employee, agent, or affiliate of the Companies.

2.3 **Covenant not to Disclose**. Loggenberg agrees that during the Loggenberg's term of employment, and for two (2) years thereafter, Loggenberg, and any related corporate entities, partnerships, or other legal entities under his direct control or influence, whether natural persons or business organizations, will not, directly or indirectly, in any manner or capacity, engage in any of the following activities:

a. Use any Proprietary or Confidential Information in competition with the Companies;

b. Disclose any Proprietary or Confidential Information, or permit such information to be disclosed, to any person or entity, except where such information is public knowledge or as required by law;

c. Take, reproduce, or retain, without prior authorization from the Companies, originals, copies, worksheets, or extractions of any Proprietary or Confidential Information as such information is, and will remain, the property of the Companies.

2.4 **Covenant to Disclose and Assign**. Loggenberg agrees to promptly reduce to writing, promptly disclose to TREC, and assign to TREC, and hereby does assign to TREC, all inventions, discoveries, improvements, copyrightable material, trademarks, programs, computer software, and ideas concerning the same, capable of use in connection with the business of the Companies, which Loggenberg may make or conceive, either solely or jointly with others, during the period of employment by the Companies. Loggenberg agrees, without charge to TREC and at Loggenberg's expense, to execute, acknowledge, and deliver to TREC all such papers, including applications for patents, applications for copyright and trademark registrations, and assignments thereof, as may be necessary to comply with this covenant. Loggenberg agrees to assist TREC at all times, in every proper way, to patent or register said inventions, discoveries, improvements, copyrightable material, trademarks, programs, computer software, and ideas.

## ARTICLE III
## EXCLUDED ACTIVITIES AND INTELLECTUAL PROPERTY

3.1 Any knowledge that Loggenberg possesses or develops that relates to Drilling Base Fluids, Fracking or Completions Fluids as well as any chemistry related to the dehydrogenation or oxidation of C2 and C3 molecules including but not limited to ethane, ethylene, ethanol, propane, propylene and propanol, excluding wax production, will not be any part of this agreement as Company recognizes that this subject matter is not part of this agreement and Loggenberg retains the right to continue and retain business, intellectual property and all other rights regardless of the existence of this agreement. Should Company wish to use such technology or business, then a separate mutually acceptable agreement needs to be concluded between Loggenberg and the Company.

3.2 It is recognized by both parties that Loggenberg has business with SSI, Arthur Steier, SSI Schuman, or other related parties. Due to the possibility of conflicts of interest, and the need to provide the Company with his full time attention, it is agreed that Loggenberg will extricate himself from those interests within three (3) years of accepting the position with the Companies.

3.3 It is recognized by both parties that Loggenberg has a relationship with Don Powers and DP&PL, which company may have patented technologies, and which the Company may wish to use in the future. Both parties agree that if the Company can use the technology to its benefit, there will be a reasonable royalty or other fee structure developed to the benefit of both parties. In the case of development of future technologies, Loggenberg agrees to keep any further developments with that relationship separate from the business of the Companies and his responsibilities thereto.

3.4 Loggenberg agrees to observe and comply with the reasonable rules and regulations of the Company and its business as adopted from time to time. Loggenberg shall not engage in any business or other activity than those listed above in sections 3.1-3.3 that hinders in any way Loggenberg's ability to serve as an employee of the Company.

## ARTICLE IV
## REMEDIES FOR VIOLATIONS

4.1 Loggenberg recognizes and acknowledges that the Loggenberg's covenants and assurances set forth in this Agreement are necessarily of a special, unique, and extraordinary nature, that Loggenberg's employment is predicated in part upon said covenants and assurances, and that the loss arising from a breach thereof cannot reasonably and adequately be determined by money damages, as such breach may cause the Companies to suffer irreparable harm.

4.2 **Injunctive Relief**. In the event of any breach or threatened breach of any of Loggenberg's or the Companies covenants and assurances as set forth in this Agreement, the Companies, or anyf their successors or assigns, shall be entitled, in addition to any other remedies and or Loggenberg damages available under this agreement or applicable law, to seek injunctive relief or other extraordinary relief to restrain the violation of such covenants and assurances by Loggenberg or the Companies or by any person or persons acting for or with Loggenberg or the Companies in any capacity.

4.3 **Money Damages**. In the event of any breach or threatened breach of any of Loggenberg's covenants or assurances as set forth in this Agreement, the Companies, or any of their successors or assigns, shall be entitled, in addition to any other remedies under this Agreement or applicable law, to bring suit against Loggenberg for damages and for such other remedies. Notwithstanding the above mentioned, money damages—including legal fees and injunctive relief—shall not exceed the total severance compensation paid.

## ARTICLE V
## SEVERANCE

5.1 **Severance Pay**. On dismissal or termination of employment other than for "good cause" (as defined below), TREC will pay a cash severance to Loggenberg in an amount equal to one year of Loggenberg's then annual base salary as reported in TREC's Form 10-K for the applicable year (excluding, however, bonuses, grants of stock and/or stock options, profit sharing, benefits, and perquisites). The cash severance shall be payable in six (6) equal monthly installments with the first such installment being due and payable on the $10^{th}$ day of the first calendar month following the month in which dismissal or termination of employment occurs, and five (5) additional monthly installments being due and payable on the $10^{th}$ day of each calendar month thereafter. Each monthly installment of the cash severance shall equal one sixth (1/6) of Loggenberg's annual base salary.

5.2 **Definition of "Good Cause"**. For purposes of this Agreement, "good cause" to dismiss or terminate employment means:

a. The commission of any crime by Loggenberg involving moral turpitude;

b. Loggenberg's embezzling any funds or property of the Companies or committing any other dishonest act towards the Companies;

c. TREC's determination that Loggenberg was under the influence of alcohol or illegal drugs, as defined by any of the Companies' employee handbooks, during working hours.

## ARTICLE VI
## ADDITIONAL PROVISIONS

6.1 **Additional Assurances**. The provisions of this Agreement shall be self-operative and shall not require further agreement by the parties, except as may be specifically provided to the contrary; provided, however, at the request of TREC, Loggenberg shall execute such additional instruments and take such additional acts as TREC may deem necessary to effectuate this Agreement.

6.2 **Choice of Law and Venue**. This Agreement shall be governed by the laws of the State of Texas and shall be performable in HARRIS County, Texas, and venue for any litigation regarding this Agreement shall be in the state or federal courts of HARRIS County, Texas.

6.3 **Arbitration**. LOGGENBERG hereby acknowledges that he agrees to submit all claims against THE COMPANIES (including but not limited to statutory and common law employment or tort claims, claims for breach of this agreement, or any other claims against THE COMPANIES) to binding arbitration with the American Arbitration Association. LOGGENBERG hereby waives his right to a jury trial FOR any dispute described herein.

6.4 **Legal Fees and Costs**. Each party shall pay their own legal fees and costs to enforce the terms and provisions of this Agreement.

6.5 **Benefit/Assignment**. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective legal representatives, successors, and assigns; provided, however, that Loggenberg may not assign this Agreement or any or all of Loggenberg 's rights or obligations hereunder without the prior written consent of TREC. TREC specifically reserves the right to assign the rights and benefits accruing to TREC.

6.6 **Waiver of Breach**. The waiver by the Companies of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver by the Companies of any subsequent breach of the same or other provision hereof.

6.7 **Severability**. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules, and regulations. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason, and in any respect, and the basis of the bargain of this Agreement is not thereby destroyed, such invalidity, illegality, or unenforceability shall not affect the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

6.8 **Divisions and Headings**. The use of articles, sections, captions and headings in this Agreement are solely for convenience and shall have no legal effect in construing this Agreement's provisions.

6.9 **Entire Agreement/Amendment**. This agreement contains the entire agreement and understanding by and between the Companies and Loggenberg with respect to the subject matter of this Agreement, and this Agreement supersedes all previous contracts or agreements between the parties hereto. No representations, promises, agreements, or understandings, written or oral, that re not herein contained, shall be of any force or effect. No change or modification hereof shall be valid or binding unless the same is in writing and signed by the party to be bound.

6.10 **Notice**. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered or mailed by prepaid certified mail, return receipt requested, addressed as below or to such other address and to the attention of such other person or officer as either party may designate by written notice:

COMPANIES

Trecora Resources
P.O. Box 1636
Silsbee, Texas 77656
ATTN: Nicholas Carter
Phone: (409) 385-8300/
Fax: (409) 385-2453
LOGGENBERG

Peter M. Loggenberg, Ph.D.
Address: 902 Sprucewood Lane
Houston TX 77024
ATTN: Dr. Peter M. Loggenberg
Phone: (713) 461-4580

WITH A COPY TO:

Charles W. Goehringer, Jr.
Germer PLLC
P. O. Box 4915
Beaumont, Texas 77704-4915
Phone: (409) 654-6700
Fax: (409) 835-2115

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed in multiple original counterparts, all as of the day and year first above written.

**LOGGENBERG:** By: /s/ Peter M Loggenberg
Peter M. Loggenberg, Ph.D.

**COMPANIES**: Trecora Resources,
a Delaware corporation;

Texas Oil and Chemical Co. II, Inc.,
a Texas corporation;

South Hampton Resources, Inc.,
a Texas corporation;

Trecora Chemical, Inc.;
a Texas corporation; and

Gulf State Pipe Line Company, Inc.,
a Texas corporation

By: /s/ Nicholas Carter
Nicholas N. Carter,
President / CEO of
Trecora Resources

STATE OF TEXAS §
§
COUNTY OF HARDIN §

This instrument was acknowledged before me on the 2nd day of October, 2014, by Peter M. Loggenberg, Ph.D.

/s/ Connie J Cook
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF HARDIN §

This instrument was acknowledged before me on the 2nd day of October, 2014, by Nicholas Carter, President and Chairman of the Board of Trecora Resources, a Delaware corporation, on behalf of said corporation and its affiliates and subsidiaries (the "Companies") as identified above.

/s/ Connie J Cook
Notary Public, State of Texas

**Exhibit 18.1**

May 8, 2017

**Trecora Resources**
1650 Hwy 6 South, Suite 190
Sugar Land, TX 77478

Ladies and Gentlemen:

We have been furnished with a copy of the quarterly report on Form 10-Q of Trecora Resources (the "Company") for the three months ended March 31, 2017 and have read the Company's statements contained in Note 5 to the condensed consolidated financial statements therein. As stated in Note 5, the Company changed its method of accounting for inventories at South Hampton Resources, Inc. from the last-in-first-out (LIFO) cost method to the first-in-first-out (FIFO) cost method on January 1, 2017. In accordance with your request, we have reviewed and discussed with Company officials the circumstances and business judgement and planning upon which the decision to make this change in the method of accounting was based.

We have not audited any financial statements of the Company as of any date subsequent to December 31, 2016, nor have we audited the information set forth in the aforementioned Note 5 to the condensed consolidated financial statements; accordingly, we do not express an opinion concerning the factual information contained therein.

With regard to the aforementioned accounting change, authoritative criteria have not been established for evaluating the preferability of one acceptable method of accounting over another acceptable method. However, for purposes of the Company's compliance with the requirements of the Securities and Exchange Commission, we are furnishing this letter.

Based on our review and discussion, with reliance on management's business judgment and planning, we concur that the newly adopted method of accounting is preferable in the Company's circumstances.

Very truly yours,

/s/ BKM Sowan Horan, LLP

**EXHIBIT 31.1**

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

I, Simon Upfill-Brown, 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 officers 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 reasonable likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers 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 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: May 9, 2017 /s/ Simon Upfill-Brown
Simon Upfill-Brown
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 officers 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 reasonable likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers 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 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: May 9, 2017 /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 March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Upfill-Brown, 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 such officer's knowledge:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Simon Upfill-Brown
Simon Upfill-Brown
President and Chief Executive Officer

**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 March 31, 2017, 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 such officer's knowledge:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Sami Ahmad
Sami Ahmad
Chief Financial Officer

May 9, 2017