

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2020**
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

(State or other jurisdiction of
incorporation or organization)

75-1256622

(I.R.S. Employer Identification No.)

1650 Hwy 6 South Suite 190

Sugar Land Texas

(Address of principal executive offices)

77478

(Zip code)

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

N/A

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. **Yes No**

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

Number of shares of the Registrant's Common Stock (par value \$0.10 per share) outstanding at July 31, 2020: 24,714,980.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.
TRECORA RESOURCES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2020 (Unaudited)	December 31, 2019
<i>(thousands of dollars, except par value)</i>		
ASSETS		
Current Assets		
Cash	\$ 29,877	\$ 6,145
Trade receivables, net	20,240	26,320
Inventories	7,595	13,624
Investment in AMAK (held-for-sale)	29,175	32,872
Prepaid expenses and other assets	3,233	4,947
Taxes receivable	16,229	182
Total current assets	106,349	84,090
Plant, pipeline and equipment, net	189,237	188,919
Intangible assets, net	13,814	14,736
Lease right-of-use assets, net	11,915	13,512
Mineral properties in the United States	562	562
TOTAL ASSETS	\$ 321,877	\$ 301,819
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 11,027	\$ 14,603
Accrued liabilities	7,801	5,740
Current portion of long-term debt	4,194	4,194
Current portion of lease liabilities	3,142	3,174
Current portion of other liabilities	955	924
Total current liabilities	27,119	28,635
CARES Act, PPP Loans	6,123	—
Long-term debt, net of current portion	73,998	79,095
Post-retirement benefit, net of current portion	327	338
Lease liabilities, net of current portion	8,773	10,338
Other liabilities, net of current portion	512	595
Deferred income taxes	23,860	11,375
Total liabilities	140,712	130,376
EQUITY		
Common stock -authorized 40 million shares of \$0.10 par value; issued and outstanding 24.8 million and 24.8 million in 2020 and 2019, respectively	2,482	2,475
Additional paid-in capital	60,386	59,530
Retained earnings	118,008	109,149
Total Trecora Resources Stockholders' Equity	180,876	171,154
Noncontrolling Interest	289	289
Total equity	181,165	171,443
TOTAL LIABILITIES AND EQUITY	\$ 321,877	\$ 301,819

See notes to consolidated financial statements.

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2020	2019	2020	2019
<i>(thousands of dollars, except per share amounts)</i>				
REVENUES				
Product sales	\$ 36,707	\$ 65,329	\$ 93,890	\$ 126,822
Processing fees	3,967	4,042	8,851	7,704
	<u>40,674</u>	<u>69,371</u>	<u>102,741</u>	<u>134,526</u>
OPERATING COSTS AND EXPENSES				
Cost of sales and processing (including depreciation and amortization of \$3,750, \$4,128, \$7,486 and \$8,357, respectively)	34,507	58,806	88,496	113,888
GROSS PROFIT	<u>6,167</u>	<u>10,565</u>	<u>14,245</u>	<u>20,638</u>
GENERAL AND ADMINISTRATIVE EXPENSES				
General and administrative	6,289	6,042	12,963	12,076
Depreciation	212	208	428	421
	<u>6,501</u>	<u>6,250</u>	<u>13,391</u>	<u>12,497</u>
OPERATING INCOME (LOSS)	<u>(334)</u>	<u>4,315</u>	<u>854</u>	<u>8,141</u>
OTHER INCOME (EXPENSE)				
Interest income	—	—	—	5
Interest expense	(735)	(1,401)	(1,651)	(2,900)
Miscellaneous income, net	68	284	6	256
	<u>(667)</u>	<u>(1,117)</u>	<u>(1,645)</u>	<u>(2,639)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>(1,001)</u>	<u>3,198</u>	<u>(791)</u>	<u>5,502</u>
INCOME TAX EXPENSE (BENEFIT)	<u>858</u>	<u>691</u>	<u>(4,795)</u>	<u>1,185</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(1,859)</u>	<u>2,507</u>	<u>4,004</u>	<u>4,317</u>
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	<u>(2)</u>	<u>(103)</u>	<u>4,855</u>	<u>(162)</u>
NET INCOME (LOSS)	<u>\$ (1,861)</u>	<u>\$ 2,404</u>	<u>\$ 8,859</u>	<u>\$ 4,155</u>
Basic Earnings per Common Share				
Net income (loss) from continuing operations (dollars)	\$ (0.07)	\$ 0.10	\$ 0.16	\$ 0.17
Net income (loss) from discontinued operations, net of tax (dollars)	—	—	0.20	(0.01)
Net income (loss) (dollars)	<u>\$ (0.07)</u>	<u>\$ 0.10</u>	<u>\$ 0.36</u>	<u>\$ 0.16</u>
Basic weighted average number of common shares outstanding	24,802	24,696	24,784	24,675
Diluted Earnings per Common Share				
Net income (loss) from continuing operations (dollars)	\$ (0.07)	\$ 0.10	\$ 0.16	\$ 0.17
Net income (loss) from discontinued operations, net of tax (dollars)	—	—	0.19	(0.01)
Net income (loss) (dollars)	<u>\$ (0.07)</u>	<u>\$ 0.10</u>	<u>\$ 0.35</u>	<u>\$ 0.16</u>
Diluted weighted average number of common shares outstanding	24,802	25,091	25,360	25,089

See notes to consolidated financial statements.

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

	TRECORA RESOURCES STOCKHOLDERS						NON- CONTROLLING INTEREST	TOTAL EQUITY
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	TOTAL		
	SHARES <i>(thousands)</i>	AMOUNT						
March 31, 2020	24,780	\$ 2,478	\$ 59,880	\$ —	\$ 119,869	\$ 182,227	\$ 289	\$ 182,516
Restricted Stock Units								
Issued to Directors	—	—	101	—	—	101	—	101
Issued to Employees	—	—	409	—	—	409	—	409
Common Stock								
Issued to Directors	28	3	(3)	—	—	—	—	—
Issued to Employees	9	1	(1)	—	—	—	—	—
Net Income	—	—	—	—	(1,861)	(1,861)	—	(1,861)
June 30, 2020	24,817	\$ 2,482	\$ 60,386	\$ —	\$ 118,008	\$ 180,876	\$ 289	\$ 181,165
March 31, 2019	24,687	\$ 2,469	\$ 58,565	\$ (8)	\$ 125,874	\$ 186,900	\$ 289	\$ 187,189
Restricted Stock Units								
Issued to Directors	—	—	146	—	—	146	—	146
Issued to Employees	—	—	209	—	—	209	—	209
Common Stock								
Issued to Directors	10	1	—	6	—	7	—	7
Issued to Employees	18	2	—	—	—	2	—	2
Net Income	—	—	—	—	2,404	2,404	—	2,404
June 30, 2019	24,715	\$ 2,472	\$ 58,920	\$ (2)	\$ 128,278	\$ 189,668	\$ 289	\$ 189,957

See notes to consolidated financial statements.

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

	TRECORA RESOURCES STOCKHOLDERS							NON- CONTROLLING INTEREST	TOTAL EQUITY
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	TOTAL			
	SHARES <i>(thousands)</i>	AMOUNT							
January 1, 2020	24,750	\$ 2,475	\$ 59,530	\$ —	\$ 109,149	\$ 171,154	\$ 289	\$ 171,443	
Restricted Stock Units									
Issued to Directors	—	—	195	—	—	195	—	195	
Issued to Employees	—	—	668	—	—	668	—	668	
Common Stock									
Issued to Directors	28	3	(3)	—	—	—	—	—	
Issued to Employees	39	4	(4)	—	—	—	—	—	
Net Income	—	—	—	—	8,859	8,859	—	8,859	
June 30, 2020	24,817	\$ 2,482	\$ 60,386	\$ —	\$ 118,008	\$ 180,876	\$ 289	\$ 181,165	
January 1, 2019	24,626	\$ 2,463	\$ 58,294	\$ (8)	\$ 124,123	\$ 184,872	\$ 289	\$ 185,161	
Restricted Stock Units									
Issued to Directors	—	—	168	—	—	168	—	168	
Issued to Employees	—	—	458	—	—	458	—	458	
Common Stock									
Issued to Directors	10	1	—	6	—	7	—	7	
Issued to Employees	79	8	—	—	—	8	—	8	
Net Income	—	—	—	—	4,155	4,155	—	4,155	
June 30, 2019	24,715	\$ 2,472	\$ 58,920	\$ (2)	\$ 128,278	\$ 189,668	\$ 289	\$ 189,957	

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

	SIX MONTHS ENDED	
	JUNE 30,	
	2020	2019
	<i>(thousands of dollars)</i>	
OPERATING ACTIVITIES		
Net Income	\$ 8,859	\$ 4,155
Income (Loss) from Discontinued Operations	4,855	(162)
Income from Continuing Operations	\$ 4,004	\$ 4,317
Adjustments to Reconcile Income from Continuing Operations To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,993	7,880
Amortization of Intangible Assets	921	931
Stock-based Compensation	933	558
Deferred Income Taxes	11,109	978
Postretirement Obligation	5	(18)
Amortization of Loan Fees	91	91
Loss on Disposal of Assets	18	—
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Trade Receivables	6,080	(3,393)
Decrease in Insurance Receivables	1,148	—
Increase in Taxes Receivable	(15,726)	—
Decrease in Inventories	6,029	1,244
Decrease in Prepaid Expenses and Other Assets	536	16
Decrease in Accounts Payable and Accrued Liabilities	(1,765)	(6,767)
Decrease in Other Liabilities	456	54
Net Cash Provided by Operating Activities - Continuing Operations	20,831	5,891
Net Cash Used in Operating Activities - Discontinued Operations	(276)	(43)
Net Cash Provided by Operating Activities	20,555	5,848
INVESTING ACTIVITIES		
Additions to Plant, Pipeline and Equipment	(7,851)	(4,286)
Proceeds from PEVM	—	30
Net Cash Used in Investing Activities - Continuing Operations	(7,851)	(4,256)
Net Cash Provided by Investing Activities - Discontinued Operations	10,163	414
Net Cash Provided by (Used in) Investing Activities	2,312	(3,842)
FINANCING ACTIVITIES		
Net Cash Paid Related to Stock-Based Compensation	(71)	(228)
Additions to CARES Act, PPP Loans	6,123	—
Additions to Long-Term Debt	20,000	2,000
Repayments of Long-Term Debt	(25,187)	(6,188)
Net Cash Provided by (Used in) Financing Activities - Continuing Operations	865	(4,416)
NET INCREASE (DECREASE) IN CASH	23,732	(2,410)
CASH AT BEGINNING OF PERIOD	6,145	6,735
CASH AT END OF PERIOD	\$ 29,877	\$ 4,325
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 1,560	\$ 1,355
Cash payments for taxes, net of refunds	\$ —	\$ 80
Supplemental disclosure of non-cash items:		
Capital expansion amortized to depreciation expense	\$ 521	\$ 244
Foreign taxes paid by AMAK	\$ —	\$ 891

See notes to consolidated financial statements.

TRECORA RESOURCES AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

Organization

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

This document includes the following abbreviations:

- (1) TOCCO – Texas Oil & Chemical Co. II, Inc. – Wholly owned subsidiary of TREC and parent of SHR and TC
- (2) SHR – South Hampton Resources, Inc. – Specialty Petrochemicals segment and parent of GSPL
- (3) GSPL – Gulf State Pipe Line Co, Inc. – Pipeline support for the Specialty Petrochemicals segment
- (4) TC – Trecora Chemical, Inc. – Specialty Waxes segment
- (5) AMAK – Al Masane Al Kobra Mining Company – Held-for-sale mining equity investment – 28.3% ownership
- (6) PEVM – Pioche Ely Valley Mines, Inc. – Inactive mine – 55% ownership

Basis of Presentation

The accompanying unaudited condensed 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, 2019.

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

Operating results for the six months ended June 30, 2020 are not necessarily indicative of results for the year ending December 31, 2020.

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

In addition, we own a 28.3% interest in AMAK, a Saudi Arabian closed joint stock company, which owns, operates and is developing mining assets in Saudi Arabia. Our investment is classified as held-for-sale and the equity in earnings (losses) are recorded in discontinued operations. See Note 5.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

Effective January 1, 2020, we adopted Financial Accounting Standard Board ("FASB") Accounting Standards Update ("ASU") 2016-13, Measurement of Credit Losses on Financial Instruments, which changed the way entities recognize impairment of most financial assets. Short-term and long-term financial assets, as defined by the standard, are impacted by immediate recognition of estimated credit losses in the financial statements, reflecting the net amount expected to be collected. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

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Recent Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes* (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective for us in the first quarter of 2021 on a prospective basis, and early adoption is permitted. We are currently evaluating the impact of the new guidance on our condensed consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (ASU 2020-04), which provides guidance to alleviate the burden in accounting for reference rate reform by allowing certain expedients and exceptions in applying generally accepted accounting principles to contracts, hedging relationships, and other transactions impacted by reference rate reform. The provisions of ASU 2020-04 apply only to those transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. Adoption of the provisions of ASU 2020-04 are optional and are effective from March 12, 2020 through December 31, 2022. We are currently evaluating the impact of ASU 2020-04 on our condensed consolidated financial statements.

3. TRADE RECEIVABLES

Trade receivables, net, consisted of the following:

	June 30, 2020	December 31, 2019
	<i>(thousands of dollars)</i>	
Trade receivables	\$ 20,668	\$ 26,749
Less allowance for doubtful accounts	(428)	(429)
Trade receivables, net	<u>\$ 20,240</u>	<u>\$ 26,320</u>

Trade receivables serve as collateral for our amended and restated credit agreement. See Note 11.

4. INVENTORIES

Inventories included the following:

	June 30, 2020	December 31, 2019
	<i>(thousands of dollars)</i>	
Raw material	\$ 738	\$ 2,100
Work in process	244	142
Finished products	6,613	11,382
Total inventory	<u>\$ 7,595</u>	<u>\$ 13,624</u>

Inventory serves as collateral for our amended and restated credit agreement. See Note 11.

Inventory included Specialty Petrochemicals products in transit valued at approximately \$1.4 million and \$2.9 million at June 30, 2020 and December 31, 2019, respectively.

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

As of June 30, 2020 and December 31, 2019, the Company had a non-controlling equity interest of 28.3% and 33.3% in AMAK of approximately \$29.2 million and \$32.9 million, respectively. This investment is accounted for under the equity method. There were no events or changes in circumstances that had an adverse effect on the fair value of our investment in AMAK at June 30, 2020.

The Company committed to a plan to sell our investment in AMAK during the third quarter of 2019. Management engaged in a comprehensive process to market the investment to numerous potential buyers. The process resulted in an agreement with certain AMAK stockholders in September 2019 to purchase our investment. Pursuant to a Share Sale and Purchase Agreement (as amended, the "Purchase Agreement") that was effective as of October 2, 2019, the Company agreed to sell its entire equity interest in AMAK, to AMAK and certain other existing stockholders of AMAK (collectively, the "Purchasers")

for an aggregate gross purchase price (before taxes and transaction expenses) of Saudi Riyals ("SAR")264.7 million (or approximately US\$70 million), which will be payable in US Dollars (collectively, the "Share Sale"). The Purchasers advanced 5% of the purchase price (or approximately \$3.5 million) in the form of a non-refundable deposit, which was a condition to the effectiveness of the Purchase Agreement. The Purchase Agreement contained various representations, warranties and indemnity obligations of the Company and the Purchasers, including the release of the Company's guarantee as described in Note 12.

On January 16, 2020, the Company and the Purchasers entered into a letter agreement (the "January 2020 Amendment") providing certain amendments to the Purchase Agreement. Pursuant to the January 2020 Amendment, the Long Stop Date (as defined in the Purchase Agreement) for completion of the Share Sale was extended to March 31, 2020 to allow additional time for the parties to obtain certain required governmental approvals. Under the Purchase Agreement, the Company had certain termination rights if closing of the Share Sale did not occur on or before the Long Stop Date. The January 2020 Amendment also provided that, if closing of the Share Sale does not occur on or before the extended Long Stop Date, and the Company determined in its sole discretion to further extend such date, then an amount equal to 50% of the approximately \$3.5 million non-refundable deposit made by the Purchasers under the Purchase Agreement would be forfeited to the Company as liquidated damages and would not be applied to the purchase price at closing of the Share Sale.

Effective as of March 26, 2020, the Company and the Purchasers entered into a letter agreement, dated March 23, 2020 (the "March 2020 Amendment"), providing for certain additional amendments to the Purchase Agreement.

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

On March 26, 2020, the Company and one Purchaser, Arab Mining Company, completed the first closing of the Share Sale (the "First Closing"). In connection with the First Closing, the Company sold 4,000,000 ordinary shares for an aggregate gross purchase price (before taxes and transaction expenses) of SAR40 million (or approximately US\$10.7 million) (inclusive of the credited amount of the Purchaser's non-refundable deposit previously paid of US\$0.5 million). The First Closing also included indemnification provisions which effectively reduced our portion of the loan guarantee (as discussed in Note 12). We recorded a foreign tax payable of approximately \$0.3 million related to this transaction. Upon payment, this amount will be a foreign tax credit used to offset U.S. taxes.

Pursuant to the March 2020 Amendment, the remaining Purchasers have agreed to use their best efforts to close the purchase of 100% of their respective allotments of ordinary shares as soon as possible. The March 2020 Amendment also provides that the Company will continue to have the right to appoint three directors of the board of directors of AMAK, and will enjoy all other governance rights it currently has, until the Share Sale has been completed in full. As no other transactions closed through March 31, 2020, approximately \$1.5 million of the initial deposits were forfeited to the Company as liquidated damages and will not be applied to the purchase price at closing. This amount was recorded as an increase to our investment in AMAK and a gain on sale of equity interest in discontinued operations.

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

Included in discontinued operations are the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	<i>(thousands of dollars)</i>		<i>(thousands of dollars)</i>	
Saudi administration (income) expenses	\$ (97)	\$ 39	\$ (114)	\$ 55
Equity in (earnings) losses of AMAK	(306)	91	226	150
Gain on sale of equity interest	—	—	(6,663)	—
(Income) loss from discontinued operations before taxes	(403)	130	(6,551)	205
Tax expense (benefit)	405	(27)	1,696	(43)
(Income) loss from discontinued operations (net of tax)	\$ 2	\$ 103	\$ (4,855)	\$ 162

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

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

Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	<i>(thousands of dollars)</i>		<i>(thousands of dollars)</i>	
Sales	\$ 20,752	\$ 20,566	\$ 38,689	\$ 41,230
Cost of sales	17,829	18,162	34,650	36,732
Gross profit	2,923	2,404	4,039	4,498
Selling, general, and administrative	2,362	2,807	5,042	5,545
Operating income (loss)	561	(403)	(1,003)	(1,047)
Other income (expense)	—	(75)	17	353
Finance and interest expense	(103)	(448)	(634)	(893)
Income (loss) before Zakat and income taxes	458	(926)	(1,620)	(1,587)
Zakat and income taxes	566	366	1,099	888
Net Loss	\$ (108)	\$ (1,292)	\$ (2,719)	\$ (2,475)

Financial Position

	June 30,		December 31,	
	2020	2019	2020	2019
	<i>(thousands of dollars)</i>			
Current assets	\$ 41,193	\$ 45,354		
Noncurrent assets	200,828	196,564		
Total assets	\$ 242,021	\$ 241,918		
Current liabilities	\$ 23,307	\$ 27,645		
Long term liabilities	86,508	79,348		
Stockholders' equity	132,206	134,925		
	\$ 242,021	\$ 241,918		

Changes in Ownership

- In the first quarter of 2020, we completed a portion of the Share Sale to an existing shareholder of AMAK. We sold 4 million shares of AMAK, thereby reducing our ownership percentage from 33.3% to 28.3%. As this transaction

occurred at the end of the first quarter, our portion of the equity in earnings/losses of AMAK reflected for the first quarter of 2020 is calculated at 33.3%, whereas our ownership of balance sheet accounts is reflected at 28.3% as of March 31, 2020.

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

The equity in the earnings (losses) of AMAK included in income (loss) from discontinued operations, net of tax, on the consolidated statements of operations for the three and six months ended June 30, 2020 and 2019, is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	<i>(thousands of dollars)</i>		<i>(thousands of dollars)</i>	
AMAK Net Loss	(108)	(1,292)	(2,719)	(2,475)
Percentage of Ownership	28.3%	33.3%	33.1% *	33.3%
Company's share of loss reported by AMAK	(31)	(429)	(900)	(824)
Amortization of difference between Company's investment in AMAK and Company's share of net assets of AMAK	337	337	674	674
Equity in earnings (losses) of AMAK	306	(92)	(226)	(150)

* Percentage of Ownership varies during the period.

For additional information, see NOTE 6, "INVESTMENT IN AMAK AND DISCONTINUED OPERATIONS" to the consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2019.

6. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consisted of the following:

	June 30, 2020		December 31, 2019	
	<i>(thousands of dollars)</i>			
Prepaid license	\$	806	\$	1,209
Spare parts		2,049		1,857
Insurance receivable		—		1,148
Other prepaid expenses and assets		378		733
Total prepaid expenses and other assets	\$	3,233	\$	4,947

7. PLANT, PIPELINE AND EQUIPMENT

Plant, pipeline and equipment consisted of the following:

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	June 30, 2020		December 31, 2019	
	<i>(thousands of dollars)</i>			
Platinum catalyst metal	\$	1,580	\$	1,580
Catalyst		4,325		4,095
Land		5,428		5,428
Plant, pipeline and equipment		264,839		258,651
Construction in progress		6,359		5,052
Total plant, pipeline and equipment	\$	282,531	\$	274,806
Less accumulated depreciation		(93,294)		(85,887)
Net plant, pipeline and equipment	\$	189,237	\$	188,919

Plant, pipeline, and equipment serve as collateral for our amended and restated credit agreement. See Note 11.

Construction in progress during the first six months of 2020 included Advanced Reformer unit improvements and pipeline maintenance at SHR and equipment modifications at TC. Construction in progress during the first six months of 2019 included equipment purchased for various equipment updates at the TC facility, the Advanced Reformer unit, tankage upgrades, and an addition to the rail spur at SHR.

Amortization relating to the catalyst, which is included in cost of sales, was approximately \$0.2 million and \$0.2 million for the three months and \$0.4 million and \$0.5 million for the six months ended June 30, 2020 and 2019, respectively.

8. LEASES

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

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

The Company has no finance leases.

The components of lease expense were as follows:

(\$ in thousands)	Classification in the Condensed Consolidated Statements of Income	Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
Operating lease cost (a)	Cost of sales, exclusive of depreciation and amortization	\$ 987	\$ 1,152	\$ 1,922	\$ 2,291
Operating lease cost (a)	Selling, general and administrative	34	38	68	72
Total lease cost		\$ 1,021	\$ 1,190	\$ 1,990	\$ 2,363

(a) Short-term lease costs were approximately \$0.1 million and \$0.1 million for the three months ended June 30, 2020 and 2019, respectively. Short-term lease costs were approximately \$0.1 million and \$0.1 million for the six months ended June 30, 2020 and 2019, respectively.

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

(\$ in thousands)	Classification on the Condensed Consolidated Balance Sheets	June 30, 2020	December 31, 2019
Assets:			
Operating	Operating lease assets	\$ 11,915	\$ 13,512
Total leased assets		\$ 11,915	\$ 13,512
Liabilities:			
Current:			
Operating	Current portion of operating lease liabilities	\$ 3,142	\$ 3,174
Noncurrent:			
Operating	Operating lease liabilities	8,773	10,338
Total lease liabilities		\$ 11,915	\$ 13,512

(\$ in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows used for operating leases	\$ 933	\$ 1,122	\$ 1,881	\$ 3,385
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	\$ —	\$ —	\$ —	\$ 138

	June 30, 2020
Weighted-average remaining lease term (in years):	
Operating leases	4.1
Weighted-average discount rate:	
Operating leases	4.5%

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

As of June 30, 2020, maturities of lease liabilities were as follows:

(\$ in thousands)	Operating Leases
2020	\$ 1,824
2021	3,540
2022	3,218
2023	2,329
2024	1,026
Thereafter	1,082
Total lease payments	\$ 13,019
Less: Interest	1,104
Total lease obligations	\$ 11,915

9. INTANGIBLE ASSETS, NET

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

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

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	June 30, 2020		
	Gross	Accumulated Amortization	Net
	(thousands of dollars)		
Customer relationships	\$ 16,852	\$ (6,460)	\$ 10,392
Non-compete agreements	94	(94)	—
Licenses and permits	1,471	(654)	817
Developed technology	6,131	(3,526)	2,605
Total	\$ 24,548	\$ (10,734)	\$ 13,814

	December 31, 2019		
	Gross	Accumulated Amortization	Net
	(thousands of dollars)		
Customer relationships	\$ 16,852	\$ (5,898)	\$ 10,954
Non-compete agreements	94	(94)	—
Licenses and permits	1,471	(601)	870
Developed technology	6,131	(3,219)	2,912
Total	\$ 24,548	\$ (9,812)	\$ 14,736

Amortization expense for intangible assets included in cost of sales was approximately \$0.5 million and \$0.5 million for the three months and approximately \$0.9 million and \$0.9 million for the six months ended June 30, 2020 and 2019, respectively.

Based on identified intangible assets that are subject to amortization as of June 30, 2020, we expect future amortization expenses for each period to be as follows:

	Total	Remainder of 2020	2021	2022	2023	2024	2025	Thereafter
	(thousands of dollars)							
Customer relationships	\$ 10,392	\$ 562	\$ 1,123	\$ 1,123	1,123	1,123	1,123	\$ 4,215
Licenses and permits	817	53	101	86	86	86	86	319
Developed technology	2,605	306	613	613	613	460	—	—
Total future amortization expense	\$ 13,814	\$ 921	\$ 1,837	\$ 1,822	\$ 1,822	\$ 1,669	\$ 1,209	\$ 4,534

10. ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	June 30, 2020	December 31, 2019
	(thousands of dollars)	
State taxes	\$ 297	\$ 215
Property taxes	1,811	—
Payroll	1,789	1,250
Royalties	544	273
Officer compensation	674	1,687
Legal	161	212
Foreign taxes	320	—
AMAK transaction costs	1,000	1,000
Other	1,205	1,103
Total	\$ 7,801	\$ 5,740

11. LIABILITIES AND LONG-TERM DEBT

Senior Secured Credit Facilities

As of June 30, 2020, we had nil in borrowings outstanding under the revolving credit facility (the "Revolving Facility") of our amended and restated credit agreement (as amended to the date hereof, the "ARC Agreement") and approximately \$78.2 million in borrowings outstanding under the term loan facility of the ARC Agreement (the "Term Loan Facility" and, together with the Revolving Facility, the "Credit Facilities"). In addition, we had approximately \$27 million of availability under our Revolving Facility at June 30, 2020. TOCCO's ability to make additional borrowings under the Revolving Facility at June 30, 2020 was limited by, and in the future may be limited by, our obligation to maintain compliance with the covenants contained in the ARC Agreement (including maintenance of a maximum Consolidated Leverage Ratio and minimum Consolidated Fixed Charge Coverage Ratio (each as defined in the ARC Agreement)).

On May 8, 2020, TOCCO, SHR, GSPL and TC entered into a Seventh Amendment to the ARC Agreement. Pursuant to the Seventh Amendment, certain amendments were made to the terms of the ARC Agreement, including, among other things, to (a) permit the incurrence of additional indebtedness in the form of loans (the "PPP Loans") under the United States Small Business Administration Paycheck Protection Program (the "PPP") and (b) exclude the PPP Loans from the calculation of the Consolidated Leverage Ratio until such time that any portion of the PPP Loans are not forgiven in accordance with the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

For each fiscal quarter after December 31, 2019, TOCCO must maintain a maximum Consolidated Leverage Ratio of 3.50 to 1.00 (subject to temporary increase following certain acquisitions). TOCCO's Consolidated Leverage Ratio was 2.62 and 2.91 as of June 30, 2020 and March 31, 2020, respectively. Additionally, TOCCO must maintain a minimum Consolidated Fixed Charge Coverage Ratio as of the end of any fiscal quarter of 1.15 to 1.00. TOCCO's Consolidated Fixed Charge Coverage Ratio was 1.98 and 2.21 as of June 30, 2020 and December 31, 2019, respectively. As noted above, the Consolidated Leverage Ratio specifically excludes the PPP Loans until such time that any portion of the PPP Loans are not forgiven in accordance with the CARES Act.

The maturity date for the ARC Agreement is July 31, 2023. As of June 30, 2020, the effective interest rate for the Credit Facilities was 2.52%. The ARC Agreement contains a number of customary affirmative and negative covenants and we were in compliance with those covenants as of June 30, 2020.

For a summary of additional terms of the Credit Facilities, see NOTE 13, "LONG-TERM DEBT AND LONG-TERM OBLIGATIONS" to the consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2019.

PPP Loans

On May 6, 2020, SHR and TC (collectively, the "Borrowers") received loan proceeds from the PPP Loans in an aggregate principal amount of approximately \$6.1 million under the PPP. The PPP Loans are evidenced by unsecured promissory notes each payable to Bank of America, N.A. The Borrowers plan to use the PPP Loans to cover payroll costs and certain other eligible expenses in accordance with the relevant terms and conditions of the CARES Act. The PPP Loans mature on May 6, 2022, and bear interest at a stated rate of 1.0% per annum. The PPP Loans may be partially or fully forgiven if the Borrowers comply with the provisions of the CARES Act.

Debt Issuance Costs

Debt issuance costs of approximately \$0.9 million were incurred in connection with the fourth amendment to the ARC Agreement. Unamortized debt issuance costs of approximately \$0.6 million and \$0.6 million for the periods ended June 30, 2020 and December 31, 2019, have been netted against outstanding loan balances.

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

	June 30, 2020	December 31, 2019
	<i>(thousands of dollars)</i>	
Revolving Facility	—	3,000
Term Loan Facility	78,750	80,938
Loan fees	(558)	(649)
Total long-term debt	78,192	83,289
Less current portion including loan fees	4,194	4,194
Total long-term debt, less current portion including loan fees	73,998	79,095

12. COMMITMENTS AND CONTINGENCIES

COVID-19

The global outbreak of COVID-19 presents various global risks. The full impact of the outbreak continues to evolve as of the date of this report. The COVID-19 pandemic has had an impact on our business, results of operations, financial position and liquidity for the second quarter of 2020. In the second quarter we saw reduced demand in certain end markets (in particular, durable consumer goods), which we attribute to the economic slowdown caused by the COVID-19 pandemic. This weakened demand in certain end markets is likely to continue in the near-term and may continue for the remainder of 2020 and into 2021. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects, if any, on its results of operations, financial condition, or liquidity for fiscal year 2020 or 2021.

Guarantees

On October 24, 2010, we executed a limited guarantee in favor of the Saudi Industrial Development Fund ("SIDF") whereby we agreed to guaranty up to 41% of the SIDF loan (the "Loan") to AMAK. As a condition of the Loan, SIDF required all stockholders of AMAK to execute personal or corporate guarantees. The Loan was necessary to continue construction of the AMAK facilities and provide working capital needs. We received no consideration in connection with extending the guarantee and did so to maintain and enhance the value of our investment. On July 8, 2018, the Loan was amended to adjust the repayment schedule and extend the repayment terms through April 2024. Under the new payment terms the current amount due in 2020 is SAR 50.0 million (US\$13.3 million). In connection with the First Closing discussed in Note 5, our portion of the loan guarantee was effectively reduced to 33.1% or approximately SAR 95.7 million (US\$24.3 million). The total amount outstanding on the Loan at June 30, 2020 was SAR 275.0 million (US\$77.3 million). The Purchase Agreement described in Note 5 includes the release of the Company's entire guarantee in connection with the Share Sale. See additional discussion in Note 5.

Operating Lease Commitments

See Note 8 for discussion on lease commitments.

Litigation

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

Supplier Agreements

In accordance with our supplier agreements, on a recurring monthly basis, the Company commits to purchasing a determined volume of feedstock in anticipation of upcoming requirements. Feedstock purchases are invoiced and recorded when they are

delivered. As of June 30, 2020 and December 31, 2019, the value of the remaining undelivered feedstock approximated \$2.7 million and \$3.5 million, respectively.

From time to time, we may incur shortfall fees due to feedstock purchases being below the minimum amounts prescribed by our agreements with our suppliers. Shortfall fee expenses were approximately \$0.6 million and \$0.1 million for the three months and \$1.0 million and \$0.7 million for the six months ended June 30, 2020 and 2019, respectively.

Environmental Remediation

Amounts charged to expense for various activities related to environmental monitoring, compliance, and improvements were approximately \$0.3 million and \$0.2 million for the three months and \$0.5 million and \$0.4 million for the six months ended June 30, 2020 and 2019, respectively.

13. STOCK-BASED COMPENSATION

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

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

The Company recognized stock-based compensation expense of approximately \$0.5 million and \$0.3 million for the three months and \$0.9 million and \$0.6 million for the six months ended June 30, 2020 and 2019, respectively.

Stock Options and Warrant Awards

Stock options and warrants granted under the provisions of the Stock Option Plans permit the purchase of our common stock at exercise prices equal to the closing price of Company common stock on the date the options were granted. The options have terms of 10 years and generally vest ratably over terms of 4 to 5 years. There were no stock options or warrant awards issued during the three or six months ended June 30, 2020 or 2019, respectively.

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

	Stock Options and Warrants	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life	Intrinsic Value (in thousands)
Outstanding at January 1, 2020	487,000	10.87		
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Outstanding at June 30, 2020	487,000	10.87	3.3	\$ —
Expected to vest	—			\$ —
Exercisable at June 30, 2020	487,000	10.87	3.3	\$ —

The aggregate intrinsic value of options was calculated as the difference between the exercise price of the underlying awards and the quoted price of our common stock. At June 30, 2020, options to purchase approximately 0.1 million shares of common stock were in-the-money.

Since no options were granted, the weighted average grant-date fair value per share of options granted during the three and six months ended June 30, 2020 and 2019, respectively, was zero.

The Company has no non-vested options as of June 30, 2020.

Restricted Stock Unit Awards

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Generally, restricted stock unit awards are granted annually to officers and directors of the Company under the provisions of the Plan. Restricted stock units are also granted ad hoc to attract or retain key personnel, and the terms and conditions under which these restricted stock units vest vary by award. The fair market value of restricted stock units granted is equal to the Company's closing stock price on the date of grant. Restricted stock units granted generally vest ratably over 3 years. Certain awards also include vesting provisions based on performance metrics. Upon vesting, the restricted stock units are settled by issuing one share of Company common stock per unit.

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

	Shares of Restricted Stock Units	Weighted Average Grant Date Price per Share
Outstanding at January 1, 2020	298,864	9.78
Granted	364,637	6.32
Forfeited	(15,571)	11.40
Vested	(71,409)	8.40
Outstanding at June 30, 2020	576,521	7.51
Expected to vest	576,521	

14. INCOME TAXES

We file an income tax return in the U.S. federal jurisdiction and a margin tax return in Texas. Previously, the Texas Comptroller selected the R&D credit calculations related to the 2014 and 2015 calendar years for audit. The state of Texas suspended examination of the 2014 and 2015 calendar years in order to perform a comprehensive review of audit procedures to provide consistency. During the fourth quarter of 2019, we received notice that Texas had completed their review of their procedures and initiated additional requests for information. We do not expect any material changes related to the federal or Texas audits. In February 2020, we received notice from the Internal Revenue Service ("IRS") regarding the IRS's selection of the Company for an income tax audit for the tax period ending December 31, 2017. Our federal and Texas tax returns remain open for examination for the years 2016 through 2019. As of June 30, 2020 and December 31, 2019, respectively, we recognized no adjustments for uncertain tax positions or related interest and penalties.

The effective tax rate varies from the federal statutory rate of 21%, primarily as a result of state tax expense, stock based compensation, foreign taxes and a research and development credit for the six months ended June 30, 2020 and 2019. We continue to maintain a valuation allowance against certain deferred tax assets, specifically for mining claims for PEVM, where realization is not certain.

The CARES Act provides stimulus measures to companies impacted by the COVID-19 pandemic, which include the ability to defer payment for employer payroll taxes, utilize net operating loss ("NOL") carrybacks, increased the limitation on the deductibility of interest expense, technical corrections to allow accelerated tax depreciation on qualified improvement property, as well as allowing qualified business to apply for loans and grants. We have recognized \$16.5 million for the NOL carryback claims, which are included in the \$16.2 million income tax receivable. On April 30, 2020 we filed our first refund claims for approximately \$14.1 million and on June 30, 2020 we filed our second and final refund claims for approximately \$2.4 million.

15. SEGMENT INFORMATION

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

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

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Three Months Ended June 30, 2020

	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>				
Product sales	\$ 31,236	\$ 5,471	\$ —	\$ —	\$ 36,707
Processing fees	1,159	2,808	—	—	3,967
Total revenues	32,395	8,279	—	—	40,674
Operating income (loss) before depreciation and amortization	4,974	854	(2,199)	—	3,629
Operating income (loss)	2,354	(485)	(2,203)	—	(334)
Income (loss) from continuing operations before taxes	1,648	(445)	(2,204)	—	(1,001)
Depreciation and amortization	2,621	1,338	3	—	3,962
Capital expenditures	5,382	285	—	—	5,667

Three Months Ended June 30, 2019

	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>				
Product sales	\$ 58,584	\$ 6,745	\$ —	\$ —	\$ 65,329
Processing fees	1,527	2,515	—	—	4,042
Total revenues	60,111	9,260	—	—	69,371
Operating income (loss) before depreciation and amortization	10,028	766	(2,128)	—	8,666
Operating income (loss)	7,104	(633)	(2,156)	—	4,315
Income (loss) from continuing operations before taxes	6,375	(1,013)	(2,164)	—	3,198
Depreciation and amortization	2,925	1,399	12	—	4,336
Capital expenditures	1,461	426	—	—	1,887

Six Months Ended June 30, 2020

	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>				
Product sales	\$ 81,622	\$ 12,268	\$ —	\$ —	\$ 93,890
Processing fees	2,403	6,448	—	—	8,851
Total revenues	84,025	18,716	—	—	102,741
Operating income (loss) before depreciation and amortization	11,464	1,920	(4,615)	—	8,769
Operating income (loss)	6,226	(747)	(4,625)	—	854
Income (loss) from continuing operations before taxes	4,590	(687)	(4,694)	—	(791)
Depreciation and amortization	5,238	2,666	10	—	7,914
Capital expenditures	6,983	601	—	—	7,584

Six Months Ended June 30, 2019

	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>				
Product sales	\$ 114,074	\$ 12,748	\$ —	\$ —	\$ 126,822
Processing fees	2,910	4,794	—	—	7,704
Total revenues	116,984	17,542	—	—	134,526
Operating income (loss) before depreciation and amortization	21,435	(83)	(4,433)	—	16,919
Operating income (loss)	15,437	(2,830)	(4,466)	—	8,141
Income (loss) from continuing operations before taxes	13,510	(3,552)	(4,456)	—	5,502
Depreciation and amortization	5,999	2,747	32	—	8,778
Capital expenditures	2,839	935	—	—	3,774

June 30, 2020

	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>				
Trade receivables, product sales	\$ 14,934	\$ 3,005	\$ —	\$ —	\$ 17,939
Trade receivables, processing fees	927	1,374	—	—	2,301
Intangible assets, net	—	13,814	—	—	13,814
Total assets	300,996	87,755	101,714	(168,588)	321,877

December 31, 2019

	Specialty Petrochemicals	Specialty Waxes	Corporate	Eliminations	Consolidated
	<i>(in thousands)</i>				
Trade receivables, product sales	\$ 18,911	\$ 3,613	\$ —	\$ —	\$ 22,524
Trade receivables, processing fees	748	3,048	—	—	3,796
Intangible assets, net	—	14,736	—	—	14,736
Total assets	289,546	88,245	90,203	(166,175)	301,819

16. NET INCOME (LOSS) PER COMMON SHARE

The following tables set forth the computation of basic and diluted net income (loss) per share for the three and six months ended June 30, 2020 and 2019, respectively.

Net Income (Loss) per Common Share - Continuing Operations

	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
	<i>(in thousands, except per share amounts)</i>					
Basic:						
Net income (loss) from continuing operations	\$ (1,859)	24,802	\$ (0.07)	\$ 2,507	24,696	\$ 0.10
Unvested restricted stock units	—	—	—	—	395	—
Diluted:						
Net income (loss) from continuing operations	\$ (1,859)	24,802	\$ (0.07)	\$ 2,507	25,091	\$ 0.10

	Six Months Ended June 30, 2020			Six Months Ended June 30, 2019		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income from continuing operations	\$ 4,004	24,784	\$ 0.16	\$ 4,317	24,675	\$ 0.17
Unvested restricted stock units		577			414	
Diluted:						
Net income from continuing operations	\$ 4,004	25,360	\$ 0.16	\$ 4,317	25,089	\$ 0.17

Net Income (Loss) per Common Share - Discontinued Operations

	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Income	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net loss from discontinued operations, net of tax	\$ (2)	24,802	\$ —	\$ (103)	24,696	\$ —
Unvested restricted stock units		—			395	
Diluted:						
Net loss from discontinued operations, net of tax	\$ (2)	24,802	\$ —	\$ (103)	25,091	\$ —

	Six Months Ended June 30, 2020			Six Months Ended June 30, 2019		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic:						
Net income (loss) from discontinued operations, net of tax	\$ 4,855	24,784	\$ 0.20	\$ (162)	24,675	\$ (0.01)
Unvested restricted stock units		577			414	
Diluted:						
Net income (loss) from discontinued operations, net of tax	\$ 4,855	25,360	\$ 0.19	\$ (162)	25,089	\$ (0.01)

Net Income (Loss) per Common Share

	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
			(in thousands, except per share amounts)			
Basic:						
Net income (loss)	\$ (1,861)	24,802	\$ (0.07)	\$ 2,404	24,696	\$ 0.10
Unvested restricted stock units		—			395	
Diluted:						
Net income (loss)	\$ (1,861)	24,802	\$ (0.07)	\$ 2,404	25,091	\$ 0.10

	Six Months Ended June 30, 2020			Six Months Ended June 30, 2019		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
			(in thousands, except per share amounts)			
Basic:						
Net income	\$ 8,859	24,784	\$ 0.36	\$ 4,155	24,675	\$ 0.16
Unvested restricted stock units		577			414	
Diluted:						
Net income	\$ 8,859	25,360	\$ 0.35	\$ 4,155	25,089	\$ 0.16

At June 30, 2020 and 2019, 487,000 and 552,000 shares of common stock, respectively, were issuable upon the exercise of options and warrants.

17. RELATED PARTY TRANSACTIONS

The Company incurred consulting fees of approximately nil and nil for the three months and nil and \$0.1 million for the six months ended June 30, 2020 and 2019, respectively, from our Director, Nicholas Carter. Due to his history and experience with the Company and to provide continuity after his retirement, a consulting agreement was entered into with Mr. Carter in July 2015, which terminated effective December 31, 2019.

18. POST-RETIREMENT OBLIGATIONS

We currently have post-retirement obligations with two former executives. As of June 30, 2020 and December 31, 2019, approximately \$0.3 million and \$0.3 million, respectively, remained outstanding and was included in post-retirement obligations.

For additional information, see NOTE 22, "POST-RETIREMENT OBLIGATIONS" to the consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2019.

19. SUBSEQUENT EVENTS

On July 28, 2020, the Company received proceeds of approximately \$2.5 million in connection with the sale of a 1 million share portion of Trecora's overall ownership in AMAK. Following this transaction, the Company's ownership percentage in AMAK has been reduced from 28.3% to 27.0%.

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

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Some of the statements and information contained in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding the Company's

financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are forward-looking statements. Forward-looking statements are often characterized by the use of words such as "outlook," "may," "will," "should," "could," "expects," "plans," "anticipates," "contemplates," "proposes," "believes," "estimates," "predicts," "projects," "potential," "continue," "intend," or the negative of such terms and other comparable terminology, or by discussions of strategy, plans or intentions.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, but are not limited to the impacts of: not completing, or not completely realizing the anticipated benefits from, the sale of our stake in AMAK; general economic and financial conditions domestically and internationally; insufficient cash flows from operating activities; our ability to attract and retain key employees; feedstock, product and mineral prices; feedstock availability and our ability to access third party transportation; competition; industry cycles; natural disasters or other severe weather events, health epidemics and pandemics (including the COVID-19 pandemic) and terrorist attacks; our ability to consummate extraordinary transactions, including acquisitions and dispositions, and realize the financial and strategic goals of such transactions; technological developments and our ability to maintain, expand and upgrade our facilities; regulatory changes; environmental matters; lawsuits; outstanding debt and other financial and legal obligations (including having to return the amounts borrowed under the PPP or failing to qualify for forgiveness of such loans, in whole or in part); difficulties in obtaining additional financing on favorable conditions, or at all; local business risks in foreign countries, including civil unrest and military or political conflict, local regulatory and legal environments and foreign currency fluctuations; and other risks detailed in our latest Annual Report on Form 10-K, including but not limited to: "Part I, Item 1A. Risk Factors" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" therein, and in our other filings with the Securities and Exchange Commission (the "SEC"). Many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic. Further, the COVID-19 pandemic may also affect our operating and financial results in a manner that is not presently known to us.

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

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

Overview

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

The discussion and analysis of financial condition and the results of operations which appears below should be read in conjunction with "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2019.

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

Enabling our success in these businesses is a commitment to operational excellence which establishes a culture that prioritizes the safety of our employees and communities in which we operate, the integrity of our assets and regulatory compliance. This commitment drives a change to an emphasis on forward-looking, leading-indicators of our results and proactive steps to continuously improve our performance. We bring the same commitment to excellence to our commercial

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activities where we focus on the value proposition to our customers while understanding opportunities to maximize our value capture through service and product differentiation, supply chain and operating cost efficiencies and diversified supply options. We believe our focus on execution, meeting the needs of our customers, and growing our business while maintaining prudent control of our costs, will significantly contribute to enhanced shareholder value.

Review of Second Quarter 2020 Results

The COVID-19 pandemic adversely impacted our second quarter results due to its global impact on economic demand. We reported second quarter 2020 net loss of \$1.9 million, down from net income of \$2.4 million in the second quarter of 2019. Diluted losses per share are \$0.07 for the second quarter of 2020, down from earnings per share of \$0.10 for the same period in 2019. Sales volume of our Specialty Petrochemicals products decreased 28.5% due to lower sales to the polyethylene end-use markets as well as lower sales to Canadian oil sands customers. Sales to other end-use markets were also generally weaker compared to the same period last year due to the COVID-19 pandemic. Specialty Waxes sales revenue was down 18.9% compared to the second quarter 2019 due to the impact on our customers from the COVID-19 pandemic.

Adjusted EBITDA from continuing operations was \$4.2 million for the second quarter of 2020, compared with Adjusted EBITDA from continuing operations of \$9.3 million in the second quarter of 2019. Adjusted EBITDA from continuing operations declined due to lower sales volumes for prime products and by-products in our Specialty Petrochemicals segment, as well as lower Specialty Waxes sales revenue, both of which were impacted by the COVID-19 pandemic.

COVID-19 Pandemic

The continued global impact of COVID-19 has resulted in various emergency measures to curb the spread of the virus. We continue to monitor the progression of the COVID-19 pandemic on a daily basis. Our guiding principle is, and has always been, the protection of our people and the communities in which we work, as well as maintaining the overall integrity of our assets. While our essential plant personnel remain on-site, many of our other employees are working remotely. We are continuing to follow the orders and guidance of federal, state, and local governmental agencies, as we maintain our own stringent protocols in an effort to mitigate the spread of the virus and protect the health of our employees, customers, and suppliers as well as the communities in which we work. As an organization, we adopted social distancing behaviors early, executed the necessary changes to enable all possible job duties to be performed remotely and rapidly identified and executed the necessary adjustments to support optimal productivity for all remote workers.

To date, our plants have continued to operate as normal, and our supply chain has generally remained intact, with adequate availability of raw materials. Importantly, under the U.S. Department of Homeland Security guidance issued on April 17, 2020, as well as many related state and local governmental orders, chemical manufacturing sites are considered essential critical infrastructure, and as such, are not currently subject to closure in the locations where we operate. Although there has been some disruption in global logistics channels, we have not experienced significant delays in fulfillment of customer orders.

The COVID-19 pandemic has had an impact on our business, results of operations, financial position and liquidity for the second quarter of 2020. In the second quarter, we saw reduced demand in certain end markets (in particular, durable goods such as automotive and construction), which we attribute to the economic slowdown caused by the COVID-19 pandemic. This weakened demand in certain end markets is likely to continue in the near-term and may continue for the remainder of 2020, and could spread more broadly to our other end markets, depending on the magnitude and duration of the impact of the COVID-19 pandemic. As a result, we are unable to accurately predict the impact that the pandemic for the remainder of 2020 and, potentially, beyond (including how the impact of the pandemic may change from quarter to quarter). However, we believe our long-term demand thereafter remains intact.

Our management will continue to actively monitor the impact of the global situation on our business, results of operations, financial condition, liquidity, suppliers, industry, investments, and workforce. We do not currently anticipate any material impairments, with respect to intangible assets, long-lived assets, or right of use assets, increases in allowances for credit losses from our customers, restructuring charges, other expenses, or changes in accounting judgments to have a material impact on our condensed consolidated financial statements, however at this point we are continuing to assess the impact, if any.

Non-GAAP Financial Measures

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

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

We define EBITDA from continuing operations as net income (loss) from continuing operations plus interest expense (benefit), income taxes, depreciation and amortization. We define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus share-based compensation, plus restructuring and severance expenses, plus or minus equity in AMAK's earnings and losses, plus impairment losses and plus or minus gains or losses on disposal of assets.

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

	Three Months Ended June 30, 2020			
	Specialty Petrochemicals	Specialty Waxes	Corporate	Consolidated
	<i>(in thousands)</i>			
Net Income (Loss)	\$ 1,393	\$ (332)	\$ (2,922)	\$ (1,861)
Loss from discontinued operations, net of tax	—	—	(2)	(2)
Income (loss) from continuing operations	\$ 1,393	\$ (332)	\$ (2,920)	\$ (1,859)
Interest	736	—	(1)	735
Income tax expense (benefit)	255	(113)	716	858
Depreciation and amortization	185	23	4	212
Depreciation and amortization in cost of sales	2,436	1,314	—	3,750
EBITDA from continuing operations	\$ 5,005	\$ 892	\$ (2,201)	\$ 3,696
Stock-based compensation	—	—	543	543
Gain on disposal of assets	(7)	—	—	(7)
Adjusted EBITDA from continuing operations	\$ 4,998	\$ 892	\$ (1,658)	\$ 4,232

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**Three Months Ended
June 30, 2019**

	Specialty Petrochemicals	Specialty Waxes	Corporate	Consolidated
	<i>(in thousands)</i>			
Net Income (Loss)	\$ 4,666	\$ (1,013)	\$ (1,249)	\$ 2,404
Loss from discontinued operations, net of tax	—	—	(103)	(103)
Income (Loss) from continuing operations	\$ 4,666	\$ (1,013)	\$ (1,146)	\$ 2,507
Interest	1,053	347	1	1,401
Income tax expense (benefit)	1,709	—	(1,018)	691
Depreciation and amortization	172	24	12	208
Depreciation and amortization in cost of sales	2,753	1,375	—	4,128
EBITDA from continuing operations	\$ 10,353	\$ 733	\$ (2,151)	\$ 8,935
Stock-based compensation	—	—	345	345
Adjusted EBITDA from continuing operations	\$ 10,353	\$ 733	\$ (1,806)	\$ 9,280

**Six Months Ended
June 30, 2020**

	Specialty Petrochemicals	Specialty Waxes	Corporate	Consolidated
	<i>(in thousands)</i>			
Net Income	\$ 5,989	\$ 882	\$ 1,988	\$ 8,859
Income from discontinued operations, net of tax	—	—	4,855	4,855
Income (loss) from continuing operations	\$ 5,989	\$ 882	\$ (2,867)	\$ 4,004
Interest	1,651	—	—	1,651
Income tax benefit	(1,399)	(1,569)	(1,827)	(4,795)
Depreciation and amortization	371	47	10	428
Depreciation and amortization in cost of sales	4,867	2,619	—	7,486
EBITDA from continuing operations	\$ 11,479	\$ 1,979	\$ (4,684)	\$ 8,774
Stock-based compensation	—	—	933	933
(Gain) Loss on disposal of assets	(8)	17	—	9
Adjusted EBITDA from continuing operations	\$ 11,471	\$ 1,996	\$ (3,751)	\$ 9,716

**Six Months Ended
June 30, 2019**

	Specialty Petrochemicals	Specialty Waxes	Corporate	Consolidated
	<i>(in thousands)</i>			
Net Income (Loss)	\$ 10,808	\$ (3,552)	\$ (3,101)	\$ 4,155
Loss from discontinued operations, net of tax	—	—	(162)	(162)
Income (loss) from continuing operations	\$ 10,808	\$ (3,552)	\$ (2,939)	\$ 4,317
Interest	2,248	651	1	2,900
Income tax expense (benefit)	2,703	—	(1,518)	1,185
Depreciation and amortization	341	48	32	421
Depreciation and amortization in cost of sales	5,658	2,699	—	8,357
EBITDA from continuing operations	\$ 21,758	\$ (154)	\$ (4,424)	\$ 17,180
Stock-based compensation	—	—	558	558
Adjusted EBITDA from continuing operations	\$ 21,758	\$ (154)	\$ (3,866)	\$ 17,738

Liquidity and Capital Resources

Working Capital

Our approximate working capital days are summarized as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Days sales outstanding in accounts receivable	45.3	37.1	41.1
Days sales outstanding in inventory	17.0	19.2	20.6
Days sales outstanding in accounts payable	24.7	20.6	15.0
Days of working capital	37.6	35.7	46.6

Our days sales outstanding in accounts receivable at June 30, 2020 was 45.3 days compared to 37.1 days at December 31, 2019, driven by administrative processing delays. Our days sales outstanding in inventory decreased by approximately 2.2 days from December 31, 2019, driven by lower inventory values based on reduced feedstock prices. Our days sales outstanding in accounts payable increased due to a reduced payable to our feedstock supplier driven by lower feedstock prices, as well as payments to vendors in the first quarter of 2020 for costs associated with the weather event in the fourth quarter of 2019, which caused severe damage to one of the feedstock storage tanks at our Silsbee plant. Since days of working capital is calculated using the above three metrics, it increased for the aforementioned reasons discussed.

Our cash balance at June 30, 2020 was \$29.9 million, an increase of \$25.6 million from same period in 2019. Improved working capital due to lower feedstock costs provided approximately \$7.5 million during the six month ended June 30, 2020. Additionally, our cash balance included \$10.1 million of proceeds from the sale of AMAK shares to Arab Mining Company and PPP Loans of \$6.1 million.

The change in cash is summarized as follows:

	Six Months Ended June 30,	
	2020	2019
Net cash provided by (used in)	<i>(thousands of dollars)</i>	
Operating activities	\$ 20,555	\$ 5,848
Investing activities	2,312	(3,842)
Financing activities	865	(4,416)
Increase (decrease) in cash	\$ 23,732	\$ (2,410)
Cash	\$ 29,877	\$ 4,325

Operating Activities

Cash provided by operating activities totaled \$20.6 million for the first six months of 2020, \$14.7 million higher than the corresponding period in 2019. For the first six months of 2020 net income increased by approximately \$4.7 million as compared to the corresponding period in 2019. Major non-cash items affecting income in the first six months of 2020 included changes in depreciation and amortization of \$7.9 million, deferred taxes of \$11.1 million and stock-based compensation of \$0.9 million. Major non-cash items affecting income in the first six months of 2019 included deferred taxes of \$1.0 million and depreciation and amortization of \$8.8 million.

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

- Under the CARES Act, we recorded an income tax receivable related to the carryback of NOL claims. This resulted in an increase in our income tax receivable of approximately \$15.7 million. On April 30, 2020 we filed our first refund claims for approximately \$14.1 million and on June 30, 2020 we filed our second and final refund claims for approximately \$2.4 million.

- Trade receivables decreased approximately \$6.1 million. This is due to lower sales within the quarter and we do not expect any collection issues at this time.
- Inventories decreased approximately \$6.0 million driven by lower inventory values associated with the continued decline in feedstock prices.
- Accounts payable and accrued liabilities decreased \$1.8 million primarily due to a reduced payable to our feedstock supplier driven by lower feedstock prices, as well as payments to vendors in the first quarter of 2020 for costs associated with the aforementioned weather event in the fourth quarter of 2019.

Investing Activities

Cash provided by investing activities during the first six months of 2020 was approximately \$2.3 million, representing an increase of approximately \$6.2 million from the corresponding period of 2019. The primary source of the funds provided by investing activities was \$10.2 million of proceeds, net of the deposit previously paid, received in connection with the First Closing of the sale of our investment in AMAK discussed in Note 5, offset by additions of plant, pipeline and equipment of approximately \$7.9 million.

Financing Activities

Cash provided by financing activities during the first six months of 2020 was approximately \$0.9 million versus cash used in financing activities of \$4.4 million during the corresponding period of 2019. In the first half of 2020, we drew \$20.0 million under our Revolving Facility as a precaution in light of the uncertainty caused by the COVID-19 pandemic. We also received PPP Loans of \$6.1 million to maintain the continuity of our workforce, including maintaining compensation and benefits. In light of improving liquidity and business conditions, we repaid our outstanding balance on our Revolving Facility of \$23 million at the end of the quarter. We also made mandatory payments of \$2.2 million on our Term Loan Facility. During the first half of 2019, we made principal payments on our outstanding Credit Facilities of \$6.2 million. We drew \$2.0 million on our line of credit for working capital purposes in the first six months of 2019.

Anticipated Cash Needs

The COVID-19 pandemic has resulted in significant economic uncertainty and market volatility. In response, we have taken steps to address our liquidity needs during this uncertain period. In the first quarter of 2020 we drew \$20.0 million under our Revolving Facility as a precautionary measure and, as of June 30, 2020, we are carrying approximately \$29.9 million in cash, combined with an available balance on our Revolving Facility of approximately \$27 million. We also benefited from certain provisions of the CARES Act, including certain changes to U.S. tax law and borrowings under the PPP Loans that we believe will be essential to support the continuity of our workforce. As a result, we believe, given current business conditions, the Company is capable of supporting its operating requirements and capital expenditures through internally generated funds supplemented with cash on our balance sheet and potential future borrowings under our ARC Agreement.

Results of Operations

Comparison of Three Months Ended June 30, 2020 and 2019

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Specialty Petrochemicals Segment

	Three Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
Product Sales	\$ 31,236	\$ 58,584	\$ (27,348)	(46.7)%
Processing	1,159	1,527	(368)	(24.1)%
Gross Revenue	\$ 32,395	\$ 60,111	\$ (27,716)	(46.1)%
Volume of Sales (gallons)				
Specialty Petrochemicals Products	15,343	21,447	(6,104)	(28.5)%
Prime Product Sales	13,090	17,732	(4,642)	(26.2)%
By-product Sales	2,253	3,715	(1,462)	(39.4)%
Cost of Sales	\$ 27,126	\$ 50,049	(22,923)	(45.8)%
Gross Margin	16.3%	16.7%		(0.4)%
Total Operating Expense*	16,160	18,455	(2,295)	(12.4)%
Natural Gas Expense*	685	1,253	(568)	(45.3)%
Operating Labor Costs*	3,932	3,596	336	9.3 %
Transportation Costs*	4,890	7,360	(2,470)	(33.6)%
General & Administrative Expense	2,730	2,816	(86)	(3.1)%
Depreciation and Amortization**	2,621	2,925	(304)	(10.4)%
Capital Expenditures	5,382	1,461	3,921	268.4 %

* Included in cost of sales

**Includes \$2,435 and \$2,753 for 2020 and 2019, respectively, which is included in operating expense

Gross Revenue

Gross Revenue for our Specialty Petrochemicals segment decreased during the second quarter 2020 from the second quarter 2019 by 46.1% primarily due to lower sales volumes for prime products and by-products which was impacted by the COVID-19 pandemic. Also, gross revenue was reduced by lower selling prices resulting from a decrease in feedstock costs relative to the same period a year ago.

Product Sales

Specialty Petrochemicals segment product sales declined approximately 46.7% during the second quarter 2020 from the second quarter 2019. Prime products sales volume declined approximately 4.6 million gallons, or 26.2%, from the second quarter 2019 due to lower demand from polyethylene end-use markets as well as lower sales to Canadian oil sands customers. Sales to other end-use markets were also generally weaker compared to the same period last year due to the COVID-19 pandemic. By-product sales volumes in second quarter 2020 declined 39% compared to the second quarter 2019 mainly due to lower prime product production and sales. By-products are produced as a result of prime product production and their margins are significantly lower than margins for our prime products. Foreign sales volume decreased to 20.8% of total Specialty Petrochemicals volume in the second quarter for 2020 from 24.7% in the second quarter 2019. Foreign sales volume includes sales to Canadian oil sands customers.

Processing

Processing revenues were \$1.2 million in the second quarter 2020 compared to \$1.5 million for the second quarter 2019.

Cost of Sales (includes but is not limited to raw materials and total operating expense)

We use natural gasoline as feedstock, which is the heavier liquid remaining after ethane, propane and butanes are removed from liquids produced by natural gas wells. The material is a commodity product in the oil/petrochemical markets and generally is readily available. The price of natural gasoline is highly correlated with the price of crude oil. Our Advanced

Reformer unit upgrades the by-product stream produced as a result of prime product production. This upgrade allows us to sell our by-products at higher prices than would be possible without the Advanced Reformer unit.

Cost of Sales declined 45.8% during the second quarter 2020 from the second quarter 2019. The decline in cost of sales compared to the same period last year was driven by depressed sales volumes, lower feedstock costs and lower operating expenses - primarily transportation and natural gas costs. Benchmark Mount Belvieu natural gasoline feedstock price declined 65% from \$1.20 per gallon in second quarter 2019 to \$0.42 per gallon in the second quarter 2020. As a result of the sharp decline in feedstock cost compared to second quarter of 2019 our average margin for prime products increased. By-product margins were materially lower compared to second quarter 2019. This was primarily due to lower component prices combined with the inability to take full advantage during the quarter of the product upgrade capability of the Advanced Reformer unit due to production rates below minimum threshold required for Advanced Reformer unit operation.

The gross margin percentage for the Specialty Petrochemicals segment decreased from 16.7% in the second quarter of 2019 to 16.3% in the second quarter of 2020 mainly because of fixed costs being spread over lower sales volumes in the second quarter of 2020.

Total Operating Expense (includes but is not limited to natural gas, operating labor, depreciation and transportation)

Total Operating Expense decreased \$2.3 million, or 12.4%, during the second quarter 2020 from the same period in 2019. Operating expense in the quarter benefited primarily from lower transportation costs.

Capital Expenditures

Capital expenditures in the second quarter 2020 were approximately \$5.4 million compared to \$1.5 million in the second quarter of 2019. Second quarter 2020 included approximately \$3.6 million for maintenance and upkeep of our GSPL pipeline which is used to transport our feedstock.

Specialty Waxes Segment

	Three Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
Product Sales	\$ 5,471	\$ 6,745	\$ (1,274)	(18.9)%
Processing	2,808	2,515	293	11.7 %
Gross Revenue	\$ 8,279	\$ 9,260	\$ (981)	(10.6)%
Volume of specialty wax sales (thousand pounds)	8,366	9,955	(1,589)	(16.0)%
Cost of Sales	\$ 7,381	\$ 8,757	\$ (1,376)	(15.7)%
Gross Margin (Loss)	10.8%	5.4%		5.4 %
General & Administrative Expense	1,359	1,083	276	25.5 %
Depreciation and Amortization*	1,338	1,399	(61)	(4.4)%
Capital Expenditures	\$ 285	\$ 426	\$ (141)	(33.1)%

*Includes \$1,314 and \$1,357 for 2020 and 2019, respectively, which is included in cost of sales

Product Sales

Product sales revenue for the Specialty Waxes segment decreased 18.9% during the second quarter 2020 from the second quarter 2019 as specialty wax sales volume declined nearly 1.6 million pounds. In the second quarter 2020 wax sales were depressed due to the impact on our customers from the COVID-19 pandemic. Many of our customers, especially in the automotive, furniture and construction end-markets, had significant decline in sales demand due to the pandemic. There were no material disruptions to feed supply during the second quarter of 2020. Our wax feed is based on certain by-products produced as a result of polyethylene production at major polyethylene producers' facilities on the US Gulf Coast.

Processing

Processing revenues were \$2.8 million in the second quarter 2020, a \$0.3 million increase from the second quarter 2019.

Cost of Sales

Cost of Sales decreased 15.7%, or nearly \$1.4 million, in the second quarter 2020 compared to the second quarter 2019. This decrease was driven by a decline in polyethylene wax feed cost and lower operating expenses.

Depreciation

Depreciation for the second quarter 2020 was \$1.3 million, relatively flat from second quarter 2019.

Capital Expenditures

Capital Expenditures were approximately \$0.3 million in the second quarter 2020 compared with \$0.4 million in the second quarter of 2019.

Corporate Segment

	Three Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
General & Administrative Expense	\$ 2,200	\$ 2,182	\$ 18	0.8%

General corporate expenses were relatively flat from thesecond quarter 2019.

Investment in AMAK - Discontinued Operations

	Three Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
Equity in earnings (losses) of AMAK	\$ 306	\$ (91)	\$ 397	436.3%

Equity in earnings (losses) of AMAK include amortization of the difference between the Company's investment in AMAK and the Company's share of net assets of AMAK. For the second quarter 2020, equity in earnings (losses) of AMAK were immaterial and increased slightly fromsecond quarter 2019.

AMAK Summarized Income Statement

	Three Months Ended June 30,	
	2020	2019
	<i>(thousands of dollars)</i>	
Sales	\$ 20,752	\$ 20,566
Cost of sales	17,829	18,162
Gross profit	2,923	2,404
Selling, general, and administrative	2,362	2,807
Operating loss	561	(403)
Other income	—	(75)
Finance and interest expense	(103)	(448)
Loss before Zakat and income taxes	458	(926)
Zakat and income taxes	566	366
Net Loss	\$ (108)	\$ (1,292)
Finance and interest expense	103	448
Depreciation and amortization	6,393	7,746
Zakat and income taxes	566	366
EBITDA	\$ 6,954	\$ 7,268

Approximately 18,000 dry metric tons (dmt) of copper and zinc concentrate were shipped in thesecond quarter 2020 as compared to 17,000 dmt of copper and zinc concentrate in the second quarter 2019.

Results of Operations

Comparison of Six Months Ended June 30, 2020 and 2019

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Specialty Petrochemicals Segment

	Six Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
Product Sales	\$ 81,622	\$ 114,074	\$ (32,452)	(28.4)%
Processing	2,403	2,910	(507)	(17.4)%
Gross Revenue	\$ 84,025	\$ 116,984	\$ (32,959)	(28.2)%
Volume of Sales (gallons)				
Specialty Petrochemicals Products	35,084	43,915	(8,831)	(20.1)%
Prime Product Sales	29,309	35,370	(6,061)	(17.1)%
By-product Sales	5,775	8,545	(2,770)	(32.4)%
Cost of Sales	\$ 71,922	\$ 95,915	(23,993)	(25.0)%
Gross Margin	14.4%	18.0%		(3.6)%
Total Operating Expense*	32,900	36,735	(3,835)	(10.4)%
Natural Gas Expense*	1,612	2,636	(1,024)	(38.8)%
Operating Labor Costs*	7,937	7,299	638	8.7 %
Transportation Costs*	9,777	14,408	(4,631)	(32.1)%
General & Administrative Expense	5,506	5,291	215	4.1 %
Depreciation and Amortization**	5,238	5,999	(761)	(12.7)%
Capital Expenditures	6,983	2,839	4,144	146.0 %

* Included in cost of sales

**Includes \$4,867 and \$5,658 for 2020 and 2019, respectively, which is included in operating expense

Gross Revenue

Gross Revenue for our Specialty Petrochemicals segment decreased during the second quarter 2020 from the second quarter 2019 by 28.2% primarily due to lower sales volumes for prime products and byproducts as a result of the COVID-19 pandemic and its general impact on the economy. A decrease in average selling prices resulting from a decrease in feedstock costs also contributed to the revenue decline.

Product Sales

Specialty Petrochemicals segment product sales declined approximately 28.4% during the first half of 2020 from the first half of 2019 primarily as a result of the COVID-19 pandemic. Prime products sales volume declined approximately 6.1 million gallons or 17.1% from the first half of 2019 due to lower demand from the polyethylene end-use markets as well as lower sales to Canadian oil sands customers. Sales to other end-use markets were also generally weaker compared to the same period last year. By-product sales volumes in the first half of 2020 declined 32.4% compared to the first half of 2019 mainly due to lower prime product production and sales. By-products are produced as a result of prime product production and their margins are significantly lower than margins for our prime products. Foreign sales volume decreased to 20.8% of total Specialty Petrochemicals volume in the first half of 2020 from 24.7% in the first half of 2019. Foreign sales volume includes sales to Canadian oil sands customers.

Processing

Processing revenues were approximately \$2.4 million and \$2.9 million for the first half of 2020 and 2019, respectively.

Cost of Sales (includes but is not limited to raw materials and total operating expense)

Cost of Sales declined 25.0% during the first half of 2020 from the first half of 2019. The decline in cost of sales compared to the same period last year was driven by depressed sales volumes, lower feedstock costs and lower operating expenses - primarily natural gas and transportation costs. Benchmark Mount Belvieu natural gasoline feedstock price declined 42% from

\$1.17 per gallon in the first half of 2019 to \$0.68 per gallon in the first half of 2020. By-product margins were lower compared to the first half of 2019. This was primarily due to lower component prices combined with the inability to take full advantage during the first half of 2020 of the product upgrade capability of the Advance Reformer unit due to production rates below minimum threshold required for Advance Reformer unit operation.

The gross margin percentage for the Specialty Petrochemicals segment decreased from 18.0% in the first half of 2019 to 14.4% in the first half of 2020 driven by fixed cost being spread over lower sales volume.

Total Operating Expense (includes but is not limited to natural gas, operating labor, depreciation and transportation)

Total Operating Expense decreased \$3.8 million, or 10.4%, during the first half of 2020 from the same period in 2019. Operating expense in the quarter benefited from lower transportation and natural gas costs.

Capital Expenditures

Capital expenditures in the first half of 2020 were approximately \$7.0 million compared to \$2.8 million in the first half of 2019. The first half of 2020 included approximately \$4.5 million for maintenance and upkeep of our GSPL pipeline which is used to transport our feedstock.

Specialty Waxes Segment

	Six Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
Product Sales	\$ 12,268	\$ 12,748	\$ (480)	(3.8)%
Processing	6,448	4,794	1,654	34.5 %
Gross Revenue	\$ 18,716	\$ 17,542	\$ 1,174	6.7 %
Volume of specialty wax sales (thousand pounds)	18,540	17,837	703	3.9 %
Cost of Sales	\$ 16,574	\$ 17,973	\$ (1,399)	(7.8)%
Gross Margin (Loss)	11.4%	(2.5)%		13.9 %
General & Administrative Expense	2,842	2,352	490	20.8 %
Depreciation and Amortization*	2,666	2,747	(81)	(2.9)%
Capital Expenditures	\$ 601	\$ 935	\$ (334)	(35.7)%

*Includes \$2,619 and \$2,699 for 2020 and 2019, respectively, which is included in cost of sales

Product Sales

Specialty Wax segment product sales revenue decreased 3.8% during the first half of 2020 from the first half of 2019. In the first half of 2020 demand for our specialty wax products was negatively impacted due to the COVID-19 pandemic. Specialty wax sales volume increased 3.9% or nearly 0.7 million pounds. In the first half of 2019 planned maintenance turnaround at our Pasadena facility, along with outages at multiple wax feed suppliers, constrained specialty wax production and thereby sales volumes. There were no material disruptions to feed supply during the first half of 2020. Our wax feed is based on certain by-products produced as a result of polyethylene production at major polyethylene producers' facilities on the US Gulf Coast.

Processing

Processing revenues were \$6.4 million in the first half of 2020, a 34.5% or about \$1.7 million increase from the first half of 2019. The increase was due to significantly improved operation of the hydrogenation/distillation unit as well as strong revenues from other custom processing customers in the first quarter of 2020.

Cost of Sales

Cost of Sales were decreased 7.8%, or nearly \$1.4 million, in the first half of 2020 compared to the first half of 2019. This decrease was driven by lower polyethylene wax feed cost and reduced operating expenses.

Depreciation

Depreciation for the first half of 2020 was \$2.7 million, relatively flat from the first half of 2019.

Capital Expenditures

Capital Expenditures were approximately \$0.6 million in the first half of 2020 compared with \$0.9 million in the first half of 2019.

Corporate Segment

	Six Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
General & Administrative Expense	\$ 4,615	\$ 4,487	\$ 128	2.9%

General corporate expenses increased by \$0.1 million during the first half of 2020 from the first half of 2019. The increase is primarily attributable to stock-based compensation.

Investment in AMAK - Discontinued Operations

	Six Months Ended June 30,			
	2020	2019	Change	% Change
	<i>(thousands of dollars)</i>			
Equity in losses of AMAK	\$ (226)	\$ (150)	\$ (76)	50.7%

Equity in losses of AMAK increased during the first half of 2020 from the first half of 2019. The equity in losses were primarily impacted by reduced sales resulting from a decrease in metal prices during the first half of the year.

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AMAK Summarized Income Statement

	Six Months Ended June 30,	
	2020	2019
	<i>(thousands of dollars)</i>	
Sales	\$ 38,689	\$ 41,230
Cost of sales	34,650	36,732
Gross profit	4,039	4,498
Selling, general, and administrative	5,042	5,545
Operating loss	(1,003)	(1,047)
Other income	17	353
Finance and interest expense	(634)	(893)
Loss before Zakat and income taxes	(1,620)	(1,587)
Zakat and income taxes	1,099	888
Net Loss	\$ (2,719)	\$ (2,475)
Finance and interest expense	634	893
Depreciation and amortization	13,722	15,070
Zakat and income taxes	1,099	888
EBITDA	\$ 12,736	\$ 14,376

Approximately 18,000 dry metric tons (dmt) of copper and zinc concentrate were shipped in the first half of 2020 as compared to 17,000 dmt of copper and zinc concentrate in the first half of 2019. Reduced depreciation and amortization expenses were the primary factors in the decline of EBITDA of approximately \$1.6 million relative to the first half of 2019.

Contractual Obligations

Our contractual obligations are summarized in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no other material changes to the contractual obligation amounts disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Critical Accounting Policies and Estimates

Critical accounting policies are more fully described in Note 2, "RECENT ACCOUNTING PRONOUNCEMENTS" to the consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2019. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period reported. By their nature, these estimates, assumptions and judgments are subject to an inherent degree of uncertainty. We base our estimates, assumptions and judgments on historical experience, market trends and other factors that are believed to be reasonable under the circumstances. Estimates, assumptions and judgments are reviewed on an ongoing basis and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies and estimates have been discussed with the Audit Committee of the Board of Directors and discussed in our Annual Report on Form 10-K for the year ended December 31, 2019. For the six months ended June 30, 2020, there were no significant changes to these policies.

Recent and New Accounting Standards

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

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Off Balance Sheet Arrangements

Off balance sheet arrangements as defined by the SEC means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the registrant is a party, under which the registrant has (i) obligations under certain guarantees or contracts, (ii) retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangements, (iii) obligations under certain derivative arrangements, and (iv) obligations arising out of a material variable interest in an unconsolidated entity. Our guarantee for AMAK's debt is considered an off balance sheet arrangement. Please see further discussion in Note 5 to the Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

For quantitative and qualitative disclosure about market risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes in the Company's exposure to market risk from the disclosure included in such report.

ITEM 4. CONTROLS AND PROCEDURES.

- (a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer, with the participation of management, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this report.
- (b) Changes in internal control. There were no significant changes in our internal control over financial reporting that occurred during the three months ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

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

The risks and uncertainties in the Company's most recent Annual Report on Form 10-K are not the only risks that the Company faces. Additional risks and uncertainties not presently known or those that are currently deemed immaterial may also affect the Company's operations. Any of the risks, uncertainties, events or circumstances described therein could cause the Company's future financial condition, results of operations or cash flows to be adversely affected. There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, except as noted below.

The global outbreak of COVID-19 has had, and may continue to have, an adverse impact on the business, results of operations, financial position, and liquidity of the Company and/or its customers, suppliers, and other counterparties.

The COVID-19 pandemic has caused, and may continue to cause, a global slowdown of economic activity, particularly, reduced demand in durable goods markets such as automotive and construction, disruptions in global supply chains, significant economic uncertainty and volatility and disruption of financial markets. The COVID-19 pandemic is having an impact on the Company's operations and financial performance, as well as on the operations and financial performance of many of the Company's customers and suppliers. Across all of our businesses, we are facing increased operational challenges from the need to protect employee health and safety by requiring restrictions on the movement of people, which can cause workplace disruptions, reduced productivity, operational disruptions or shutdowns, and the incurrence of additional costs. Due to the economic slowdown caused by the COVID-19 pandemic, we are also experiencing, and may continue experiencing, lower demand and volume for products and services from our customers, as well as potential restrictions or delays on deliveries of key raw materials from our suppliers. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations", for additional information on how we have been impacted and the steps we have taken in response.

Because the severity, magnitude and duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing and difficult to predict, the pandemic's impact on the Company's operations and financial performance, as well as its impact on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict. Additionally, the ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control, including, but not limited to: governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport and human capital constraints); the impact of the pandemic and actions taken in response on global and regional economies, travel, and economic activity; the availability of federal, state, local or non-U.S. funding programs; general economic uncertainty in key global markets and financial market volatility; the weakening of demand in certain end markets; prolonged disruption in global logistics channels; global economic conditions and levels of economic growth; and the pace of recovery when the COVID-19 pandemic subsides. We expect that the longer the period of economic and global supply chain and disruption continues, the more material the impact could be on our business operations, financial performance and results of operations, and this could include potential charges, impairments and other adverse financial impacts in future periods.

As the COVID-19 pandemic continues to adversely affect our operating and financial results, it may also have the effect of heightening many of the other risks described in the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2019 and subsequent Quarterly Reports on 10-Q. Further, the COVID-19 pandemic may also affect our operating and financial results in a manner that is not presently known to us.

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The possibility that our PPP Loan obligation may not be forgiven could limit cash flow available for our operations and could adversely affect our ability to obtain additional financing if necessary.

As of June 30, 2020, we had nil in borrowings outstanding under the Revolving Facility and \$78.8 million in borrowings outstanding under the Term Loan Facility. Pursuant to the terms of the ARC Agreement, we also have the option, at any time, to request an increase to the commitment under the Revolving Facility and/or the Term Loan Facility by an additional amount of up to \$50.0 million in the aggregate, subject to lenders acceptance of the increased commitment and other conditions.

Although the agreements governing our existing indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of important exceptions, and additional indebtedness that we may incur from time to time to finance projects or for other reasons in compliance with these restrictions could be substantial. If we incur significant additional indebtedness, the related risks that we face could increase.

For example, in May 2020, the Borrowers received loan proceeds in an aggregate principal amount of approximately \$6.1 million under the PPP Loans, which may be partially or fully forgiven if we comply with the provisions of the CARES Act. However, since the enactment of the CARES Act, the Small Business Administration (the "SBA") and the Treasury Department ("Treasury") have issued numerous rules and additional guidance to implement the PPP, which continue to develop and change. As a result of this rapidly changing regulatory environment, it is difficult to determine and predict with certainty eligibility and available benefits under the PPP. We expect that our use of the proceeds of the PPP Loans is consistent with the intended purpose for the PPP Loans, such as maintaining the continuity of our workforce, including compensation and benefits. The SBA has, however, continued to issue regulations concerning the terms and conditions required for the forgiveness of the PPP Loans. For instance, on April 23, 2020, the SBA issued guidance that creates uncertainty as to whether a borrower can qualify to participate in the PPP when it may have access to other sources of liquidity, such as a public company with substantial market value and access to capital markets. Subsequently, on April 28, 2020, the Secretary of the Treasury and the SBA announced that the government will review all PPP loans in excess of \$2 million for which the borrower applies for forgiveness.

As a result, no assurance can be provided whether we will obtain forgiveness of the PPP Loans in whole or in part. If we were to be audited and we are not successful in obtaining forgiveness of all or a portion of the PPP Loans, the unforgiven portion of such indebtedness could remain outstanding until the maturity which could reduce our liquidity.

Our current, or any future, indebtedness (including any unforgiven portion of the PPP Loans) could:

- limit our flexibility in planning for, or reacting to, changes in the markets in which we compete;
- place us at a competitive disadvantage relative to our competitors with less indebtedness;
- limit our ability to reinvest in our business;
- render us more vulnerable to general adverse economic, regulatory and industry conditions; and
- require us to dedicate a substantial portion of our cash flow to service our indebtedness.

Our ability to meet our cash requirements, including our debt service obligations, is dependent upon our ability to maintain our operating performance, which will be subject to general economic and competitive conditions and to financial, business and other factors, many of which are beyond our control. We cannot provide assurance that our business will generate sufficient cash flow from operations to fund our cash requirements and debt service obligations.

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

Issuer Purchases of Equity Securities

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Period	(a) Total Number of Shares (or Units) Purchased ⁽¹⁾	(b) Average Price Paid Per Share (or Unit) ⁽¹⁾	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2020 - April 30, 2020	—	\$ —	—	—
May 1, 2020 - May 31, 2020	2,456	4.44	—	—
June 1, 2020 - June 30, 2020	3,547	6.22	—	—
Total	6,003	\$ 5.49	—	—

⁽¹⁾ Represents shares of our common stock withheld for satisfaction of tax liabilities of a holder of restricted shares. The value of such shares was calculated based on the closing price of our common stock on the New York Stock Exchange on the date when the withholding was made.

ITEM 6. EXHIBITS.

The following documents are filed or incorporated by reference as exhibits to this Report. Exhibits marked with an asterisk (*) are filed herewith. Exhibits marked with a plus sign (+) are management contracts or a compensatory plan, contract or arrangement. The below exhibit marked with a degree sign (°) has been redacted in part, in compliance with Regulation S-K Item 601. The Company agrees to furnish supplementally an unredacted copy of such exhibit to the Securities and Exchange Commission upon its request.

Exhibit Number	Description
10.1*	Seventh Amendment to Amended and Restated Credit Agreement, dated as of May 8, 2020, among Texas Oil & Chemical Co. II, Inc., as Borrower, certain subsidiaries of the Borrower, as Guarantors, the Lenders from time to time party thereto, Citibank, N.A., as an L/C Issuer, and Bank of America, N.A., as Administrative Agent, Swingline Lender and an L/C Issuer
10.2*	Promissory Note, dated April 30, 2020, by South Hampton Resources, Inc., as Borrower, payable to Bank of America, N.A.
10.3*	Promissory Note, dated April 30, 2020, by Trecora Chemical, Inc., as Borrower, payable to Bank of America, N.A.
10.4*°	Second Amended and Restated Natural Gasoline Supply and Handling Agreement, dated as of May 1, 2020, between Martin Operating Partnership L.P. and South Hampton Resources, Inc.
10.5*+	Form of Trecora Resources Stock and Incentive Plan Restricted Stock Unit Agreement (Performance-Based Grants)
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 (XBRL tags are embedded within the Inline XBRL document)
101.SCH*	XBRL Taxonomy Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and included as Exhibit 101)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRECORA RESOURCES

Dated: August 6, 2020

By: /s/ Sami Ahmad

Sami Ahmad

Principal Financial Officer and Duly Authorized Officer

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SEVENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”), is entered into as of May 8, 2020, by and among TEXAS OIL & CHEMICAL CO. II, INC., a Texas corporation (“*Borrower*”), certain subsidiaries of the Borrower party hereto, as guarantors (the “*Guarantors*”), the lenders from time to time party hereto (the “*Lenders*”), Citibank, N.A., as an L/C Issuer, and BANK OF AMERICA, N.A., as Administrative Agent for the Lenders (in such capacity, the “*Administrative Agent*”), Swingline Lender and an L/C Issuer.

RECITALS

A. Borrower, the Guarantors, the Administrative Agent and the Lenders party thereto are parties to that certain Amended and Restated Credit Agreement, dated as of October 1, 2014 (as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of February 20, 2015, that certain Second Amendment to Amended and Restated Credit Agreement, dated as of March 28, 2017, that certain Third Amendment to Amended and Restated Credit Agreement, dated as of July 25, 2017, that certain Fourth Amendment to Amended and Restated Credit Agreement, dated as of July 31, 2018, that certain Fifth Amendment to Amended and Restated Credit Agreement, dated as of December 19, 2018, and that certain Sixth Amendment to Amended and Restated Credit Agreement, dated as of March 29, 2019 (the “*Credit Agreement*” and the Credit Agreement, as modified by this Amendment, the “*Amended Credit Agreement*”).

B. Borrower has requested that the Administrative Agent and the Lenders amend the Credit Agreement, and the Administrative Agent and the Lenders have agreed to amend the Credit Agreement, subject to the terms and conditions set out in this Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** Unless otherwise defined in this Amendment, each capitalized term used but not otherwise defined herein has the meaning given such term in the Amended Credit Agreement.

2. **Amendments to the Credit Agreement.** On the Effective Date:

(a) *Section 1.01* of the Credit Agreement is hereby amended to add the following definitions in appropriate alphabetical order as follows:

“*Affected Financial Institution*” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“*BHC Act Affiliate*” of a party means an “*affiliate*” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*CARES Act*” shall mean, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (as such act may be amended) or any other similar program administered by a Governmental Authority (including the SBA) intended to mitigate the impact of the COVID-19 pandemic.

“*Covered Entity*” means any of the following: (a) a “*covered entity*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §252.82(b); (b) a “*covered bank*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §47.3(b); or (c) a “*covered FSI*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §382.2(b).

“*Covered Party*” has the meaning specified in *Section 11.24*.

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§252.81, 47.2 or 382.1, as applicable.

“*QFC*” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“*QFC Credit Support*” has the meaning specified in *Section 11.24*.

“*Qualified Government Debt*” shall mean, debt for borrowed money under the CARES Act, and any refinancing, refunding, renewal or extension thereof; *provided*, that any such refinanced, refunded, renewed or extended debt shall have a maturity date no earlier than six (6) months following the Maturity Date (measured as of the date of such refinancing, refunding, renewal or extension), in each case, so long as (i) such debt is unsecured, (ii) Borrower shall promptly provide the Administrative Agent with a copy of all documentation (which shall be reasonably acceptable to the Administrative Agent) evidencing the Qualified Government Debt, (iii) Borrower will promptly submit its application for loan forgiveness for the maximum amount allowed by law at the earliest time permitted by the CARES Act, and (iv) 100% of the net proceeds of any Qualified Government Debt shall be used only for uses permitted by the CARES Act.

“*Relevant Governmental Body*” has the meaning specified in *Section 3.03(g)(ii)*.

“*Resolution Authority*” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“*SBA*” means the United States Small Business Administration or any Governmental Authority succeeding to any or all of the

functions thereof.

“**SOFR**” has the meaning specified in *Section 3.03(g)*.

“**SOFR-Based Rate**” has the meaning specified in *Section 3.03(g)*.

“**Supported QFC**” has the meaning specified in *Section 11.24*.

“**Term SOFR**” has the meaning specified in *Section 3.03(g)*.

“**U.S. Special Resolution Regimes**” has the meaning specified in *Section 11.24*.

“**UK Financial Institution**” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“**UK Resolution Authority**” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

- (b) The following definitions in *Section 1.01* of the Credit Agreement are deleted in their entirety and replaced as follows:

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“**Bail-In Legislation**” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“**Write-Down and Conversion Powers**” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

- (c) The definition of “**Consolidated Funded Indebtedness**” in *Section 1.01* of the Credit Agreement is amended by adding the following sentence at the end of such definition:

Notwithstanding anything to the foregoing, the determination of Consolidated Funded Indebtedness shall not include any Indebtedness incurred as a Qualified Government Debt; *provided*, that if any portion of any Indebtedness incurred as a Qualified Government Debt is not forgiven in accordance with the CARES Act, such unforgiven portion (i) will not be disregarded for purposes of calculating Consolidated Funded Indebtedness and (ii) will be deemed to have been incurred as Indebtedness as of the date it is determined not to be forgiven.

- (d) *Section 3.03* of the Credit Agreement is amended by deleting sub-section (c) in its entirety and replacing it with new sub-sections (c)-(g) in the appropriate alphabetical order as follows:

(c) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive and binding upon all parties hereto absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined (which determination likewise shall be conclusive and binding upon all parties hereto absent manifest error), that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having or purporting to have jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans, *provided* that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the “**Scheduled Unavailability Date**”); or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this *Section 3.03*, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR;

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such

notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement solely for purpose of replacing LIBOR in accordance with this **Section 3.03** with (x) one or more SOFR-Based Rates or (y) another alternate benchmark rate giving due consideration to any evolving or then-existing convention for similar U.S. dollar denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark, giving due consideration to any evolving or then-existing convention for similar U.S. dollar denominated syndicated credit facilities for such benchmarks which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the “**Adjustment**”; and any such proposed rate, a “**LIBOR Successor Rate**”), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders (A) in the case of an amendment to replace LIBOR with a rate described in *clause (x)*, object to the Adjustment; or (B) in the case of an amendment to replace LIBOR with a rate described in *clause (y)*, object to such amendment; *provided* that for the avoidance of doubt, in the case of *clause (A)*, the Required Lenders shall not be entitled to object to any SOFR-Based Rate contained in any such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; *provided* that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

(d) If no LIBOR Successor Rate has been determined and the circumstances under *clause (c)(i)* above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (i) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (ii) the Eurodollar Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (subject to the foregoing *clause (ii)*) in the amount specified therein.

(e) Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

(f) In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Conforming Changes to the Lenders reasonably promptly after such amendment becomes effective.

(g) For purposes hereof:

(i) “**LIBOR Successor Rate Conforming Changes**” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement).

(ii) “**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement;

(iii) “**SOFR**” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source) and, in each case, that has been selected or recommended by the Relevant Governmental Body;

(iv) “**SOFR-Based Rate**” means SOFR or Term SOFR; and

(v) “**Term SOFR**” means the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of “**Interest Period**” and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.

(e) **Section 7.02** of the Credit Agreement is amended by:

- (i) deleting the “and” appearing at the end of *clause (g)*;
- (ii) deleting the “.” appearing at the end of *clause (h)* and adding “; and” at the end of such clause; and
- (ii) adding a new *clause (i)* in its appropriate alphabetical order to read in its entirety as follows:

(i) Qualified Government Debt in a principal amount not to exceed \$6,122,837.50.

(f) *Section 7.09* of the Credit Agreement is amended by adding the following sentence at the end of *Section 7.09* to read in its entirety as follows:

Notwithstanding the foregoing, the prohibitions of *clause (a)* of this **Section 7.09** shall not apply to any provisions or restrictions set forth in any agreement governing Indebtedness permitted under **Section 7.02(i)**.

(g) *Section 7.14* of the Credit Agreement is deleted in its entirety and replaced by the following:

7.14 Prepayments, Etc. of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy or obligate itself to do so prior to the scheduled maturity thereof in any manner (including by the exercise of any right of setoff), or make any payment in violation of any subordination, standstill or collateral sharing terms of or governing any Indebtedness, except (a) the prepayment of the Credit Extensions in accordance with the terms of this Agreement, (b) regularly scheduled or required repayments or redemptions of Indebtedness under the Indebtedness set forth in **Schedule 7.02** and refinancings and refundings of such Indebtedness in compliance with **Section 7.02(b)**, and if no Default or Event of Default exists or would arise as a result, prepayments of Indebtedness described under this *clause (b)* and (c) with respect to Indebtedness permitted by **Section 7.02(i)**, (i) any regularly scheduled payments of principal and interest of such Indebtedness and (ii) all unpaid and accrued and unpaid interest of such Indebtedness on the maturity date of such Indebtedness.

(h) *Section 11.23* of the Credit Agreement is deleted in its entirety and replaced by the following:

11.23 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

(i) A new *Section 11.24* is hereby added to the Credit Agreement in the appropriate numerical order as follows:

11.24 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**", and each such QFC, a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

3. **Effectiveness of this Amendment.** This Amendment shall be effective as of the date (the "**Effective Date**") once all of the following have been satisfied or delivered to the Administrative Agent and the Lenders, as applicable, in each case, in Proper Form:

(a) **Execution of Amendment; Loan Documents.** This Amendment executed by a Responsible Officer of each Loan Party and a duly authorized officer of each Lender.

(b) **Fees and Expenses.** All fees and expenses, if any, owing to the Administrative Agent and the Lenders pursuant to that certain letter agreement, dated as of the date hereof, among Borrower and the Administrative Agent for the benefit of the Lenders, and legal fees and expenses owing to Administrative Agent's outside counsel submitted by invoice on or prior to the Effective Date.

(c) Additional Information. Such additional information and materials, which the Administrative Agent and/or any Lender shall reasonably request or require.

4. **Representations and Warranties**. Borrower and each Guarantor represents and warrants to the Administrative Agent and the Lenders on and as of the Effective Date hereof that (a) it possesses the requisite power and authority to execute and deliver this Amendment, (b) this Amendment has been duly authorized and approved by the requisite corporate action on the part of Borrower or such Guarantor, (c) no other consent of any Person (other than the Administrative Agent and the Lenders) that has not been obtained is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (*except* to the extent that such representations and warranties speak to a specific date, in which case such representation or warranty shall be true and correct in all material respects as of such date), (f) after giving effect to this Amendment, it is in compliance with all covenants and agreements contained in each Loan Document to which it is a party, (g) after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing and (h) that each Loan Document to which it is a party remains in full force and effect and is the legal, valid, and binding obligations of Borrower or such Guarantor enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and fair dealing.

5. **Scope of Amendment; Reaffirmation; RELEASE**. Except as expressly modified by this Amendment, all references to the Credit Agreement shall refer to the Amended Credit Agreement. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force and effect. However, in the event of any inconsistency between the terms of the Amended Credit Agreement and any other Loan Document, the terms of the Amended Credit Agreement shall control and such other document shall be deemed to conform to the terms of the Amended Credit Agreement. **As MATERIAL PART OF THE CONSIDERATION FOR THE ADMINISTRATIVE AGENT AND THE LENDERS ENTERING INTO THIS AMENDMENT, BORROWER AND EACH GUARANTOR HEREBY RELEASES AND FOREVER DISCHARGES THE ADMINISTRATIVE AGENT AND EACH LENDER (AND THEIR SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER OR ANY GUARANTOR MAY HAVE OR CLAIM TO HAVE AGAINST ADMINISTRATIVE AGENT OR ANY LENDER.**

6. **Miscellaneous**.

(a) Binding Effect. The Amended Credit Agreement shall be binding upon and inure to the benefit of each of the undersigned and their respective legal representatives, successors and permitted assigns.

(b) No Waiver of Defaults. This Amendment does not constitute a waiver of, or a consent to, any present or future violation of or default under, any provision of the Loan Documents, or a waiver of the Administrative Agent's or any Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(c) Form. Each agreement, document, instrument or other writing to be furnished to the Administrative Agent or any Lender under any provision of this Amendment must be in form and substance reasonably satisfactory to the Administrative Agent.

(d) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(e) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse the Administrative Agent on demand for all its reasonable and invoiced (with separate invoices for each service provider) out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable and invoiced fees and disbursements of the Administrative Agent's counsel.

(f) Multiple Counterparts; Electronic Signatures. This Amendment and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment (each a "**Communication**"), including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. (including, without limitation, facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Amendment. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

(g) Governing Law. This Amendment and the other Loan Documents must be construed, and their performance enforced, under Texas law.

7. **Entirety**. **THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, THE GUARANTORS, THE LENDERS AND THE ADMINISTRATIVE AGENT AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

*Remainder of Page Intentionally Blank.
Signature Pages to Follow.*

This Amendment is executed as of the Effective Date.

BORROWER:

TEXAS OIL & CHEMICAL CO. II, INC.

By: /s/ S. Sami Ahmad
Name: S. Sami Ahmad
Title: Treasurer

GUARANTORS:

SOUTH HAMPTON RESOURCES, INC.

By: /s/ S. Sami Ahmad
Name: S. Sami Ahmad
Title: Treasurer

GULF STATE PIPE LINE COMPANY, INC.

By: /s/ S. Sami Ahmad
Name: S. Sami Ahmad
Title: Treasurer

TRECORA CHEMICAL, INC.

By: /s/ S. Sami Ahmad
Name: S. Sami Ahmad
Title: Treasurer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Anthony W. Kell
Name: Anthony W. Kell
Title: Vice President

LENDER:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swingline Lender

By: /s/ Adam Rose

Adam Rose
Senior Vice President

LENDER:

CITIBANK, N.A.,
as a Lender and L/C Issuer

By: /s/ Michael Foster
Name: Michael Foster

Title: Senior Vice President

LENDER:

BMO HARRIS BANK N.A.,
as a Lender

By: /s/ Jason Deegan
Name: Jason Deegan
Title: Director

LENDER:

CAPITAL ONE, N.A.,
as a Lender

By: /s/ Lewis H. Gissel
Name: Lewis H. Gissel
Title: Senior Vice President

LENDER:

REGIONS BANK,
as a Lender

By: /s/ Julio C Cuadrado-Ortega
Name: Julio C Cuadrado-Ortega
Title: Vice President

Promissory Note

Date	Loan Amount	Interest Rate after Deferment Period	Deferment Period
April 30, 2020	\$3,934,750.00	1.00% fixed per annum	6 months

This Promissory Note ("Note") sets forth and confirms the terms and conditions of a term loan to South Hampton Resources, Inc. (whether one or more than one, "Borrower") from Bank of America, NA, a national banking association having an address of P.O. Box 15220, Wilmington, DE 19886-5220 (together with its agents, affiliates, successors and assigns, the "Bank") for the Loan Amount and at the Interest Rate stated above (the "Loan"). The Loan is made pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The funding of the Loan is conditioned upon approval of Borrower's application for the Loan and Bank's receiving confirmation from the SBA that Bank may proceed with the Loan. The date on which the funding of the Loan takes place is referred to as the "Funding Date". If the Funding Date is later than the date of this Note, the Deferment Period commences on the Funding Date and ends six months from the Funding Date. After sixty (60) days from the date the Loan is funded, but not more than ninety (90) days from the date the Loan is funded, Borrower shall apply to Bank for loan forgiveness. If the SBA confirms full and complete forgiveness of the unpaid balance of the Loan, and reimburses Bank for the total outstanding balance, principal and interest, Borrower's obligations under the Loan will be deemed fully satisfied and paid in full. If the SBA does not confirm forgiveness of the Loan, or only partly confirms forgiveness of the Loan, or Borrower fails to apply for loan forgiveness, Borrower will be obligated to repay to the Bank the total outstanding balance remaining due under the Loan, including principal and interest (the "Loan Balance"), and in such case, Bank will establish the terms for repayment of the Loan Balance in a separate letter to be provided to Borrower, which letter will set forth the Loan Balance, the amount of each monthly payment, the interest rate (not in excess of a fixed rate of one per cent (1.00%) per annum), the term of the Loan, and the maturity date of two (2) years from the funding date of the Loan. No principal or interest payments will be due prior to the end of the Deferment Period. Borrower promises, covenants and agrees with Bank to repay the Loan in accordance with the terms for repayment as set forth in that letter (the "Repayment Letter"). Payments greater than the monthly payment or additional payments may be made at any time without a prepayment penalty but shall not relieve Borrower of its obligations to pay the next succeeding monthly payment.

In consideration of the Loan received by Borrower from Bank, Borrower agrees as follows:

- DEPOSIT ACCOUNT/USE OF LOAN PROCEEDS:** Borrower is required to maintain a deposit account with Bank of America, N.A. (the "Deposit Account") until the Loan is either forgiven in full or the Loan is fully paid by Borrower. Borrower acknowledges and agrees that the proceeds of the Loan shall be deposited by Bank into the Deposit Account. The Loan proceeds are to not be used by Borrower for any illegal purpose and Borrower represents to the Bank that it will derive material benefit, directly and indirectly, from the making of the Loan.
- DIRECT DEBIT.** If the Loan is not forgiven and a Loan Balance remains, Borrower agrees that on the due date of any amount due as set forth in the Repayment Letter, Bank will debit the amount due from the Deposit Account established by Borrower in connection with this Loan. Should there be insufficient funds in the Deposit Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.
- INTEREST RATE:** Bank shall charge interest on the unpaid principal balance of the Loan at the interest rate set forth above under "Interest Rate" from the date the Loan was funded until the Loan is paid in full.
- REPRESENTATIONS, WARRANTIES AND COVENANTS.** (1) Borrower represents and warrants to Bank, and covenants and agrees with Bank, that: (i) Borrower has read the statements included in the Application, including the Statements Required by Law and Executive Orders, and Borrower understands them. (ii) Borrower was and remains eligible to receive a loan under the rules in effect at the time Borrower submitted to Bank its Paycheck Protection Program Application Form (the "Application") that have been issued by the SBA implementing the Paycheck Protection Program under Division A, Title I of the CARES Act (the "Paycheck Protection Program Rule"). (iii) Borrower (a) is an independent contractor, eligible self-employed individual, or sole proprietor or (b) employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for Borrower's industry. (iv) Borrower will comply whenever applicable, with the civil rights and other limitations in the Application. (v) All proceeds of the Loan will be used only for business-related purposes as specified in the Application and consistent with the Paycheck Protection Program Rule. (vi) To the extent feasible, Borrower will purchase only American-made equipment and products. (vii) Borrower is not engaged in any activity that is illegal under federal, state or local law. (viii) Borrower certifies that any loan received by Borrower under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 that will remain outstanding after funding of this Loan was for a purpose other than paying payroll costs and other allowable uses under the Paycheck Protection Program Rule. (ix) Borrower was in operation on February 15, 2020 and had employees for whom Borrower paid salaries and payroll taxes or paid independent contractors (as reported on Form(s) 1099-MISC). (x) The current economic uncertainty makes the request for the Loan necessary to support the ongoing operations of Borrower. (xi) All proceeds of the Loan will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule and Borrower acknowledges that if the funds are knowingly used for unauthorized purposes, the federal government may hold Borrower and/or Borrower's authorized representative legally liable, such as for charges of fraud. (xii) Borrower has provided Bank true, correct and complete information demonstrating that Borrower had employees for whom Borrower paid salaries and payroll taxes on or around February 15, 2020. (xiii) Borrower has provided to Bank all documentation available to Borrower on a reasonable basis verifying the dollar amounts of average monthly payroll costs for the calendar year 2019, which documentation shall include, as applicable, copies of payroll processor records, payroll tax filings and/or Form 1099-MISC. (xiv) Borrower will promptly provide to Bank (a) any additional documentation that Bank requests in order to verify payroll costs and (b) documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight week period following the Loan. (xv) Borrower acknowledges that (a) loan forgiveness will be provided by the SBA for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the Forgivable Amount may be for non-payroll costs (xvi) During the period beginning on February 15, 2020 and ending on December 31, 2020, Borrower has not and will not receive any other loan under

the Paycheck Protection Program. (xvii) Borrower certifies that the information provided in the Application and the information that Borrower provided in all supporting documents and forms is true and accurate in all material respects. Borrower acknowledges that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000. (xviii) Borrower understands, acknowledges and agrees that Bank can share any tax information received from Borrower or any Owner with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews. (xix) Neither Borrower nor any Owner, is presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy. (xx) Neither Borrower, nor any Owner, nor any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government. (xxi) Neither Borrower, nor any Owner, is an owner of any other business or has common management with any other business, except as disclosed to the Bank in connection with the Borrower's Application. (xxii) Borrower did not receive an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020, except as disclosed to the Bank in connection with the Borrower's Application. (xxiii) Neither Borrower (if an individual), nor any individual owning 20% or more of the equity of Borrower (each, an "Owner"), is subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole. (xxiv) Neither Borrower (if an individual), nor any Owner, has within the last 5 years been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment) for any felony. (xxv) The United States is the principal place of residence for all employees of Borrower included in Borrower's payroll calculation included in the Application. (xxvi) The Borrower correctly indicated on its Application whether it is a franchise that is listed in the SBA's franchise directory. (xxvii) If Borrower is claiming an exemption from all SBA affiliation rules applicable to Paycheck Protection Program loan eligibility under the religious exemption to the affiliation rules, Borrower has made a reasonable, good faith determination that it qualifies for such religious exemption under 13 C.F.R. 121.103(b)(10), which provides that "[t]he relationship of a faith-based organization to another organization is not considered an affiliation with the other organization...if the relationship is based on a religious teaching or belief or otherwise constitutes a part of the exercise of religion." (2) At all times during the term of the Loan, Borrower represents and warrants to the Bank, that (i) if Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized; (ii) this Note, and any instrument or agreement required under this Note, are within Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers; (iii) the information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all respects; and (iv) in each state in which Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name (e.g. trade name or d/b/a) statutes. **IF**

THE FUNDING DATE IS AFTER THE DATE OF THIS NOTE, BORROWER AGREES THAT BORROWER SHALL BE DEEMED TO HAVE REPEATED AND REISSUED, IMMEDIATELY PRIOR TO THE FUNDING ON

THE FUNDING DATE, THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS SET FORTH ABOVE IN THIS PARAGRAPH

5. **EVENTS OF DEFAULT:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower until the Loan Balance is fully paid, the occurrence and continuation of any of the following events shall constitute a default hereunder: (i) insolvency, bankruptcy, dissolution, issuance of an attachment or garnishment against Borrower; (ii) failure to make any payment when due under the Loan or any or all other loans made by Bank to Borrower, and such failure continues for ten (10) days after it first became due; (iii) failure to provide current financial information promptly upon request by Bank; (iv) the making of any false or materially misleading statement on any application or any financial statement for the Loan or for any or all other loans made by Bank to Borrower; (v) Bank in good faith believes the prospect of payment under the Loan or any or all other loans made by Bank to Borrower is impaired; (vi) Borrower under or in connection with the Loan or any or all other loans made by Bank to Borrower fails to timely and properly observe, keep or perform any term, covenant, agreement, or condition therein; (vii) default shall be made with respect to any other indebtedness for borrowed money of Borrower, if the default is a failure to pay at maturity or if the effect of such default is to accelerate the maturity of such indebtedness for borrowed money or to permit the holder or obligee thereof or other party thereto to cause any such indebtedness for borrowed money to become due prior to its stated maturity; (viii) the Bank in its sole discretion determines in good faith that an event has occurred that materially and adversely affects Borrower; (ix) any change shall occur in the ownership of the Borrower; (x) permanent cessation of Borrower's business operations; (xi) Borrower, if an individual, dies, or becomes disabled, and such disability prevents the Borrower from continuing to operate its business; (xii) Bank receives notification or is otherwise made aware that Borrower, or any affiliate of Borrower, is listed as or appears on any lists of known or suspected terrorists or terrorist organizations provided to Bank by the U.S. government under the USA Patriot Act of 2001; and (xiii) Borrower fails to maintain the Deposit Account with the Bank.
6. **REMEDIES:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower, upon the occurrence of a default, all or any portion of the entire amount owing on the Loan, and any and all other loans made by Bank to Borrower, shall, at Bank's option, become immediately due and payable without demand or notice. Upon a default, Bank may exercise any other right or remedy available to it at law or in equity. All persons included in the term "Borrower" are jointly and severally liable for repayment, regardless of to whom any advance of credit was made. Borrower shall pay any costs Bank may incur including without limitation reasonable attorney's fees and court costs should the Loan and/or any and all other loans made by Bank to Borrower be referred to an attorney for collection to the extent permitted under applicable state law. **EACH PERSON INCLUDED IN THE TERM BORROWER WAIVES ALL SURETYSHIP AND OTHER SIMILAR DEFENSES TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW.**
7. **CREDIT INVESTIGATION:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower until the Loan Balance is fully paid, Borrower authorizes Bank and any of its affiliates at any time to make whatever credit investigation Bank deems is proper to evaluate Borrower's credit, financial standing and employment and Borrower authorizes Bank to exchange Borrower's credit experience with credit bureaus and other creditors Bank reasonably believes are doing business with Borrower. Borrower also agrees to furnish Bank with any financial statements Bank may request at any time and in such detail as Bank may require.
8. **NOTICES:** Borrower's request for Loan forgiveness, and the documentation that must accompany that request, shall be submitted to Bank by transmitting the communication to the electronic address, website, or other electronic transmission portal provided by Bank to Borrower.

Otherwise, all notices required under this Note shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Note, or sent by facsimile to the fax number(s) listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing (any such notice a "Written Notice"). Written Notices shall be effective

(i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. In lieu of a Written Notice, notices and/or communications from the Bank to the Borrower may, to the extent permitted by law, be delivered electronically (i) by transmitting the communication to the electronic address provided by the Borrower or to such other electronic address as the Borrower may specify from time to time in writing, or (ii) by posting the communication on a website and sending the Borrower a notice to the Borrower's postal address or electronic address telling the Borrower that the communication has been posted, its location, and providing instructions on how to view it (any such notice, an "Electronic Notice"). Electronic Notices shall be effective when presented to the Borrower, or is sent to the Borrower's electronic address or is posted to the Bank's website. To retain a copy for your records, please download and print or save a copy to your device.

9. **CHOICE OF LAW; JURISDICTION; VENUE.** (1) At all times that Bank is the holder of this Note, except to the extent that any law of the United States may apply, this Note shall be governed and interpreted according to the internal laws of the state of Borrower's principal place of business (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. However, the charging and calculating of interest on the obligations under this Note shall be governed by, construed and enforced in accordance with the laws of the state of North Carolina and applicable federal law. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of Bank under federal law. Borrower and Bank agree and consent to be subject to the personal jurisdiction of any state or federal court located in the Governing Law State so that trial shall only be conducted by a court in that state. (2) Notwithstanding the foregoing, when SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.
10. **MISCELLANEOUS.** The Loan may be sold or assigned by Bank without notice to Borrower. Borrower may not assign the Loan or its rights hereunder to anyone without Bank's prior written consent. If any provision of this Note is contrary to applicable law or is found unenforceable, such provision shall be severed from this Note without invalidating the other provisions thereof. Bank may delay enforcing any of its rights under this Note without losing them, and no failure or delay on the part of Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. Bank, by its acceptance hereof, and the making of the Loan and Borrower understand and agree that this Note constitutes the complete understanding between them. This Note shall be binding upon Borrower, and its successors and assigns, and inure to the benefit of Bank and its successors and assigns.
11. **BORROWING AUTHORIZED.** The signer for Borrower represents, covenants and warrants to Bank that he or she is certified to borrow for the Borrower and is signing this Note as the duly authorized sole proprietor, owner, sole shareholder, officer, member, managing member, partner, trustee, principal, agent or representative of Borrower, and further acknowledges and confirms to Bank that by said signature he or she has read and understands all of the terms and provisions contained in this Note and agrees and consents to be bound by them. This Note and any instrument or agreement required herein, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers. The individuals signing this Agreement on behalf of each Borrower are authorized to sign such documents on behalf of such entities. For purposes of this Note only, the Bank may rely upon and accept the authority of only one signer on behalf of the Borrower, and for this Note, this resolution supersedes and replaces any prior and existing contrary resolution provided by Borrower to Bank.
12. **ELECTRONIC COMMUNICATIONS AND SIGNATURES.** This Note and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Note (each a "Communication"), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

13. CONVERSION TO PAPER ORIGINAL. At the Bank's discretion the authoritative electronic copy of this Note ("Authoritative Copy") may be converted to paper and marked as the original by the Bank (the "Paper Original"). Unless and until the Bank creates a Paper Original, the Authoritative Copy of this Agreement: (1) shall at all times reside in a document management system designated by the Bank for the storage of authoritative copies of electronic records, and (2) is held in the ordinary course of business. In the event the Authoritative Copy is converted to a Paper Original, the parties hereto acknowledge and agree that: (1) the electronic signing of this Agreement also constitutes issuance and delivery of the Paper Original, (2) the electronic signature(s) associated with this Agreement, when affixed to the Paper Original, constitutes legally valid

and binding signatures on the Paper Original, and (3) the Borrower's obligations will be evidenced by the Paper Original after such conversion.

14. BORROWER ATTESTATION. Borrower attests and certifies to Bank that it has not provided false or misleading information or statements to the Bank in its application for the Loan, and that the certifications, representations, warranties, and covenants made to the Bank in this Note and elsewhere relating to the Loan are true, accurate, and correct. Borrower further attests and certifies to Bank that it has read, understands, and acknowledges that the Loan is being made under the CARES Act, and any use of the proceeds of the Loan other than as permitted by the CARES Act, or any false or misleading information or statements provided to the Bank in its application for the Loan or in this Note may subject the Borrower to criminal and civil liability under applicable state and federal laws and regulations, including but not limited to, the False Claims Act, 31 U.S.C. Section 3729, et. seq. Borrower further acknowledges and understands that this Note is not valid and effective until and unless Borrower's application for the Loan is approved and Bank's receiving confirmation from the SBA that Bank may proceed with the Loan.

IN WITNESS WHEREOF, I, the authorized representative of the Borrower, hereto have caused this Promissory Note to be duly executed as of the date set forth below.

BORROWER: South Hampton Resources, Inc.

/s/ Sami Ahmad

Signature of Authorized Representative of Borrower

Sami Ahmad

Print Name

Authorized Representative

Title

STREET ADDRESS: 7752 FM 418

CITY/STATE/ZIP CODE: Silsbee, TX, 77656/

Promissory Note

Date	Loan Amount	Interest Rate after Deferment Period	Deferment Period
April 30, 2020	\$2,188,087.50	1.00% fixed per annum	6 months

This Promissory Note ("Note") sets forth and confirms the terms and conditions of a term loan to Trecora Chemical Inc (whether one or more than one, "Borrower") from Bank of America, NA, a national banking association having an address of P.O. Box 15220, Wilmington, DE 19886-5220 (together with its agents, affiliates, successors and assigns, the "Bank") for the Loan Amount and at the Interest Rate stated above (the "Loan"). The Loan is made pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The funding of the Loan is conditioned upon approval of Borrower's application for the Loan and Bank's receiving confirmation from the SBA that Bank may proceed with the Loan. The date on which the funding of the Loan takes place is referred to as the "Funding Date". If the Funding Date is later than the date of this Note, the Deferment Period commences on the Funding Date and ends six months from the Funding Date. After sixty (60) days from the date the Loan is funded, but not more than ninety (90) days from the date the Loan is funded, Borrower shall apply to Bank for loan forgiveness. If the SBA confirms full and complete forgiveness of the unpaid balance of the Loan, and reimburses Bank for the total outstanding balance, principal and interest, Borrower's obligations under the Loan will be deemed fully satisfied and paid in full. If the SBA does not confirm forgiveness of the Loan, or only partly confirms forgiveness of the Loan, or Borrower fails to apply for loan forgiveness, Borrower will be obligated to repay to the Bank the total outstanding balance remaining due under the Loan, including principal and interest (the "Loan Balance"), and in such case, Bank will establish the terms for repayment of the Loan Balance in a separate letter to be provided to Borrower, which letter will set forth the Loan Balance, the amount of each monthly payment, the interest rate (not in excess of a fixed rate of one per cent (1.00%) per annum), the term of the Loan, and the maturity date of two (2) years from the funding date of the Loan. No principal or interest payments will be due prior to the end of the Deferment Period. Borrower promises, covenants and agrees with Bank to repay the Loan in accordance with the terms for repayment as set forth in that letter (the "Repayment Letter"). Payments greater than the monthly payment or additional payments may be made at any time without a prepayment penalty but shall not relieve Borrower of its obligations to pay the next succeeding monthly payment.

In consideration of the Loan received by Borrower from Bank, Borrower agrees as follows:

- DEPOSIT ACCOUNT/USE OF LOAN PROCEEDS:** Borrower is required to maintain a deposit account with Bank of America, N.A. (the "Deposit Account") until the Loan is either forgiven in full or the Loan is fully paid by Borrower. Borrower acknowledges and agrees that the proceeds of the Loan shall be deposited by Bank into the Deposit Account. The Loan proceeds are to not be used by Borrower for any illegal purpose and Borrower represents to the Bank that it will derive material benefit, directly and indirectly, from the making of the Loan.
- DIRECT DEBIT.** If the Loan is not forgiven and a Loan Balance remains, Borrower agrees that on the due date of any amount due as set forth in the Repayment Letter, Bank will debit the amount due from the Deposit Account established by Borrower in connection with this Loan. Should there be insufficient funds in the Deposit Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.
- INTEREST RATE:** Bank shall charge interest on the unpaid principal balance of the Loan at the interest rate set forth above under "Interest Rate" from the date the Loan was funded until the Loan is paid in full.
- REPRESENTATIONS, WARRANTIES AND COVENANTS.** (1) Borrower represents and warrants to Bank, and covenants and agrees with Bank, that: (i) Borrower has read the statements included in the Application, including the Statements Required by Law and Executive Orders, and Borrower understands them. (ii) Borrower was and remains eligible to receive a loan under the rules in effect at the time Borrower submitted to Bank its Paycheck Protection Program Application Form (the "Application") that have been issued by the SBA implementing the Paycheck Protection Program under Division A, Title I of the CARES Act (the "Paycheck Protection Program Rule"). (iii) Borrower (a) is an independent contractor, eligible self-employed individual, or sole proprietor or (b) employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for Borrower's industry. (iv) Borrower will comply whenever applicable, with the civil rights and other limitations in the Application. (v) All proceeds of the Loan will be used only for business-related purposes as specified in the Application and consistent with the Paycheck Protection Program Rule. (vi) To the extent feasible, Borrower will purchase only American-made equipment and products. (vii) Borrower is not engaged in any activity that is illegal under federal, state or local law. (viii) Borrower certifies that any loan received by Borrower under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 that will remain outstanding after funding of this Loan was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule. (ix) Borrower was in operation on February 15, 2020 and had employees for whom Borrower paid salaries and payroll taxes or paid independent contractors (as reported on Form(s) 1099-MISC). (x) The current economic uncertainty makes the request for the Loan necessary to support the ongoing operations of Borrower. (xi) All proceeds of the Loan will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule and Borrower acknowledges that if the funds are knowingly used for unauthorized purposes, the federal government may hold Borrower and/or Borrower's authorized representative legally liable, such as for charges of fraud. (xii) Borrower has provided Bank true, correct and complete information demonstrating that Borrower had employees for whom Borrower paid salaries and payroll taxes on or around February 15, 2020. (xiii) Borrower has provided to Bank all documentation available to Borrower on a reasonable basis verifying the dollar amounts of average monthly payroll costs for the calendar year 2019, which documentation shall include, as applicable, copies of payroll processor records, payroll tax filings and/or Form 1099-MISC. (xiv) Borrower will promptly provide to Bank (a) any additional documentation that Bank requests in order to verify payroll costs and (b) documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight week period following the Loan. (xv) Borrower acknowledges that (a) loan forgiveness will be provided by the SBA for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the Forgivable Amount may be for non-payroll costs (xvi) During the period beginning on February 15, 2020 and ending on December 31, 2020, Borrower has not and will not receive any other loan under

the Paycheck Protection Program. (xvii) Borrower certifies that the information provided in the Application and the information that Borrower provided in all supporting documents and forms is true and accurate in all material respects. Borrower acknowledges that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000. (xviii) Borrower understands, acknowledges and agrees that Bank can share any tax information received from Borrower or any Owner with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews. (xix) Neither Borrower nor any Owner, is presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy. (xx) Neither Borrower, nor any Owner, nor any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government. (xxi) Neither Borrower, nor any Owner, is an owner of any other business or has common management with any other business, except as disclosed to the Bank in connection with the Borrower's Application. (xxii) Borrower did not receive an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020, except as disclosed to the Bank in connection with the Borrower's Application. (xxiii) Neither Borrower (if an individual), nor any individual owning 20% or more of the equity of Borrower (each, an "Owner"), is subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole. (xxiv) Neither Borrower (if an individual), nor any Owner, has within the last 5 years been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment) for any felony. (xxv) The United States is the principal place of residence for all employees of Borrower included in Borrower's payroll calculation included in the Application. (xxvi) The Borrower correctly indicated on its Application whether it is a franchise that is listed in the SBA's franchise directory. (xxvii) If Borrower is claiming an exemption from all SBA affiliation rules applicable to Paycheck Protection Program loan eligibility under the religious exemption to the affiliation rules, Borrower has made a reasonable, good faith determination that it qualifies for such religious exemption under 13 C.F.R. 121.103(b)(10), which provides that "[t]he relationship of a faith-based organization to another organization is not considered an affiliation with the other organization...if the relationship is based on a religious teaching or belief or otherwise constitutes a part of the exercise of religion." (2) At all times during the term of the Loan, Borrower represents and warrants to the Bank, that (i) if Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized; (ii) this Note, and any instrument or agreement required under this Note, are within Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers; (iii) the information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all respects; and (iv) in each state in which Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name (e.g. trade name or d/b/a) statutes. **IF THE FUNDING DATE IS AFTER THE DATE OF THIS NOTE, BORROWER AGREES THAT BORROWER SHALL BE DEEMED TO HAVE REPEATED AND REISSUED, IMMEDIATELY PRIOR TO THE FUNDING ON**

THE FUNDING DATE, THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS SET FORTH ABOVE IN THIS PARAGRAPH

5. **EVENTS OF DEFAULT:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower until the Loan Balance is fully paid, the occurrence and continuation of any of the following events shall constitute a default hereunder: (i) insolvency, bankruptcy, dissolution, issuance of an attachment or garnishment against Borrower; (ii) failure to make any payment when due under the Loan or any or all other loans made by Bank to Borrower, and such failure continues for ten (10) days after it first became due; (iii) failure to provide current financial information promptly upon request by Bank; (iv) the making of any false or materially misleading statement on any application or any financial statement for the Loan or for any or all other loans made by Bank to Borrower; (v) Bank in good faith believes the prospect of payment under the Loan or any or all other loans made by Bank to Borrower is impaired; (vi) Borrower under or in connection with the Loan or any or all other loans made by Bank to Borrower fails to timely and properly observe, keep or perform any term, covenant, agreement, or condition therein; (vii) default shall be made with respect to any other indebtedness for borrowed money of Borrower, if the default is a failure to pay at maturity or if the effect of such default is to accelerate the maturity of such indebtedness for borrowed money or to permit the holder or obligee thereof or other party thereto to cause any such indebtedness for borrowed money to become due prior to its stated maturity; (viii) the Bank in its sole discretion determines in good faith that an event has occurred that materially and adversely affects Borrower; (ix) any change shall occur in the ownership of the Borrower; (x) permanent cessation of Borrower's business operations; (xi) Borrower, if an individual, dies, or becomes disabled, and such disability prevents the Borrower from continuing to operate its business; (xii) Bank receives notification or is otherwise made aware that Borrower, or any affiliate of Borrower, is listed as or appears on any lists of known or suspected terrorists or terrorist organizations provided to Bank by the U.S. government under the USA Patriot Act of 2001; and (xiii) Borrower fails to maintain the Deposit Account with the Bank.
6. **REMEDIES:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower, upon the occurrence of a default, all or any portion of the entire amount owing on the Loan, and any and all other loans made by Bank to Borrower, shall, at Bank's option, become immediately due and payable without demand or notice. Upon a default, Bank may exercise any other right or remedy available to it at law or in equity. All persons included in the term "Borrower" are jointly and severally liable for repayment, regardless of to whom any advance of credit was made. Borrower shall pay any costs Bank may incur including without limitation reasonable attorney's fees and court costs should the Loan and/or any and all other loans made by Bank to Borrower be referred to an attorney for collection to the extent permitted under applicable state law. **EACH PERSON INCLUDED IN THE TERM BORROWER WAIVES ALL SURETYSHIP AND OTHER SIMILAR DEFENSES TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW.**
7. **CREDIT INVESTIGATION:** If the Loan is not forgiven and a Loan Balance remains, then from the date the Repayment Letter is sent to Borrower until the Loan Balance is fully paid, Borrower authorizes Bank and any of its affiliates at any time to make whatever credit investigation Bank deems is proper to evaluate Borrower's credit, financial standing and employment and Borrower authorizes Bank to exchange Borrower's credit experience with credit bureaus and other creditors Bank reasonably believes are doing business with Borrower. Borrower also agrees to furnish Bank with any financial statements Bank may request at any time and in such detail as Bank may require.
8. **NOTICES:** Borrower's request for Loan forgiveness, and the documentation that must accompany that request, shall be submitted to Bank by transmitting the communication to the electronic address, website, or other electronic transmission portal provided by Bank to Borrower.

Otherwise, all notices required under this Note shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Note, or sent by facsimile to the fax number(s) listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing (any such notice a "Written Notice"). Written Notices shall be effective

(i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. In lieu of a Written Notice, notices and/or communications from the Bank to the Borrower may, to the extent permitted by law, be delivered electronically (i) by transmitting the communication to the electronic address provided by the Borrower or to such other electronic address as the Borrower may specify from time to time in writing, or (ii) by posting the communication on a website and sending the Borrower a notice to the Borrower's postal address or electronic address telling the Borrower that the communication has been posted, its location, and providing instructions on how to view it (any such notice, an "Electronic Notice"). Electronic Notices shall be effective when presented to the Borrower, or is sent to the Borrower's electronic address or is posted to the Bank's website. To retain a copy for your records, please download and print or save a copy to your device.

9. **CHOICE OF LAW; JURISDICTION; VENUE.** (1) At all times that Bank is the holder of this Note, except to the extent that any law of the United States may apply, this Note shall be governed and interpreted according to the internal laws of the state of Borrower's principal place of business (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. However, the charging and calculating of interest on the obligations under this Note shall be governed by, construed and enforced in accordance with the laws of the state of North Carolina and applicable federal law. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of Bank under federal law. Borrower and Bank agree and consent to be subject to the personal jurisdiction of any state or federal court located in the Governing Law State so that trial shall only be conducted by a court in that state. (2) Notwithstanding the foregoing, when SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.
10. **MISCELLANEOUS.** The Loan may be sold or assigned by Bank without notice to Borrower. Borrower may not assign the Loan or its rights hereunder to anyone without Bank's prior written consent. If any provision of this Note is contrary to applicable law or is found unenforceable, such provision shall be severed from this Note without invalidating the other provisions thereof. Bank may delay enforcing any of its rights under this Note without losing them, and no failure or delay on the part of Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. Bank, by its acceptance hereof, and the making of the Loan and Borrower understand and agree that this Note constitutes the complete understanding between them. This Note shall be binding upon Borrower, and its successors and assigns, and inure to the benefit of Bank and its successors and assigns.
11. **BORROWING AUTHORIZED.** The signer for Borrower represents, covenants and warrants to Bank that he or she is certified to borrow for the Borrower and is signing this Note as the duly authorized sole proprietor, owner, sole shareholder, officer, member, managing member, partner, trustee, principal, agent or representative of Borrower, and further acknowledges and confirms to Bank that by said signature he or she has read and understands all of the terms and provisions contained in this Note and agrees and consents to be bound by them. This Note and any instrument or agreement required herein, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers. The individuals signing this Agreement on behalf of each Borrower are authorized to sign such documents on behalf of such entities. For purposes of this Note only, the Bank may rely upon and accept the authority of only one signer on behalf of the Borrower, and for this Note, this resolution supersedes and replaces any prior and existing contrary resolution provided by Borrower to Bank.
12. **ELECTRONIC COMMUNICATIONS AND SIGNATURES.** This Note and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Note (each a "Communication"), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

13. CONVERSION TO PAPER ORIGINAL. At the Bank's discretion the authoritative electronic copy of this Note ("Authoritative Copy") may be converted to paper and marked as the original by the Bank (the "Paper Original"). Unless and until the Bank creates a Paper Original, the Authoritative Copy of this Agreement: (1) shall at all times reside in a document management system designated by the Bank for the storage of authoritative copies of electronic records, and (2) is held in the ordinary course of business. In the event the Authoritative Copy is converted to a Paper Original, the parties hereto acknowledge and agree that: (1) the electronic signing of this Agreement also constitutes issuance and delivery of the Paper Original, (2) the electronic signature(s) associated with this Agreement, when affixed to the Paper Original, constitutes legally valid

and binding signatures on the Paper Original, and (3) the Borrower's obligations will be evidenced by the Paper Original after such conversion.

14. BORROWER ATTESTATION. Borrower attests and certifies to Bank that it has not provided false or misleading information or statements to the Bank in its application for the Loan, and that the certifications, representations, warranties, and covenants made to the Bank in this Note and elsewhere relating to the Loan are true, accurate, and correct. Borrower further attests and certifies to Bank that it has read, understands, and acknowledges that the Loan is being made under the CARES Act, and any use of the proceeds of the Loan other than as permitted by the CARES Act, or any false or misleading information or statements provided to the Bank in its application for the Loan or in this Note may subject the Borrower to criminal and civil liability under applicable state and federal laws and regulations, including but not limited to, the False Claims Act, 31 U.S.C. Section 3729, et. seq. Borrower further acknowledges and understands that this Note is not valid and effective until and unless Borrower's application for the Loan is approved and Bank's receiving confirmation from the SBA that Bank may proceed with the Loan.

IN WITNESS WHEREOF, I, the authorized representative of the Borrower, hereto have caused this Promissory Note to be duly executed as of the date set forth below.

BORROWER: Trecora Chemical Inc

/s/ Sami Ahmad

Signature of Authorized Representative of Borrower

Sami Ahmad

Print Name

Authorized Representative

Title

STREET ADDRESS: 12500 Bay Area Blvd

CITY/STATE/ZIP CODE: Pasadena, TX, 77507

Text omitted has been redacted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed. **[**SOURCE A**]** indicates the redacted portions of this exhibit that refer to a third party supplier of natural gas to Martin Operating Partnership L.P. **[***]** indicates other redacted portions of this exhibit.

**SECOND AMENDED AND RESTATED NATURAL
GASOLINE SUPPLY AND HANDLING AGREEMENT**

This SECOND AMENDED AND RESTATED NATURAL GASOLINE SUPPLY AND HANDLING AGREEMENT (the “*Agreement*”) is made and entered into effective as of the 1st day of May, 2020 (the “*Effective Date*”), by and between **MARTIN OPERATING PARTNERSHIP L.P.**, a Delaware limited partnership (hereinafter referred to as “*Operator*”), and **SOUTH HAMPTON RESOURCES, INC.**, a Texas corporation (hereinafter referred to as “*Customer*”). Operator and Customer shall collectively referred herein as the “*Parties*”.

WITNESSETH:

WHEREAS, Customer requires Feedstock Supply (as hereinafter defined) as raw materials for the operation of its facility located at 7752 Highway 418 near Silsbee, Texas (the “*Customer’s Facility*”), and wishes Operator obtain and transport such Feedstock Supply to Customer’s Facility;

WHEREAS, Customer also desires that Operator obtain and transport Fuel Supply (as hereinafter defined) to Customer at Customer’s Facility for use in the **[***]**;

WHEREAS, Operator supplies Product (as hereinafter defined) to Customer’s Facility via delivery to Customer’s eight inch liquid products pipeline originating at **[**SOURCE A**]**’s **[***]** in Orange County, Texas, and terminating approximately thirty-two miles north at Customer’s Facility (the “*Customer’s Pipeline*”);

WHEREAS, delivery of Product to Customer’s Pipeline is currently accomplished by purchasing Natural Gasoline in Mont Belvieu, Texas, moving or exchanging the purchased Natural Gasoline from Mont Belvieu, Texas to an **[***]** Barrel storage tank with **[***]** located at Operator’s Spindletop Terminal in Beaumont, Texas (the “*Tank*”) utilizing a liquids product pipeline operated by **[**SOURCE A**]**, and finally by moving the Natural Gasoline from the Tank to Customer’s Pipeline utilizing a pipeline owned by Operator (“*Operator’s Pipeline*”);

WHEREAS, Operator and Customer are parties to that certain Amended and Restated Natural Gasoline Supply and Handling Agreement dated April 21, 2017 (the “*Prior Agreement*”); and

WHEREAS, Operator and Customer wish to amend and restate the Prior Agreement to modify certain terms and conditions under which Product is transported to Customer’s Pipeline and purchased by Customer.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, Operator and Customer agree as follows:

1. **Definitions.**

“*Agreement*” has the meaning set forth in the first paragraph of this agreement.

“*Average Feedstock Marketing Fee*” means \$**[***]** per Gallon.

“*Barrel*” means forty-two (42) Gallons of an equivalent liquid volume adjusted to sixty degrees (60°) Fahrenheit.

“*Business Day*” means any Day that is a Monday, Tuesday, Wednesday, Thursday or Friday, except where such Day is a bank holiday.

“*Contract Year*” means the period beginning at 7:00 a.m., CPT, on each August 1st and ending at 7:00 a.m., CPT, on succeeding August 1st.

“*CPT*” means Central Prevailing Time.

“*Customer*” has the meaning set forth in the first paragraph of this Agreement.

“*Customer’s Facility*” has the meaning set forth in the recitals of this Agreement.

“*Customer’s Pipeline*” has the meaning set forth in the recitals of this Agreement.

“**Customer Supply**” means Natural Gasoline purchased from third parties in compliance with Section 9 and subsequently delivered by rail or truck into the Tank.

“**Day**” means the twenty-four (24) hour period beginning at 7:00 a.m., CPT, on one calendar day and ending at 7:00 a.m., CPT, on the following calendar day.

“**Effective Date**” has the meaning set forth in the first paragraph of this Agreement.

“**[**SOURCE A**]**” has the meaning set forth in the recitals of this Agreement.

“**[**SOURCE A**] Exchange Agreement**” means that certain Term Exchange Contract between **[**SOURCE A**]** and Martin Operating Partnership L.P. dated April 21, 2017, as amended by that certain First Amendment to Term Exchange Contract dated as of March 1, 2020, both attached hereto as Exhibit A.

“**[**SOURCE A**] Fee**” means the actual amounts charged by **[**SOURCE A**]** to Operator for the exchange from Mt. Belvieu, Texas to the Tank of Product sold to Customer pursuant to the **[**SOURCE A**]** Exchange Agreement.

“**[**SOURCE A**] Purchase Agreement**” means that certain First Amended and Restated Term Purchase Contract dated as of July 31, 2017, between **[**SOURCE A**]** and Martin Operating Partnership L.P. and as amended by that certain First Amendment dated June 22, 2018 and that certain Second Amendment dated as of March 1, 2020, attached hereto as Exhibit B.

“**Event of Default**” has the meaning set forth in Section 13 of this Agreement.

“**Feedstock Marketing Fee**” means (i) \$**[***]** per Gallon for each Gallon of Feedstock Supply through April 30, 2020, (ii) \$**[***]** per Gallon for each Gallon of Feedstock Supply from May 1, 2020 through July 31, 2022, and (iii) \$**[***]** per Gallon for each Gallon of Feedstock Supply thereafter.

“**Feedstock Supply**” means Natural Gasoline purchased from Operator to be consumed as a feedstock for the operation of Customer’s Facility.

“**Feedstock Terminal Fee**” means \$**[***]** per Gallon for each Gallon of Feedstock Supply, as may be adjusted annually pursuant to Section 4.

“**FERC Index**” has the meaning set forth in Section 4.

“**Fuel Marketing Fee**” means \$**[***]** per Gallon for each Gallon of Fuel Supply through July 31, 2022.

“**Fuel Terminal Fee**” means \$**[***]** per Gallon for each Gallon of Fuel Supply through July 31, 2022.

“**Fuel Supply**” means Natural Gasoline purchased from Operator to be sold by Customer into the **[***]**.

“**Gallon**” means 231 cubic inches adjusted to a temperature of sixty degrees (60°) Fahrenheit and at an absolute pressure of 14.65 psi, or pressure expressed in pounds per square inch.

“**Initial Term**” has the meaning set forth in Section 2.

“**Laws**” has the meaning set forth in Section 3.

“**Meter**” has the meaning set forth in Section 6.

“**Minimum Annual Volume**” means **[***]** Gallons of Feedstock Supply for the Contract Year ending July 31, 2020 and **[***]** Gallons of Feedstock Supply during each Contract Year thereafter.

“**Minimum Quarterly Volume**” means **[***]** Gallons of Feedstock Supply per Quarter through April 30, 2020 and **[***]** Gallons of Feedstock Supply per Quarter thereafter.

“**Month**” means the period beginning at 7:00 a.m., CPT, on the first Day of a calendar month and ending at 7:00 a.m., CPT, on the first Day of the succeeding calendar month.

“**Natural Gasoline**” means natural gasoline meeting the Receipt and Delivery **[**SOURCE A**]** Specification attached hereto as Exhibit C, as may be amended from time to time by **[**SOURCE A**]**.

“**Operator**” has the meaning set forth in the first paragraph of this Agreement.

“**Operator’s Pipeline**” has the meaning set forth in the recitals of this Agreement.

“**Parties**” has the meaning set forth in the first paragraph of this Agreement

“**Prior Agreement**” has the meaning set forth in the recitals of this Agreement.

“**Product**” means collectively, Feedstock Supply and Fuel Supply.

“**Product Acquisition Cost**” means the actual cost to Operator to purchase Product (historically, OPIS Non-TET (Any Month) plus negotiated differential) to supply Customer hereunder by purchasing Product pursuant to the [**SOURCE A**] Purchase Agreement, if available, and other sources thereafter, calculated on a first in, first out basis plus the Feedstock Marketing Fee or Fuel Marketing Fee, as applicable.

“**Quarter**” means (i) August, September and October; (ii) November, December and January; (iii) February, March and April; or (iv) May, June and July, as may be applicable.

“**Renewal Term**” has the meaning set forth in Section 2.

“**Services**” has the meaning set forth in Section 3.

“**Shortfall Fee**” means the product of (i) the Throughput Shortfall Volume times (ii) the sum of the Feedstock Terminal Fee and the Feedstock Marketing Fee.

“**Subsequent Law**” has the meaning set forth in Section 14.b.

“**Tank**” has the meaning set forth in the recitals of this Agreement.

“**Term**” has the meaning set forth in Section 2.

“**Terminal Fees**” means the Feedstock Terminal Fee and Fuel Terminal Fee.

“**Threshold Volume**” means [***] Gallons through April 30, 2020 and [***] Gallons thereafter.

“**Throughput Shortfall Volume**” means the difference between the Minimum Quarterly Volume and the actual Gallons of Feedstock Supply delivered into Customer’s Pipeline during a Quarter.

2. **Term of Agreement.** The initial term of this Agreement shall begin on the Effective Date and shall end at 11:59 p.m. CPT on [***] (the “**Initial Term**”) and shall automatically be renewed for successive one-year terms (each, a “**Renewal Term**”) after the Initial Term, unless cancelled in writing by either party by one hundred eighty (180) Days’ written notice prior to the end of then-existing term. The Initial Term and each Renewal Term hereunder shall be collectively, the “**Term**.”
3. **Services.** In consideration of the compensation provided in Section 4 hereof, Operator will purchase Product and either transport or exchange such Product into the Tank, and then transfer the Product from the Tank to Customer’s Pipeline at the Meter (as hereinafter defined) utilizing Operator’s Pipeline (the “**Services**”). Operator will be responsible for providing all manpower and utilities required to perform all of the Services, which are not provided by third-parties. In the performance of the Services, Operator shall comply in all material respects with all requirements of federal, state and local laws, ordinances, decrees, orders, regulations, permits or other requirements having the force of law (hereinafter the “**Laws**”) and shall be responsible for all regulatory compliance reporting.
4. **Operator’s Compensation.** As compensation for the Services performed hereunder, each Month Customer shall pay Operator the following:
 - a. Product Acquisition Cost of the Product delivered to Customer’s Pipeline;
 - b. The Feedstock Terminal Fee multiplied by the actual number of Gallons of Feedstock Supply delivered to Customer’s Pipeline;
 - c. The Fuel Terminal Fee multiplied by the actual number of Gallons of Fuel Supply delivered to Customer’s Pipeline; and
 - d. The [**SOURCE A**] Fee.

Beginning on August 1, 2020 and annually thereafter, the Feedstock Terminal Fee and the Fuel Terminal Fee shall escalate by the positive adjustment, if any, in the current “F.E.R.C. Oil Pipeline Index - Multiplier to Use” published by the Federal Energy Regulatory Commission (“**FERC Index**”). In the event that the FERC Index ceased to be published by the Federal Energy Regulatory Commission, a new index shall be established as mutually agreed by the parties.

Notwithstanding anything to the contrary contained in this Agreement, if Operator obtains Product that is subsequently transported to Customer by means other than Operator’s Pipeline, the price of such Product will be negotiated and agreed to as separate spot business

at a price acceptable to both parties.

An example calculation of Operator's Compensation is attached hereto as Exhibit D.

5. **Shortfall Payments and Rebate.** In the event that less than the Minimum Quarterly Volume of Feedstock Supply is delivered into Customer's Pipeline during a Quarter through no fault of Operator, then for such Quarter Customer shall additionally pay Operator the Shortfall Fee. At the end of the Contract Year ending July 31, 2020, Customer shall be entitled to a rebate equal to the positive amount, if any, resulting from the sum of the actual Shortfall Fees paid hereunder during such Contract Year and less the product of (i) the difference of the Minimum Annual Volume less the actual quantity of Feedstock Supply delivered into Customer's Pipeline during such Contract Year times (ii) the sum of the Feedstock Terminal Fee plus the Average Feedstock Marketing Fee. At the end of each Contract Year thereafter, Customer shall be entitled to a rebate equal to the positive amount, if any, resulting from the sum of the actual Shortfall Fees paid hereunder during the Contract Year and less the product of (i) the difference of the Minimum Annual Volume less the actual quantity of Feedstock Supply delivered into Customer's Pipeline during such Contract Year times (ii) the sum of the Feedstock Terminal Fee plus the Feedstock Marketing Fee. An example calculation is attached hereto as Exhibit E.
6. **Title to Product.** Title to, possession and risk of loss of the Product shall pass from Operator to Customer when the Product passes through the transfer meter located where Operator's Pipeline interconnects with Customer's Pipeline (the "**Meter**"). The readings from the Meter shall be used for calculation of the amounts owed to Operator by Customer pursuant to Section 4 and in determining any Shortfall Fee due under Section 5. The Meter will be calibrated at least annually according to Operator's standard practices. Customer shall have the right to attend said calibration check and Operator shall provide Customer at least three (3) Business Days prior notice of each calibration. In the event the Meter is out of service or upon inspection is off by more than one percent (1%), the quantity of Product delivered hereunder will be determined by using the first of the of the following methods available:
 - a. By using the measurement of any check meter if same is installed correctly and registering accurately;
 - b. By correcting the error of the Meter if ascertainable by calibration, test or mathematical calculation and the length of time the meter has been inaccurate is known; or
 - c. By using the combination of the Product received into the Tank, if known, and the Tank inventory for the respective period.
7. **Representations and Warranties.**
 - a. Operator represents and warrants to Customer that:
 - i. Operator has title to the Product delivered by it hereunder or the right to deliver same;
 - ii. Product delivered hereunder shall be delivered in full compliance with all federal and state laws, rules and regulations and orders that may be applicable thereto; and
 - iii. Product delivered under this Agreement will meet the specifications set forth in Exhibit C to this Agreement.
 - b. Customer represents and warrants to Operator that:
 - i. Customer is knowledgeable and aware that the Product delivered hereunder is hazardous material and Customer is sophisticated and knowledgeable of (i) the hazards and risks associated with such Product, and (ii) the handling, receipt, transportation, storage and use of such Product; and
 - ii. Product received hereunder shall be received in full compliance with all applicable federal and state laws, rules and regulations and orders that may be applicable thereto.
8. **Nomination.** Customer shall provide Operator a firm nomination, in writing, specifying the volume of Product that Customer desires delivered into Customer's Pipeline each Month at least twelve (12) Business Days prior to the beginning of the applicable Month of delivery. For planning purposes, Customer shall also provide Operator with a three (3) Month rolling quantity of estimated future Product needs at least twelve (12) Business Days prior to the beginning of each Month. Customer further agrees to provide Operator with a report of Customer's actual Product usage for each three (3) Month period during the Term of this Agreement to be delivered by the fifteenth (15) day of the Month following each such three (3) Month period.

9. **Exclusivity.** With the exception of the exclusions provided for in this paragraph, Customer shall be obligated to source all of its Product needs for Customer's Facility through Operator. In the event that during any Quarter Customer's Feedstock Supply needs exceed the Threshold Volume, then Customer may source up to [***] of its Feedstock Supply needs in excess of the Threshold Volume for the applicable Quarter through persons other than Operator. Notwithstanding the foregoing sentence, in the event that Customer provides Operator with written notice during January of 2022, beginning August 1, 2022 Customer may source up to [***] of its Product needs during a Quarter through persons other than Operator, so long as the amount of Feedstock Supply purchased from Operator during such Quarter is at least [***] Barrels per Day. In addition to the foregoing amounts, Customer may source *de minimus* amounts of Product from sources other than Operator, being no more than [***] Barrels per Quarter. In no event will Operator be obligated hereunder to deliver to Customer's Pipeline more than [***] Barrels of Product in any Day. During any time period when Operator is unable to supply Customer with Product, Customer may source Product through persons other than Operator to meet its operational requirements. Nothing in this Section 9 shall in any way reduce the Minimum Annual Volume, the Minimum Quarterly Volume or the Threshold Volume.

10. **Truck or Rail.** In the event that Customer wishes to deliver Customer Supply to the Tank by truck or rail for subsequent delivery by Operator to Customer's Pipeline, the Parties agree that they will work in good faith to amend this Agreement to make the various revisions necessary to permit such. The cost of all upgrades to Operator's facilities needed to facilitate receipt of Customer Supply into the Operator's Pipeline by rail or truck shall be paid solely by Customer. The Parties acknowledge and agree that a separate terminalling fee shall be applicable to the receipt and redelivery of Customer Supply. Further, the Parties agree that all Customer Supply delivered by Operator to the Customer's Pipeline shall be credited against the Minimum Quarterly Volume, but shall not reduce any volume obligations under any agreement between Operator and [**SOURCE A**] related to the purchase of Natural Gasoline to be supplied to Customer.

11. **Indemnification.**

a. **OPERATOR.** OPERATOR AGREES TO INDEMNIFY AND HOLD HARMLESS CUSTOMER FROM AND AGAINST ANY AND ALL CLAIMS, SUITS, LIABILITIES, DEMANDS, LOSSES OR EXPENSES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, INJURY OR DEATH OF PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY AS WELL AS REASONABLE ATTORNEYS' FEES AND EXPENSES ARISING OUT OF OR IN ANY WAY CONNECTED WITH OR RESULTING FROM OPERATOR'S FAILURE TO OBSERVE ANY OF ITS MATERIAL OBLIGATIONS HEREUNDER OR OPERATOR'S MISCONDUCT OR NEGLIGENT ACTS OR OMISSIONS; PROVIDED, HOWEVER, THAT IN NO EVENT SHALL OPERATOR BE LIABLE TO CUSTOMER OR ANY OTHER PARTY FOR INDIRECT, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND OR CHARACTER FROM ANY CAUSE WHATSOEVER.

b. **CUSTOMER.** CUSTOMER AGREES TO INDEMNIFY AND HOLD HARMLESS OPERATOR FROM AND AGAINST ANY AND ALL CLAIMS, SUITS, LIABILITIES, DEMANDS, DAMAGES, LOSSES OR EXPENSES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, INJURY OR DEATH OF PERSONS OR DAMAGE TO OR DESTRUCTION OF PROPERTY AS WELL AS REASONABLE ATTORNEYS' FEES AND EXPENSES ARISING OUT OF OR IN ANY WAY CONNECTED WITH OR RESULTING FROM CUSTOMER'S FAILURE TO OBSERVE ANY OF ITS MATERIAL OBLIGATIONS HEREUNDER OR CUSTOMER'S MISCONDUCT OR NEGLIGENT ACTS OR OMISSIONS; PROVIDED, HOWEVER, THAT IN NO EVENT SHALL CUSTOMER BE LIABLE TO OPERATOR OR ANY OTHER PARTY FOR THE LOSS OF PROFITS OR INDIRECT, SPECIAL CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND OR CHARACTER FROM ANY CAUSE WHATSOEVER.

12. **Payment Terms.** Within five (5) Business Days after the end of each Month, Customer shall send Operator a detailed breakdown delineating how much of the Product purchased by the Customer for such Month constituted Feedstock Supply and how much constituted Fuel Supply. Within ten (10) Business Days following the end of each Month, Operator shall send to Customer an invoice for the Terminal Fees and Product Acquisition Cost attributable to such Month. Additionally, within ten (10) Business Days following the end of each Quarter, Operator shall, to the extent due from Customer, send Customer an invoice for any Shortfall Fee due. Customer agrees to pay a service charge to Operator equal to one percent (1.0%) per Month on all undisputed payments due Operator and not paid by Customer on or before the date due, which shall be thirty (30) Days after the invoice date. Notwithstanding the foregoing, if at any time the amount owed hereunder to Operator by Customer, whether invoiced or not, exceeds Customer's credit limit established by Operator, which may be amended from time to time, Customer shall immediately pay Operator all amounts owed in excess of such credit limit by wire transfer.

13. **Default/Termination.** Either Party may terminate this Agreement upon thirty (30) days' prior written notice to the other in the Event of Default. The following events are considered an "Event of Default" under this Agreement:

- a. a breach of any material term or condition of this Agreement that remains uncured for a period of thirty (30) days;
- b. if a Party becomes insolvent or if the normal conduct of a Party's business, or its credit, becomes substantially impaired;
- c. if a Party calls any meeting of creditors or if a receiver or trustee is appointed for such Party or its assets;
or

- d. if any petition, proceeding or action under any bankruptcy proceedings is filed or instituted by a Party or against such Party and such proceeding is not dismissed within sixty (60) days.

In the event of termination as set forth herein, the Party terminating this Agreement shall have all rights and remedies available to it under law or equity to seek recourse for the default of the other Party.

14. **Force Majeure.**

- a. **Natural.** If either party is rendered unable, wholly or in part, by force majeure or any other cause of any kind not reasonably within its control to perform or comply with any obligation or condition of this Agreement, other than obligation to pay money, upon giving written notice to the other party, such obligation or condition shall be suspended during the continuance of the inability so caused and such party shall be relieved of any liability during such period. The term "force majeure" shall include, without limitation, by the following acts of God, or when the supply of product or any facility of production, manufacture/storage, transportation, distribution or delivery contemplated by either party is interrupted, unavailable, or inadequate because of war or the public enemy, strikes, lockouts, or other disturbances, riots, hurricanes, floods, fires, explosion, or destruction from any involuntary cause or any character either similar or dissimilar to the foregoing, reasonably beyond the control of the party failing to perform. Further, a force majeure event affecting [**SOURCE A**] ability to deliver Product into the Tank or Operator's ability to acquire Product otherwise, which prevents Operator from performing its obligations hereunder shall also serve as a force majeure event hereunder.
- b. **Regulatory.** In the event that after the date on which this Agreement becomes effective any new and/or modified federal, state and/or local statutes, ordinances, regulations, laws or court or regulatory decisions (a "**Subsequent Law**") become applicable to the Tank or Operator's Pipeline, and as a result thereof Operator is required to make capital expenditures in excess of \$250,000.00 to bring those items into compliance with such Subsequent Law, then in such event Operator shall give written notice of such occurrence to Customer setting for the amount of such required capital expenditures. If the required capital expenditures exceed \$250,000.00, the parties agree to renegotiate in good faith the terms of this Agreement in light of said required capital expenditures to equitably share such costs.

15. **Customer's Compliance with Laws.** In the operation of Customer's Pipeline, Customer agrees to comply in all material respects with all applicable Laws.

16. **Notices.** All notices pertaining to this Agreement shall be sent by certified U.S. mail or overnight courier service, on a prepaid basis along with a fax copy. Said notices shall be effective on the Day sent and shall be addressed as follows unless another address is specified in writing by either party:

Martin Operating Partnership, LP	South Hampton Resources, Inc.
P.O. Box 191	P. O. Box 1636
Kilgore, Texas 75663	Silsbee, Texas 77656
Attention: General Counsel	Attention: Pat Quarles

17. **No Agency.** The subject matter of this Agreement is purchase and delivery of the Product identified herein. There is no agency, distributorship, partnership, or joint venture being created by the existence of this Agreement. Neither party shall represent itself to be the agent, servant or partner of the other.

18. **Construction.** The paragraph headings of this Agreement shall not be considered to be part hereof for the purposes of interpreting or applying this Agreement, or any section hereof but are for convenience only.

19. **Severability.** In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or enforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions, and this Agreement shall be construed as if such invalid and illegal or unenforceable provisions have never been contained in it.

20. **Entire Agreement.** This Agreement shall constitute the entire agreement concerning the subject hereof between the parties superseding all previous agreements, negotiations and representations made prior or contemporaneous to the date hereof. This Agreement shall be modified or amended only in written agreement executed by both parties hereto.

21. **Assignment.** Neither party shall assign this Agreement without the express written consent of the other party which shall not be unreasonably withheld. This Agreement shall not be assigned by operation of law and shall not become an asset in any bankruptcy or receivership proceedings. In the case of any permitted assignment hereof, the rights and obligations of the parties hereto shall be binding upon such successors and assigns.

22. **Survival.** The provisions of this Agreement which by their nature are intended to survive the termination or expiration of this Agreement will continue as valid and enforceable obligations notwithstanding any such termination or expiration, including, without limitation, the indemnification obligations contained in Section 11.

23. **Authority.** Each party by executing this Agreement represents that the execution and delivery of this Agreement has been duly authorized by all necessary action on its part and that this Agreement is a legal, valid and binding obligation of such party, enforceable in accordance with the terms hereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the enforcement of creditor's rights generally and by general principles of equity.
24. **No Third Party Beneficiaries.** Except for [**SOURCE A**], nothing in this Agreement will create, or be construed as creating any express or implied rights in any person or entity other than the parties and their respective successors and permitted assigns.
25. **Controlling Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and exclusive venue for any dispute hereunder shall be the State District Courts of Jefferson County, Texas, to whose jurisdiction all parties hereto consent.
26. **Information/Audit Rights.** Customer shall keep detailed books and records relating to all Feedstock Supply and Fuel Supply provided hereunder by Operator and all natural gasoline consumed by Customer in its operations. Such books and records must be maintained for a minimum of twenty-four (24) Months and shall, upon request at reasonable times, be made available for an audit by a representative of Operator. The Parties agree that Operator may share any information it obtains hereunder from Customer with [**SOURCE A**]. Further, Customer agrees that [**SOURCE A**] shall have the right to audit Customer's books and records in accordance with the Condition Precedent section of the [**SOURCE A**] Agreement, which was effective on and after April 21, 2017.
27. **Confidentiality.** The Parties agree to treat this Agreement and any information exchanged under this Agreement as confidential information and Customer shall hold as confidential any information concerning the [**SOURCE A**] Exchange Agreement and the [**SOURCE A**] Purchase Agreement; provided, however, that the Parties may disclose any information concerning this Agreement required by (i) law or (ii) listing agreements with national security exchanges as determined by the discloser's legal advisor. Each Party will be responsible for any breach of the foregoing confidentiality obligations by itself, its employees, officers, agents or representatives and agrees that it will be liable to the other Party for all damages suffered by such other Party as a result of its breach.

EXECUTED as of the date first written above.

SOUTH HAMPTON RESOURCES, INC.

MARTIN OPERATING PARTNERSHIP LP

By: Martin Operating GP LLC, its general partner
 By: Martin Midstream Partners L.P., its sole member
 By: Martin Midstream GP LLC, its general partner

By: /s/ Patrick Quarles By: /s/ Robert D. Bondurant

Name: Patrick Quarles Name: Robert D. Bondurant

Title: President & Chief Executive Officer Title: Executive Vice President & Chief Financial Officer

CUSTOMER

OPERATOR

EXHIBIT A to Second Amended and Restated Natural Gasoline Supply and Handling Agreement

(TERM EXCHANGE CONTRACT)

[**]

EXHIBIT B to Second Amended and Restated Natural Gasoline Supply and Handling Agreement

(FIRST AMENDED AND RESTATED TERM EXCHANGE CONTRACT)

[**]

EXHIBIT C to Second Amended and Restated Natural Gasoline Supply and Handling Agreement

(PRODUCT SPECIFICATION)

[**]

EXHIBIT D to Second Amended and Restated Natural Gasoline Supply and Handling Agreement

(OPERATOR'S COMPENSATION)

EXHIBIT E to Second Amended and Restated Natural Gasoline Supply and Handling Agreement

(SHORTFALL FEE CALCULATION)

Trecora Resources Stock and Incentive Plan

Restricted Stock Unit Agreement

This Agreement is made and entered into as of the _____, 20__ (the “*Date of Grant*”) by and between Trecora Resources, a Delaware corporation (the “*Company*”) and you;

WHEREAS, the Company in order to induce you to enter into and to continue and dedicate service to the Company and to materially contribute to the success of the Company agrees to grant you this restricted stock unit award;

WHEREAS, the Company adopted the Trecora Resources Stock and Incentive Plan, as it may be amended from time to time (the “*Plan*”) under which the Company is authorized to grant restricted stock units to certain employees, directors and other service providers of the Company;

WHEREAS, a copy of the Plan has been furnished to you and shall be deemed a part of this Restricted Stock Unit Agreement (“*Agreement*”) as if fully set forth herein; and

WHEREAS, you desire to accept the restricted stock unit award made pursuant to this Agreement.

NOW, THEREFORE, in good consideration of and mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties agree as follows:

1. **The Grant.** Subject to the conditions set forth below, the Company hereby grants you, effective as of the Date of Grant, an award consisting of (a) the target number of _____ Restricted Stock Units (the “*EBITDA Target Award*”) and (b) the target number of _____ Restricted Stock Units (the “*ROIC Target Award*”), whereby each Restricted Stock Unit represents the right to receive one share of common stock, par value \$0.10 per share, of the Company (“*Stock*”), in accordance with the terms and conditions set forth herein and in the Plan (the “*Award*”). To the extent that any provision of this Agreement conflicts with the expressly applicable terms of the Plan, you acknowledge and agree that those terms of the Plan shall control and, if necessary, the applicable terms of this Agreement shall be deemed amended so as to carry out the purpose and intent of the Plan. Terms that have their initial letter capitalized, but that are not otherwise defined in this Agreement shall have the meanings given to them in the Plan.

2. **No Shareholder Rights.** The Restricted Stock Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a holder of Stock prior to the date shares of Stock are issued to you in settlement of the Award. Your rights with respect to the Restricted Stock Units shall remain forfeitable at all times prior to the date on which rights become vested and the restrictions with respect to the Restricted Stock Units lapse in accordance with Section 5 or 6.

3. **Restrictions; Forfeiture.** The Restricted Stock Units are restricted in that they may not be sold, transferred or otherwise alienated or hypothecated until these restrictions are removed or expire as contemplated in Section 5 or 6 of this Agreement and Stock is issued to you as described in Section 4 of this Agreement. The Restricted Stock Units are also restricted in the sense that they may be forfeited to the Company (the “*Forfeiture Restrictions*”).

4. **Issuance of Stock.** No shares of Stock shall be issued to you prior to the date on which the Restricted Stock Units vest and the restrictions, including the Forfeiture Restrictions, with respect to the Restricted Stock Units lapse, in accordance with Section 5 or 6. After the Restricted Stock Units vest pursuant to Section 5 or 6, the Company shall as soon as practicable after such vesting date (but no later than the earlier of 90 days following the vesting date or December 31 of the calendar year that includes the vesting date), cause to be issued Stock registered in your name in payment of such vested Restricted Stock Units upon receipt by the Company of any required tax withholding. The Company shall evidence the Stock to be issued in payment of such vested Restricted Stock Units in the manner it deems appropriate. The value of any fractional Restricted Stock Units shall be rounded down at the time Stock is issued to you in connection with the Restricted Stock Units. No fractional shares of Stock, nor the cash value of any fractional shares of Stock, will be issuable or payable to you pursuant to this Agreement. The value of such shares of Stock shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Section 4 shall be construed to create a trust or a funded or secured obligation of any kind.

5. **Expiration of Restrictions and Risk of Forfeiture.** The restrictions on the Restricted Stock Units, including the Forfeiture Restrictions, will expire as set forth in Annex A, and shares of Stock that are nonforfeitable and transferable will be issued to you in payment of your vested Restricted Stock Units as set forth in Annex A; provided that you remain in the employ of the Company or its Subsidiaries until the end of the Performance Period. Except as otherwise provided herein, the percentage of the EBITDA Target Award and ROIC Target Award that that may be earned by you will be determined in accordance with Annex A hereto (which Annex A is incorporated by reference and is made part of this Agreement).

6. **Termination of Services.**

(a) **Termination Generally.** Subject to subsection (c), if your service relationship with the Company or any of its Subsidiaries is terminated for any reason on or before the end of the Performance Period, then all Restricted Stock Units granted under this Agreement

shall become null and void and those Restricted Stock Units shall be forfeited to the Company. Notwithstanding the foregoing, the Committee may, in its discretion, provide for accelerated vesting or otherwise permit continued vesting of all, or any portion of, the Restricted Stock Units granted under this Agreement upon your termination of employment with the Company to the extent it deems it in the best interests of the Company and such acceleration or extension of vesting does not violate the Nonqualified Deferred Compensation Rules defined below.

(b) Corporate Change. As permitted under Section 13.5 of the Plan, in the event that a Corporate Change occurs prior to the Restricted Stock Units granted under this Agreement becoming fully vested, the accelerated vesting provided in Section 13.5 shall not apply to the Restricted Stock Units granted under this Agreement and such Restricted Stock Units shall continue to vest under the terms of the Plan and this Agreement, subject to Section 13.6 of the Plan, the Trecora Resources Change in Control Severance Plan or any employment agreement between you and the Company which specifically addresses the vesting of equity awards held by you in the event of a Corporate Change.

(c) Effect of Employment Agreement. Notwithstanding any provision herein to the contrary, in the event of any inconsistency between Section 5 or this Section 6, on the one hand, and any employment agreement entered into by and between you and the Company or its Subsidiaries, whether entered into before or after the date of this Agreement, on the other hand, the terms of the employment agreement shall control.

7. Leave of Absence. With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, provided that rights to the Restricted Stock Units during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began.

8. Payment of Taxes. The Company may require you to pay to the Company (or the Company's Subsidiary if you are an employee of a Subsidiary of the Company), an amount the Company deems necessary to satisfy its (or its Subsidiary's) current or future obligation to withhold federal, state or local income or other taxes that you incur as a result of the Award. Unless you make other arrangements with the Company prior to the applicable withholding date, the Restricted Stock Units will be net settled to withhold applicable taxes.

9. Compliance with Securities Law. Notwithstanding any provision of this Agreement to the contrary, the issuance of Stock will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Stock will not be issued hereunder unless a registration statement under the Securities Act is, at the time of issuance, in effect with respect to the shares issued or in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. **YOU ARE CAUTIONED THAT ISSUANCE OF STOCK UPON THE VESTING OF RESTRICTED STOCK UNITS GRANTED PURSUANT TO THIS AGREEMENT MAY NOT OCCUR UNLESS THE FOREGOING CONDITIONS ARE SATISFIED.** The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make shares of Stock available for issuance.

10. Section 409A of the Code. It is the general intention, but not the obligation, of the Committee to design Awards to comply with or to be exempt from the Section 409A of the Code and the regulations promulgated thereunder (the "**Nonqualified Deferred Compensation Rules**"), and Awards will be operated and construed accordingly. This Section 10 does not contain a representation to you regarding the tax consequences of the grant, vesting, exercise, settlement, or sale of the Award (or the Stock underlying such Award) granted hereunder, and should not be interpreted as such. In no event shall the Company or any of its affiliates or their respective employees or directors be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you (or anyone claiming a benefit through you) on account of non-compliance with the Nonqualified Deferred Compensation Rules. Notwithstanding any provision in the Plan or this Agreement to the contrary, in the event that you are a "specified employee" (as defined under the Nonqualified Deferred Compensation Rules) and you become entitled to a payment under an Award that would be subject to additional taxes and interest under the Nonqualified Deferred Compensation Rules if your receipt of such payment or benefits is not delayed until the earlier of (i) the date of your death, or (ii) the date that is six months after your "separation from service," as defined under the Nonqualified Deferred Compensation Rules (such date, the "**Section 409A Payment Date**"), then such payment or benefit shall not be provided to you until the Section 409A Payment Date. Any amounts subject to the preceding sentence that would otherwise be payable prior to the Section 409A Payment Date will be aggregated and paid in a lump sum without interest on the Section 409A Payment Date. The applicable provisions of the Nonqualified Deferred Compensation Rules are hereby incorporated by reference and shall control over any provision in the Plan or this Agreement that are in conflict therewith. Each payment made under this Award, if any, shall be treated as a separate payment under the Nonqualified Deferred Compensation Rules.

11. Clawback. The Restricted Stock Units granted hereunder are subject to any written clawback policies that the Company, with the

approval of the Board or an authorized committee thereof, may adopt either prior to or following the Date of Grant, including any policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the SEC and that the Company determines should apply to the Award. Any such policy may subject your Award and amounts paid or realized with respect to the Award to reduction, cancellation, forfeiture or recoupment if certain specified events or wrongful conduct occur as specified in any such clawback policy.

12. Legends. The Company may at any time place legends referencing any restrictions imposed on the shares pursuant to this Agreement on all certificates representing shares issued with respect to this Award.

13. Right of the Company and Subsidiaries to Terminate Services. Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company or any Subsidiary, or interfere in any way with the rights of the Company or any Subsidiary to terminate your employment or service relationship at any time.

14. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

15. Remedies. The parties to this Agreement shall be entitled to recover from each other reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

16. No Liability for Good Faith Determinations. The Company and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Stock Units granted hereunder.

17. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

18. No Guarantee of Interests. The Board and the Company do not guarantee the Stock of the Company from loss or depreciation.

19. Company Records. Records of the Company or its Subsidiaries regarding your period of service, termination of service and the reason(s) therefor, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

20. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or if earlier the date it is sent via certified United States mail. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan (including grants) by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

22. Information Confidential. As partial consideration for the granting of the Award hereunder, you hereby agree to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that you have relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to your spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you.

23. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

24. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

25. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

26. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

27. Governing Law. This Agreement shall be interpreted, governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflict of laws, except to the extent that it implicates mandatory provisions of the General Corporation Law of the State of Delaware, which matters shall be governed by such Delaware law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization,

issuance, sale, or delivery of such Stock.

28. Amendment. This Agreement may be amended the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

29. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

[Remainder of page intentionally left blank]

THE UNDERSIGNED HOLDER ACKNOWLEDGES RECEIPT OF THIS AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS AGREEMENT AND THE PLAN.

TRECORA RESOURCES

HOLDER

By:_____
Name: Christopher Groves
Title: Corporate Secretary
Date:

By:_____
Name:
Date:

ANNEX A

A1. Definitions. For purposes of this Annex A, the following terms shall have the meaning set forth below:

(a) **"Adjusted EBITDA"** shall mean EBITDA plus share-based compensation, plus restructuring and severance expenses, plus losses on extinguishment of debt, plus or minus equity in AMAK's earnings and losses, plus impairment losses, plus or minus gains or losses on disposal of assets, and plus or minus gains or losses on acquisitions, as determined by the Committee.

(b) **"AMAK"** shall mean Al Masane Al Kobra Mining Company.

(c) **"EBITDA"** shall mean net income (loss) from continuing operations of the Company plus interest expense (benefit) including derivative gains and losses, income taxes, depreciation and amortization.

(d) **"EBITDA Growth"** shall mean the cumulative three-year growth in Adjusted EBITDA.

(e) **"EBITDA Ranking"** The percentage of companies in the Peer Group that have a lower EBITDA Growth for the Performance Period than the Company.

(f) **"Peer Group"** shall mean _____; provided, that (i) the Peer Group will not include any company that is not publicly traded (*i.e.*, has no ticker symbol) at the end of the Performance Period; (ii) the performance of the surviving entities will be used in the event there is a combination of any of the Peer Group companies during the Performance Period; and (iii) no new companies will be added to the Peer Group during the Performance Period (including a company that is not a Peer Group member which acquires a member of the Peer Group). Notwithstanding the foregoing, the Committee may disregard any of these guidelines when evaluating changes in the membership of the Peer Group during the Performance Period in any particular situation, as it deems reasonable in the exercise of its discretion.

(g) **"Performance Period"** shall mean the period commencing January 1, 20__ and ending December 31, 20__.

(h) **"ROIC Ranking"** The percentage of companies in the Peer Group that have a lower ROIC for the Performance Period than the Company.

(i) **"ROIC"** shall mean the average annual operating income plus non-cash stock-based compensation expense divided by total assets minus current liabilities plus short-term portion of long-term debt for the Performance Period.

A2. Determination of Vested Restricted Stock Units. Following the end of the Performance Period, the Committee will determine the EBITDA Ranking and the ROIC Ranking for the Performance Period. The number of Restricted Stock Units which are considered vested as a percentage of the EBITDA Target Award shall be based on the EBITDA Ranking for the Performance Period and the number of Restricted Stock Units which are considered vested as a percentage of the ROIC Target Award shall be based on the ROIC Ranking for the Performance Period as follows:

Ranking for Performance Period	Percentage of Target Award
<25th Percentile	0%
25th Percentile	50%
50th Percentile	100%
100th Percentile	200%

If the Company's EBITDA Ranking or ROIC Ranking for the Performance Period is above the 25th percentile but between two of the levels set forth in the table above, the payout percentage shall be determined using linear interpolation. Subject to the continued employment requirements of Section 5, Restricted Stock Units that vest under this Section A2 shall be settled in shares of Stock as described in Section 4.

A3. EBITDA Growth Required. Notwithstanding Section A2 above, no Restricted Stock Units granted under this Agreement will vest in the event EBITDA Growth is negative for the Performance Period, regardless of EBITDA Ranking or ROIC Ranking.

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

I, Patrick Quarles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trecora Resources;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: Aug 06, 2020

/s/ Patrick Quarles

Patrick Quarles

President and Chief Executive Officer

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

I, Sami Ahmad, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trecora Resources;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: Aug 06, 2020

/s/ Sami Ahmad

Sami Ahmad

Chief Financial Officer

**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 June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick Quarles, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patrick Quarles
Patrick Quarles
President and Chief Executive Officer

August 6, 2020

**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 June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sami Ahmad, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Sami Ahmad
Sami Ahmad
Chief Financial Officer

August 6, 2020