Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [X] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [X] special extension (enter description) HURRICANE HARVEY

Part II Basic Plan Information—enter all requested information

1a Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 10/01/1990

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
STRATEGIC MATERIALS

16365 PARK TEN PLACE
SUITE 200
HOUSTON, TX 77084

2b Employer Identification Number (EIN)
76-0297116

2c Plan Sponsor's telephone number
281-647-2753

2d Business code (see instructions)
423930

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	05/07/2018	KENDALL LASSEIGNE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b** EIN	
a Sponsor's name	**4c** PN	
5 Total number of participants at the beginning of the plan year	**5**	746
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	579
a(2) Total number of active participants at the end of the plan year	**6a(2)**	674
b Retired or separated participants receiving benefits	**6b**	3
c Other retired or separated participants entitled to future benefits	**6c**	217
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	894
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f Total. Add lines **6d** and **6e**.	**6f**	895
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	734
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	99
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2G 2J 2K 2S 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	**(1)**	[ ] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] Trust
(4)	[ ] General assets of the sponsor	**(4)**	[ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2016** **This Form is Open to Public Inspection.**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan	**B** Three-digit plan number (PN) ▶	
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN		001
C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)	
STRATEGIC MATERIALS	76-0297116	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions). . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 60 64 65	RECORDKEEPER	32371	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALZGI NFJ DIV VL ADM - BOSTON FINA P.O. BOX 8480 BOSTON, MA 02266	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
GLENMEDE SMCP EQ ADV - STATE STREE 04-0025081	0.40%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
JANUS ENTERPRISE T - JANUS SERVICE 43-1804048	0.35%

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OAKMARK EQ & INC INV - BOSTON FINA P.O. BOX 8480 BOSTON, MA 02266	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OAKMARK INTL INV - BOSTON FINANCIA P.O. BOX 8480 BOSTON, MA 02266	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOT RETURN ADM - BOSTON FINA P.O. BOX 8480 BOSTON, MA 02266	0.25%

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
TMPL GLOBAL BOND A - FRANKLIN TEMP 94-3167260	0.40%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: MIP CL 1

b Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
04-3022712-024	C	1806332

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	116964	174976
(9) Value of interest in common/collective trusts	1c(9)	1882976	1806332
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	8190958	8199513
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	0	0
	(2) Employer real property	1d(2)	0	0
e	Buildings and other property used in plan operation	1e	0	0
f	Total assets (add all amounts in lines 1a through 1e)	1f	10190898	10180821
	Liabilities			
g	Benefit claims payable	1g	0	0
h	Operating payables	1h	0	0
i	Acquisition indebtedness	1i	0	0
j	Other liabilities	1j	0	0
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	10190898	10180821

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	246234	
	(B) Participants	2a(1)(B)	1420148	
	(C) Others (including rollovers)	2a(1)(C)	22081	
	(2) Noncash contributions	2a(2)	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1688463
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
	(B) U.S. Government securities	2b(1)(B)	0	
	(C) Corporate debt instruments	2b(1)(C)	0	
	(D) Loans (other than to participants)	2b(1)(D)	0	
	(E) Participant loans	2b(1)(E)	9951	
	(F) Other	2b(1)(F)	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		9951
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
	(B) Common stock	2b(2)(B)	0	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	292362	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		292362
	(3) Rents	2b(3)		0
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)	0	
	(B) Other	2b(5)(B)	0	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		16044
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		271277
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		2278097
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2186625	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		2186625
f Corrective distributions (see instructions)	2f		68677
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	501	
(4) Other	2i(4)	32371	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		32872
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		2288174
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		-10077
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GREEN & MCELREATH **(2)** EIN: 74-1500886

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a	X		246720
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		2000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n		X	
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1**

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter _____/_____/_____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter _____/_____/_____.

STRATEGIC MATERIALS

EMPLOYEE RETIREMENT PLAN

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

GREEN & MCELREATH CPAs PLLC
Certified Public Accountants

Robert Purnell, CPA
J. Brent Ripple, CPA

INDEPENDENT AUDITORS' REPORT

To Strategic Materials Employee Retirement Plan and Participants
Houston, Texas

Report on Financial Statements

We were engaged to audit the accompanying statements Strategic Materials Employee Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and

executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The Supplemental Schedules of Assets Held At End of Year and Schedule of Delinquent Participant Contributions are required by the Department of Labor's Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Green + McElreath CPAs PLLC

Houston, Texas
January 28, 2018

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Investments (at fair value)		
Value of interest in registered investment companies	$ 8,199,513	$ 8,190,958
Value of interest in common/collective trusts	1,801,898	1,870,204
Total Investments	10,001,411	10,061,162
Employer contributions receivable	-	8,438
Employee contributions receivable	-	36,677
Notes receivable - participants	174,976	116,964
Total Assets	10,176,387	10,223,241
Liabilities		
Excess contributions refundable	45,396	75,005
Net assets available for benefits	$ 10,130,991	$ 10,148,236

The accompanying notes are an integral part of these financial statements.

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

	2016
Additions:	
Additions to net assets attributed to:	
Interest and dividends	$ 316,065
Interest on participant loans	9,951
Net gain (loss) on investments	271,955
Contributions:	
Participant	1,383,471
Employer	237,796
Other - Including rollovers and transfers	22,081
Total contributions	1,643,348
Total additions	2,241,319
Deductions:	
Administrative expenses	32,872
Excess contributions	45,396
Benefits paid to participants and transfers out of plan	2,180,296
Total deductions	2,258,564
Net decrease	(17,245)
Net assets available for benefits at beginning of year	10,148,236
Net assets available for benefits at end of year	$ 10,130,991

The accompanying notes are an integral
part of these financial statements.

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) Plan Description

The following description of Strategic Materials Employee Retirement Plan provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

(a) General - The Plan is a defined contribution plan covering all employees of the Company who are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Contributions - Each year, participants may contribute up to the statutory maximum of pre-tax annual compensation as defined in the Plan. The maximum deferral amount for 2016 is $18,000 for participants under fifty years of age and an additional $6,000 for participants age fifty and above. Participants may also contribute amounts representing distributions from other qualified plans. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3 percent of eligible compensation and it increases by 1% each year limited to 6% unless the participant elects otherwise. The Company contributes an amount equal to 50% of a participant's elective deferrals, up to 3% of a participant's compensation based on each payroll period. Additional discretionary amounts may be contributed by the Company as profit sharing contributions. The discretionary profit sharing contribution amount will be determined by the Company.

(c) Participant accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings, or account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contributions portion of their accounts, plus actual earnings thereon, is based on years of continuous service. A participant is 100% vested after five years of credited service.

(e) Investment options - The Plan's investment options include a broad range of mutual funds. Each participant is responsible for the investment decisions relating to the assets in their individual accounts under the Plan.

(f) Participant notes receivable - Participants may borrow from their fund accounts a minimum of $1,000. The maximum is the lesser of one half of the participant's vested account balance, or $50,000, reduced by the highest outstanding loan balance in the participant's account during the prior twelve month period. The participant's vested account

(1) Plan Description, (continued)

balance will be used as collateral for any loan. Principal and interest payments are made ratably through payroll deductions. Accounting Standards Update (ASU 2010-25) requires notes receivable from participants to be reported at unpaid principal balance plus any accrued but unpaid interest.

(g) Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or in periodic installments if the account balance is greater than $5,000.

(h) Forfeitures - Forfeitures are allocated in the same proportion that a terminated participant's compensation bears to the total compensation of all participants. However, any forfeiture attributable to matching contributions will be used to reduce any matching contributions made by the Company or to pay administrative fees. During 2016 and 2015, $27,910 and $20,866 respectively, of forfeited participant accounts were used to reduce the Company's contributions or administrative fees.

(i) Plan Administration - Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting - The financial statements of the Plan are prepared using the accrual method of accounting.

As described in Financial Accounting Standards Board ASC 946-210-45, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the ASC, the statements of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

(b) Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(2) Summary of Significant Accounting Policies, continued

(c) Investment Valuation and Income Recognition – The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

(d) Payment of Benefits – Distribution of benefits are recorded when paid.

(e) Excess Contributions Refundable – Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions.

(3) Income Taxes

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 20, 2007, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax period in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2011.

(4) Information Prepared and Certified by Trustee (Unaudited)

At December 31, 2016 and 2015, the Plan's investments were held by the Trustee. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the Trustee as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

(4) Information Prepared and Certified by Trustee (Unaudited), continued

	2016	2015
Investments at fair value:		
Investment in common/collective trust	$ 1,801,898	$ 1,870,204
Value of participant directed interest in mutual funds	8,199,513	8,190,958
Total investments at fair value	$ 10,001,411	$ 10,061,162

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2016 as reported by the trustee, is summarized as follows:

Fidelity Managed Income Portfolio Common/Collective Trust	$ 1,801,898
Fidelity Contrafund Mutual Fund	638,118
Fidelity Freedom 2020	827,616
Fidelity Freedom 2025	712,555
Fidelity Freedom 2030	749,991
Fidelity Freedom 2040	548,329
Fidelity 500 Index Pr	888,316
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 6,166,823

The gain/(loss) by major investment classification at December 31, 2016 as reported by the trustee, is summarized as follows:

Fidelity Contrafund Mutual Fund	$ (6,436)
Fidelity Freedom 2020	17,126
Fidelity Freedom 2025	21,554
Fidelity Freedom 2030	27,556
Fidelity Freedom 2040	23,501
Fidelity 500 Index Pr	94,889
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 178,190

(4) Information Prepared and Certified by Trustee (Unaudited), continued

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2015 as reported by the trustee, is summarized as follows:

Fidelity Managed Income Portfolio Common/Collective Trust	$ 1,870,204
Fidelity Contrafund Mutual Fund	790,272
Fidelity Freedom 2020	577,564
Fidelity Freedom 2025	554,862
Fidelity Freedom 2030	568,300
Spartan 500 Index Inv	1,092,662
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 5,453,864

The gain/(loss) by major investment classification at December 31, 2015 as reported by the trustee, is summarized as follows:

Fidelity Contrafund Mutual Fund	$ 7,064
Fidelity Freedom 2020	(33,112)
Fidelity Freedom 2025	(31,747)
Fidelity Freedom 2030	(34,809)
Spartan 500 Index Inv	(17,117)
Other investments that do not comprise 5% or more of net assets of the plan	(328,068)
Total gain/(loss) by major investment classification	$ (437,789)

(5) Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits as follows:

		2016	2015
Level 1	Mutual Funds	$ 8,199,513	$ 8,190,958
Level 2	Common/collective Trust	1,801,898	1,870,204
Total		$ 10,001,411	$10,061,162

FASB ASC 820-10, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,

(5) Fair Value Measurements, continued

and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access. Inputs to the methodology include: quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.

Level 2 Fair Value Measurements

Level 2 inputs are other than quoted prices that are observable for the assets or liability including: inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

(6) Investment Contract with Investment Company

In 2006, the Plan entered into a benefit-responsive investment contract with Fidelity Investments. Fidelity maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the Plan by Fidelity. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal, or transfer of all, or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described in Note 2, because the guaranteed investment contract is fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Participants may ordinarily direct the withdrawal, or transfer all, or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2016 and 2015 was $1,806,332 and $1,882,976, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 4 percent. Such interest rates are reviewed on a quarterly basis for resetting.

(6) Investment Contract with Investment Company, continued

The average yield for the years ended December 31, 2016 and 2015 was 1.98% and 1.93%, respectively. The actual interest rate credited to plan participants was 1.24% and 1.17%, respectively.

Certain events limit the Plan's ability to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes, or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

(7) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination participants will become 100% vested in their accounts.

(8) Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of the form 5500:

	2016	2015
Net assets available for benefits per the financial statements	$ 10,130,991	$ 10,148,236
Accrue corrective distributions	45,396	75,005
Accrue employer receivable	-	(8,438)
Accrue employee receivable	-	(36,677)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	4,434	12,772
Net assets available for benefits per Schedule H of the form 5500	$ 10,180,821	$ 10,190,898

(8) Reconciliation of Financial Statements to Schedule H of Form 5500 (Continued)

	2016	2015
Net increase (decrease) in assets available for benefits per the financial statements	$ (17,245)	$ 649,760
Accrue corrective distributions	45,396	75,005
(Accrue) reverse employer receivable	36,677	(36,677)
(Accrue) reverse employee receivable	8,438	(8,438)
Reverse prior year accrued excess contributions	(75,005)	(14,308)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(8,338)	(12,797)
Net increase (decrease) in net assets available for benefits per Schedule H of the form 5500	$ (10,077)	$ 652,545

(9) Risks and Uncertainties

The plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

(10) Transactions with Parties in Interest

Strategic Materials provides to the plan certain accounting and administrative services for which no fees are charged.

(11) Delinquent Participant Contributions

ERISA requires participant contributions to be remitted to the plan administrator as soon as they can be segregated and identified. During the year ended December 31, 2016, there were several instances where the participant contributions were not remitted in a timely manner totaling $246,720. All late contributions were remitted to the plan administrator prior to the end of the plan year. The payments of the contributions do not fully constitute a correction of the violation. Reimbursement of the lost earnings or profits to the plan is required to fully correct the violation. During August 2016, the Plan reimbursed lost earnings or profits on contributions totaling $5,709. As of the date of this report, January 28, 2018, the remaining violations of $241,011 have not been fully corrected as reflected on Schedule H, Line 4a attached to these financial statements but the Plan’s record keeper is in the process of calculating the lost earnings or profits.

(12) Subsequent Events

Management has evaluated subsequent events through January 28, 2018, the date the financial statements were available to be issued.

(concluded)

Supplemental Schedules

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
SCHEDULE H, LINE 4i–SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FOR THE YEAR ENDED DECEMBER 31, 2016

(a)	(b) Identity of Issuer	(c) Description of Fund	(d) Cost	(e) Current Value
*	Fidelity Management Trust	Pimco Total Return		$ 225,774
*	Fidelity Management Trust	Janus Enterprise T		127,183
*	Fidelity Management Trust	Oakmark Intl I		264,030
*	Fidelity Management Trust	Temple Global Bond A		112,870
*	Fidelity Management Trust	ALZGI NFJ Div Val Ad		24,287
*	Fidelity Management Trust	Oakmark Eq and Inc I		113,868
*	Fidelity Management Trust	Glenmede Sm Cap Eq Adv		90,391
*	Fidelity Management Trust	Fidelity Puritan		415,910
*	Fidelity Management Trust	Fidelity Contra Fund		638,118
*	Fidelity Management Trust	Fidelity Capital Apprec		203,899
*	Fidelity Management Trust	Fidelity Low Priced Stock		163,278
*	Fidelity Management Trust	Fidelity Freedom Income		344,279
*	Fidelity Management Trust	Fidelity Freedom 2005		1,221
*	Fidelity Management Trust	Fidelity Freedom 2010		158,479
*	Fidelity Management Trust	Fidelity Freedom 2015		177,780
*	Fidelity Management Trust	Fidelity Freedom 2020		827,616
*	Fidelity Management Trust	Fidelity Freedom 2025		712,555
*	Fidelity Management Trust	Fidelity Freedom 2030		749,991
*	Fidelity Management Trust	Fidelity Freedom 2035		405,283
*	Fidelity Management Trust	Fidelity Freedom 2040		548,329
*	Fidelity Management Trust	Fidelity Freedom 2045		256,282
*	Fidelity Management Trust	Fidelity Freedom 2050		491,599
*	Fidelity Management Trust	Fidelity Freedom 2055		88,159
*	Fidelity Management Trust	Fidelity Freedom 2060		17,905
*	Fidelity Management Trust	Fidelity Mgd Inc		1,806,332
*	Fidelity Management Trust	Fidelity Intl Index Pr		100,253
*	Fidelity Management Trust	Fidelity 500 Index Pr		888,316
*	Fidelity Management Trust	Fidelity Midcap Idx Pr		37,180
*	Fidelity Management Trust	Fidelity Sm Cap Idx Pr		14,678
	Participant loans	5% to 8% interest rate		174,976
	Total			$ 10,180,821

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2016

Participant Contributions Transferred Late to the Plan	Loan Repayments Included	Total that Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
		Contributions Not Corrected	Contribution Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$246,720		$241,011	-	-	$5,709

STRATEGIC MATERIALS

EMPLOYEE RETIREMENT PLAN

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

GREEN & MCELREATH CPAs PLLC
Certified Public Accountants

Robert Purnell, CPA
J. Brent Ripple, CPA

INDEPENDENT AUDITORS' REPORT

To Strategic Materials Employee Retirement Plan and Participants
Houston, Texas

Report on Financial Statements

We were engaged to audit the accompanying statements Strategic Materials Employee Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and

executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The Supplemental Schedules of Assets Held At End of Year and Schedule of Delinquent Participant Contributions are required by the Department of Labor's Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Green + McElreath CPAs PLLC

Houston, Texas
January 28, 2018

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Investments (at fair value)		
Value of interest in registered investment companies	$ 8,199,513	$ 8,190,958
Value of interest in common/collective trusts	1,801,898	1,870,204
Total Investments	10,001,411	10,061,162
Employer contributions receivable	-	8,438
Employee contributions receivable	-	36,677
Notes receivable - participants	174,976	116,964
Total Assets	10,176,387	10,223,241
Liabilities		
Excess contributions refundable	45,396	75,005
Net assets available for benefits	$ 10,130,991	$ 10,148,236

The accompanying notes are an integral part of these financial statements.

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

	2016
Additions:	
Additions to net assets attributed to:	
Interest and dividends	$ 316,065
Interest on participant loans	9,951
Net gain (loss) on investments	271,955
Contributions:	
Participant	1,383,471
Employer	237,796
Other - Including rollovers and transfers	22,081
Total contributions	1,643,348
Total additions	2,241,319
Deductions:	
Administrative expenses	32,872
Excess contributions	45,396
Benefits paid to participants and transfers out of plan	2,180,296
Total deductions	2,258,564
Net decrease	(17,245)
Net assets available for benefits at beginning of year	10,148,236
Net assets available for benefits at end of year	$ 10,130,991

The accompanying notes are an integral
part of these financial statements.

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) Plan Description

The following description of Strategic Materials Employee Retirement Plan provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

(a) General - The Plan is a defined contribution plan covering all employees of the Company who are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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(c) Participant accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings, or account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contributions portion of their accounts, plus actual earnings thereon, is based on years of continuous service. A participant is 100% vested after five years of credited service.

(e) Investment options - The Plan's investment options include a broad range of mutual funds. Each participant is responsible for the investment decisions relating to the assets in their individual accounts under the Plan.

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(1) Plan Description, (continued)

balance will be used as collateral for any loan. Principal and interest payments are made ratably through payroll deductions. Accounting Standards Update (ASU 2010-25) requires notes receivable from participants to be reported at unpaid principal balance plus any accrued but unpaid interest.

(g) Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or in periodic installments if the account balance is greater than $5,000.

(h) Forfeitures - Forfeitures are allocated in the same proportion that a terminated participant's compensation bears to the total compensation of all participants. However, any forfeiture attributable to matching contributions will be used to reduce any matching contributions made by the Company or to pay administrative fees. During 2016 and 2015, $27,910 and $20,866 respectively, of forfeited participant accounts were used to reduce the Company's contributions or administrative fees.

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(a) Basis of Accounting - The financial statements of the Plan are prepared using the accrual method of accounting.

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(b) Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(2) Summary of Significant Accounting Policies, continued

(c) Investment Valuation and Income Recognition – The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

(d) Payment of Benefits – Distribution of benefits are recorded when paid.

(e) Excess Contributions Refundable – Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions.

(3) Income Taxes

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 20, 2007, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax period in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2011.

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The gain/(loss) by major investment classification at December 31, 2016 as reported by the trustee, is summarized as follows:

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Fidelity Freedom 2030	27,556
Fidelity Freedom 2040	23,501
Fidelity 500 Index Pr	94,889
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 178,190

(4) Information Prepared and Certified by Trustee (Unaudited), continued

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2015 as reported by the trustee, is summarized as follows:

Fidelity Managed Income Portfolio Common/Collective Trust	$ 1,870,204
Fidelity Contrafund Mutual Fund	790,272
Fidelity Freedom 2020	577,564
Fidelity Freedom 2025	554,862
Fidelity Freedom 2030	568,300
Spartan 500 Index Inv	1,092,662
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 5,453,864

The gain/(loss) by major investment classification at December 31, 2015 as reported by the trustee, is summarized as follows:

Fidelity Contrafund Mutual Fund	$ 7,064
Fidelity Freedom 2020	(33,112)
Fidelity Freedom 2025	(31,747)
Fidelity Freedom 2030	(34,809)
Spartan 500 Index Inv	(17,117)
Other investments that do not comprise 5% or more of net assets of the plan	(328,068)
Total gain/(loss) by major investment classification	$ (437,789)

(5) Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits as follows:

		2016	2015
Level 1	Mutual Funds	$ 8,199,513	$ 8,190,958
Level 2	Common/collective Trust	1,801,898	1,870,204
Total		$ 10,001,411	$10,061,162

FASB ASC 820-10, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,

(5) Fair Value Measurements, continued

and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access. Inputs to the methodology include: quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.

Level 2 Fair Value Measurements

Level 2 inputs are other than quoted prices that are observable for the assets or liability including: inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

(6) Investment Contract with Investment Company

In 2006, the Plan entered into a benefit-responsive investment contract with Fidelity Investments. Fidelity maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the Plan by Fidelity. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal, or transfer of all, or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described in Note 2, because the guaranteed investment contract is fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Participants may ordinarily direct the withdrawal, or transfer all, or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2016 and 2015 was $1,806,332 and $1,882,976, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 4 percent. Such interest rates are reviewed on a quarterly basis for resetting.

(6) Investment Contract with Investment Company, continued

The average yield for the years ended December 31, 2016 and 2015 was 1.98% and 1.93%, respectively. The actual interest rate credited to plan participants was 1.24% and 1.17%, respectively.

Certain events limit the Plan's ability to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes, or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

(7) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination participants will become 100% vested in their accounts.

(8) Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of the form 5500:

	2016	2015
Net assets available for benefits per the financial statements	$ 10,130,991	$ 10,148,236
Accrue corrective distributions	45,396	75,005
Accrue employer receivable	-	(8,438)
Accrue employee receivable	-	(36,677)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	4,434	12,772
Net assets available for benefits per Schedule H of the form 5500	$ 10,180,821	$ 10,190,898

(8) Reconciliation of Financial Statements to Schedule H of Form 5500 (Continued)

	2016	2015
Net increase (decrease) in assets available for benefits per the financial statements	$ (17,245)	$ 649,760
Accrue corrective distributions	45,396	75,005
(Accrue) reverse employer receivable	36,677	(36,677)
(Accrue) reverse employee receivable	8,438	(8,438)
Reverse prior year accrued excess contributions	(75,005)	(14,308)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(8,338)	(12,797)
Net increase (decrease) in net assets available for benefits per Schedule H of the form 5500	$ (10,077)	$ 652,545

(9) Risks and Uncertainties

The plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

(10) Transactions with Parties in Interest

Strategic Materials provides to the plan certain accounting and administrative services for which no fees are charged.

(11) Delinquent Participant Contributions

ERISA requires participant contributions to be remitted to the plan administrator as soon as they can be segregated and identified. During the year ended December 31, 2016, there were several instances where the participant contributions were not remitted in a timely manner totaling $246,720. All late contributions were remitted to the plan administrator prior to the end of the plan year. The payments of the contributions do not fully constitute a correction of the violation. Reimbursement of the lost earnings or profits to the plan is required to fully correct the violation. During August 2016, the Plan reimbursed lost earnings or profits on contributions totaling $5,709. As of the date of this report, January 28, 2018, the remaining violations of $241,011 have not been fully corrected as reflected on Schedule H, Line 4a attached to these financial statements but the Plan’s record keeper is in the process of calculating the lost earnings or profits.

(12) Subsequent Events

Management has evaluated subsequent events through January 28, 2018, the date the financial statements were available to be issued.

(concluded)

Supplemental Schedules

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
SCHEDULE H, LINE 4i–SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FOR THE YEAR ENDED DECEMBER 31, 2016

(a)	(b) Identity of Issuer	(c) Description of Fund	(d) Cost	(e) Current Value
*	Fidelity Management Trust	Pimco Total Return		$ 225,774
*	Fidelity Management Trust	Janus Enterprise T		127,183
*	Fidelity Management Trust	Oakmark Intl I		264,030
*	Fidelity Management Trust	Temple Global Bond A		112,870
*	Fidelity Management Trust	ALZGI NFJ Div Val Ad		24,287
*	Fidelity Management Trust	Oakmark Eq and Inc I		113,868
*	Fidelity Management Trust	Glenmede Sm Cap Eq Adv		90,391
*	Fidelity Management Trust	Fidelity Puritan		415,910
*	Fidelity Management Trust	Fidelity Contra Fund		638,118
*	Fidelity Management Trust	Fidelity Capital Apprec		203,899
*	Fidelity Management Trust	Fidelity Low Priced Stock		163,278
*	Fidelity Management Trust	Fidelity Freedom Income		344,279
*	Fidelity Management Trust	Fidelity Freedom 2005		1,221
*	Fidelity Management Trust	Fidelity Freedom 2010		158,479
*	Fidelity Management Trust	Fidelity Freedom 2015		177,780
*	Fidelity Management Trust	Fidelity Freedom 2020		827,616
*	Fidelity Management Trust	Fidelity Freedom 2025		712,555
*	Fidelity Management Trust	Fidelity Freedom 2030		749,991
*	Fidelity Management Trust	Fidelity Freedom 2035		405,283
*	Fidelity Management Trust	Fidelity Freedom 2040		548,329
*	Fidelity Management Trust	Fidelity Freedom 2045		256,282
*	Fidelity Management Trust	Fidelity Freedom 2050		491,599
*	Fidelity Management Trust	Fidelity Freedom 2055		88,159
*	Fidelity Management Trust	Fidelity Freedom 2060		17,905
*	Fidelity Management Trust	Fidelity Mgd Inc		1,806,332
*	Fidelity Management Trust	Fidelity Intl Index Pr		100,253
*	Fidelity Management Trust	Fidelity 500 Index Pr		888,316
*	Fidelity Management Trust	Fidelity Midcap Idx Pr		37,180
*	Fidelity Management Trust	Fidelity Sm Cap Idx Pr		14,678
	Participant loans	5% to 8% interest rate		174,976
	Total			$ 10,180,821

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2016

Participant Contributions Transferred Late to the Plan	Loan Repayments Included	Total that Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
		Contributions Not Corrected	Contribution Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$246,720		$241,011	-	-	$5,709

STRATEGIC MATERIALS

EMPLOYEE RETIREMENT PLAN

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

GREEN & MCELREATH CPAs PLLC
Certified Public Accountants

Robert Purnell, CPA
J. Brent Ripple, CPA

INDEPENDENT AUDITORS' REPORT

To Strategic Materials Employee Retirement Plan and Participants
Houston, Texas

Report on Financial Statements

We were engaged to audit the accompanying statements Strategic Materials Employee Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and

executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2016 and 2015, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The Supplemental Schedules of Assets Held At End of Year and Schedule of Delinquent Participant Contributions are required by the Department of Labor's Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Green + McElreath CPAs PLLC

Houston, Texas
January 28, 2018

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Investments (at fair value)		
Value of interest in registered investment companies	$ 8,199,513	$ 8,190,958
Value of interest in common/collective trusts	1,801,898	1,870,204
Total Investments	10,001,411	10,061,162
Employer contributions receivable	-	8,438
Employee contributions receivable	-	36,677
Notes receivable - participants	174,976	116,964
Total Assets	10,176,387	10,223,241
Liabilities		
Excess contributions refundable	45,396	75,005
Net assets available for benefits	$ 10,130,991	$ 10,148,236

The accompanying notes are an integral part of these financial statements.

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

	2016
Additions:	
Additions to net assets attributed to:	
Interest and dividends	$ 316,065
Interest on participant loans	9,951
Net gain (loss) on investments	271,955
Contributions:	
Participant	1,383,471
Employer	237,796
Other - Including rollovers and transfers	22,081
Total contributions	1,643,348
Total additions	2,241,319
Deductions:	
Administrative expenses	32,872
Excess contributions	45,396
Benefits paid to participants and transfers out of plan	2,180,296
Total deductions	2,258,564
Net decrease	(17,245)
Net assets available for benefits at beginning of year	10,148,236
Net assets available for benefits at end of year	$ 10,130,991

The accompanying notes are an integral
part of these financial statements.

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) Plan Description

The following description of Strategic Materials Employee Retirement Plan provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

(a) General - The Plan is a defined contribution plan covering all employees of the Company who are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Contributions - Each year, participants may contribute up to the statutory maximum of pre-tax annual compensation as defined in the Plan. The maximum deferral amount for 2016 is $18,000 for participants under fifty years of age and an additional $6,000 for participants age fifty and above. Participants may also contribute amounts representing distributions from other qualified plans. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3 percent of eligible compensation and it increases by 1% each year limited to 6% unless the participant elects otherwise. The Company contributes an amount equal to 50% of a participant's elective deferrals, up to 3% of a participant's compensation based on each payroll period. Additional discretionary amounts may be contributed by the Company as profit sharing contributions. The discretionary profit sharing contribution amount will be determined by the Company.

(c) Participant accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings, or account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contributions portion of their accounts, plus actual earnings thereon, is based on years of continuous service. A participant is 100% vested after five years of credited service.

(e) Investment options - The Plan's investment options include a broad range of mutual funds. Each participant is responsible for the investment decisions relating to the assets in their individual accounts under the Plan.

(f) Participant notes receivable - Participants may borrow from their fund accounts a minimum of $1,000. The maximum is the lesser of one half of the participant's vested account balance, or $50,000, reduced by the highest outstanding loan balance in the participant's account during the prior twelve month period. The participant's vested account

(1) Plan Description, (continued)

balance will be used as collateral for any loan. Principal and interest payments are made ratably through payroll deductions. Accounting Standards Update (ASU 2010-25) requires notes receivable from participants to be reported at unpaid principal balance plus any accrued but unpaid interest.

(g) Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or in periodic installments if the account balance is greater than $5,000.

(h) Forfeitures - Forfeitures are allocated in the same proportion that a terminated participant's compensation bears to the total compensation of all participants. However, any forfeiture attributable to matching contributions will be used to reduce any matching contributions made by the Company or to pay administrative fees. During 2016 and 2015, $27,910 and $20,866 respectively, of forfeited participant accounts were used to reduce the Company's contributions or administrative fees.

(i) Plan Administration - Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting - The financial statements of the Plan are prepared using the accrual method of accounting.

As described in Financial Accounting Standards Board ASC 946-210-45, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the ASC, the statements of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

(b) Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(2) Summary of Significant Accounting Policies, continued

(c) Investment Valuation and Income Recognition – The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

(d) Payment of Benefits – Distribution of benefits are recorded when paid.

(e) Excess Contributions Refundable – Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions.

(3) Income Taxes

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 20, 2007, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax period in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2011.

(4) Information Prepared and Certified by Trustee (Unaudited)

At December 31, 2016 and 2015, the Plan's investments were held by the Trustee. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the Trustee as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

(4) Information Prepared and Certified by Trustee (Unaudited), continued

	2016	2015
Investments at fair value:		
Investment in common/collective trust	$ 1,801,898	$ 1,870,204
Value of participant directed interest in mutual funds	8,199,513	8,190,958
Total investments at fair value	$ 10,001,411	$ 10,061,162

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2016 as reported by the trustee, is summarized as follows:

Fidelity Managed Income Portfolio Common/Collective Trust	$ 1,801,898
Fidelity Contrafund Mutual Fund	638,118
Fidelity Freedom 2020	827,616
Fidelity Freedom 2025	712,555
Fidelity Freedom 2030	749,991
Fidelity Freedom 2040	548,329
Fidelity 500 Index Pr	888,316
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 6,166,823

The gain/(loss) by major investment classification at December 31, 2016 as reported by the trustee, is summarized as follows:

Fidelity Contrafund Mutual Fund	$ (6,436)
Fidelity Freedom 2020	17,126
Fidelity Freedom 2025	21,554
Fidelity Freedom 2030	27,556
Fidelity Freedom 2040	23,501
Fidelity 500 Index Pr	94,889
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 178,190

(4) Information Prepared and Certified by Trustee (Unaudited), continued

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2015 as reported by the trustee, is summarized as follows:

Fidelity Managed Income Portfolio Common/Collective Trust	$ 1,870,204
Fidelity Contrafund Mutual Fund	790,272
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The gain/(loss) by major investment classification at December 31, 2015 as reported by the trustee, is summarized as follows:

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Fidelity Freedom 2025	(31,747)
Fidelity Freedom 2030	(34,809)
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Other investments that do not comprise 5% or more of net assets of the plan	(328,068)
Total gain/(loss) by major investment classification	$ (437,789)

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The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits as follows:

		2016	2015
Level 1	Mutual Funds	$ 8,199,513	$ 8,190,958
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Total		$ 10,001,411	$10,061,162

FASB ASC 820-10, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,

(5) Fair Value Measurements, continued

and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

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As described in Note 2, because the guaranteed investment contract is fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Participants may ordinarily direct the withdrawal, or transfer all, or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2016 and 2015 was $1,806,332 and $1,882,976, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 4 percent. Such interest rates are reviewed on a quarterly basis for resetting.

(6) Investment Contract with Investment Company, continued

The average yield for the years ended December 31, 2016 and 2015 was 1.98% and 1.93%, respectively. The actual interest rate credited to plan participants was 1.24% and 1.17%, respectively.

Certain events limit the Plan's ability to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes, or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

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Accrue employer receivable	-	(8,438)
Accrue employee receivable	-	(36,677)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	4,434	12,772
Net assets available for benefits per Schedule H of the form 5500	$ 10,180,821	$ 10,190,898

(8) Reconciliation of Financial Statements to Schedule H of Form 5500 (Continued)

	2016	2015
Net increase (decrease) in assets available for benefits per the financial statements	$ (17,245)	$ 649,760
Accrue corrective distributions	45,396	75,005
(Accrue) reverse employer receivable	36,677	(36,677)
(Accrue) reverse employee receivable	8,438	(8,438)
Reverse prior year accrued excess contributions	(75,005)	(14,308)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(8,338)	(12,797)
Net increase (decrease) in net assets available for benefits per Schedule H of the form 5500	$ (10,077)	$ 652,545

(9) Risks and Uncertainties

The plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

(10) Transactions with Parties in Interest

Strategic Materials provides to the plan certain accounting and administrative services for which no fees are charged.

(11) Delinquent Participant Contributions

ERISA requires participant contributions to be remitted to the plan administrator as soon as they can be segregated and identified. During the year ended December 31, 2016, there were several instances where the participant contributions were not remitted in a timely manner totaling $246,720. All late contributions were remitted to the plan administrator prior to the end of the plan year. The payments of the contributions do not fully constitute a correction of the violation. Reimbursement of the lost earnings or profits to the plan is required to fully correct the violation. During August 2016, the Plan reimbursed lost earnings or profits on contributions totaling $5,709. As of the date of this report, January 28, 2018, the remaining violations of $241,011 have not been fully corrected as reflected on Schedule H, Line 4a attached to these financial statements but the Plan’s record keeper is in the process of calculating the lost earnings or profits.

(12) Subsequent Events

Management has evaluated subsequent events through January 28, 2018, the date the financial statements were available to be issued.

(concluded)

Supplemental Schedules

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
SCHEDULE H, LINE 4i–SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FOR THE YEAR ENDED DECEMBER 31, 2016

(a)	(b) Identity of Issuer	(c) Description of Fund	(d) Cost	(e) Current Value
*	Fidelity Management Trust	Pimco Total Return		$ 225,774
*	Fidelity Management Trust	Janus Enterprise T		127,183
*	Fidelity Management Trust	Oakmark Intl I		264,030
*	Fidelity Management Trust	Temple Global Bond A		112,870
*	Fidelity Management Trust	ALZGI NFJ Div Val Ad		24,287
*	Fidelity Management Trust	Oakmark Eq and Inc I		113,868
*	Fidelity Management Trust	Glenmede Sm Cap Eq Adv		90,391
*	Fidelity Management Trust	Fidelity Puritan		415,910
*	Fidelity Management Trust	Fidelity Contra Fund		638,118
*	Fidelity Management Trust	Fidelity Capital Apprec		203,899
*	Fidelity Management Trust	Fidelity Low Priced Stock		163,278
*	Fidelity Management Trust	Fidelity Freedom Income		344,279
*	Fidelity Management Trust	Fidelity Freedom 2005		1,221
*	Fidelity Management Trust	Fidelity Freedom 2010		158,479
*	Fidelity Management Trust	Fidelity Freedom 2015		177,780
*	Fidelity Management Trust	Fidelity Freedom 2020		827,616
*	Fidelity Management Trust	Fidelity Freedom 2025		712,555
*	Fidelity Management Trust	Fidelity Freedom 2030		749,991
*	Fidelity Management Trust	Fidelity Freedom 2035		405,283
*	Fidelity Management Trust	Fidelity Freedom 2040		548,329
*	Fidelity Management Trust	Fidelity Freedom 2045		256,282
*	Fidelity Management Trust	Fidelity Freedom 2050		491,599
*	Fidelity Management Trust	Fidelity Freedom 2055		88,159
*	Fidelity Management Trust	Fidelity Freedom 2060		17,905
*	Fidelity Management Trust	Fidelity Mgd Inc		1,806,332
*	Fidelity Management Trust	Fidelity Intl Index Pr		100,253
*	Fidelity Management Trust	Fidelity 500 Index Pr		888,316
*	Fidelity Management Trust	Fidelity Midcap Idx Pr		37,180
*	Fidelity Management Trust	Fidelity Sm Cap Idx Pr		14,678
	Participant loans	5% to 8% interest rate		174,976
	Total			$ 10,180,821

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2016

Participant Contributions Transferred Late to the Plan	Loan Repayments Included	Total that Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
		Contributions Not Corrected	Contribution Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$246,720		$241,011	-	-	$5,709

STRATEGIC MATERIALS
Recycling Earth's Resources

May 7, 2018

Re: Reasonable Cause of Late Letter for 5500 2016 filing

To whom it may concern;

Our 2016 5500 was prepared by a third-party vendor, Fidelity Investments. The form was signed and submitted on 1/31/18 at 5:00 pm (see attached email). Fidelity guided me through the submission process on the Efast DOL website in which I signed and submitted the form.

Our Benefits Administrator, Isabel Martinez, received a call from Fidelity on Thursday 5/3/18 at 4:30 pm informing us that our 5500 2016 form had not been filed and that we needed to submit the form and recommended that we call the DOL for further assistance.

I have reason to believe that there was a software transmission issue that did not allow the process to complete. On 5/7/18 I logged on to the Efast site to review my submissions and it submitted the form without allowing me to see previous submissions. No documents were uploaded at this time. I spoke with Samuel with the DOL and he was able to retrieve the signed 5500 form with the timestamp of 1/31/18.

We are requesting for any delinquent fees and/or penalties to be waived based on the above explanation.

Respectfully,

Kendall Lasseigne

KENDALL LASSEIGNE
Director of Human Resources | Strategic Materials
P: 281.647.2787 | M: 832.389-6623 | F: 281-647-2799
klasseigne@strategicmaterials.com

Kendall Lasseigne

From: Kendall Lasseigne
Sent: Thursday, February 1, 2018 12:04 PM
To: 'Wilhoit, John'; Pizzo, David
Subject: RE: Form 5500 Filing

John,

Yes. Theresa North with Fidelity Testing & 5500 walked me through the process earlier in the week to get my user id and pin through the DOL. I submitted the form yesterday around 5:00 pm.

NDT is submitting and waiting on the testing results so we are on track with this as well.

Thanks for the checking in with me on this.

Respectfully,

STRATEGIC MATERIALS
Recycling Earth's Resources

KENDALL LASSEIGNE
Director of Human Resources – East Region | Strategic Materials
P: 281.647.2787 | M: 832.389-6623 | F: 281-647-2799

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STRATEGICMATERIALS.COM

Diverse Culture. Collaborative Thinking. Explore Our Careers.

From: Wilhoit, John [mailto:John.Wilhoit@WillisTowersWatson.com]
Sent: Thursday, February 1, 2018 11:56 AM
To: Kendall Lasseigne <klasseigne@strategicmaterials.com>; Pizzo, David <David.Pizzo@fmr.com>
Subject: Form 5500 Filing

Hi Kendall,

Did you get to file the Form 5500? You would likely need a PIN from the DOL and I was not sure if you had one.

Thanks,
John

John Wilhoit, SVP, Retirement Practice Leader
Human Capital Practice
Willis Towers Watson
Willis of New York, Inc., Brookfield Place,
200 Liberty Street, New York, NY 10281-1003
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