



Your Specialty Chemical Partner

First Quarter 2017 Financial Results

May 4, 2017



Safe Harbor

Statements in this presentation that are not historical facts are forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon Management's belief, as well as, assumptions made by and information currently available to Management. Because such statements are based upon expectations as to future economic performance and are not statements of fact, actual results may differ from those projected. These risks, as well as others, are discussed in greater detail in Trecora Resources' filings with the Securities and Exchange Commission, including Trecora Resources' Annual Report on Form 10-K for the year ended December 31, 2016, and the Company's subsequent Quarterly Reports on Form 10-Q.

First Quarter 2017 Overview

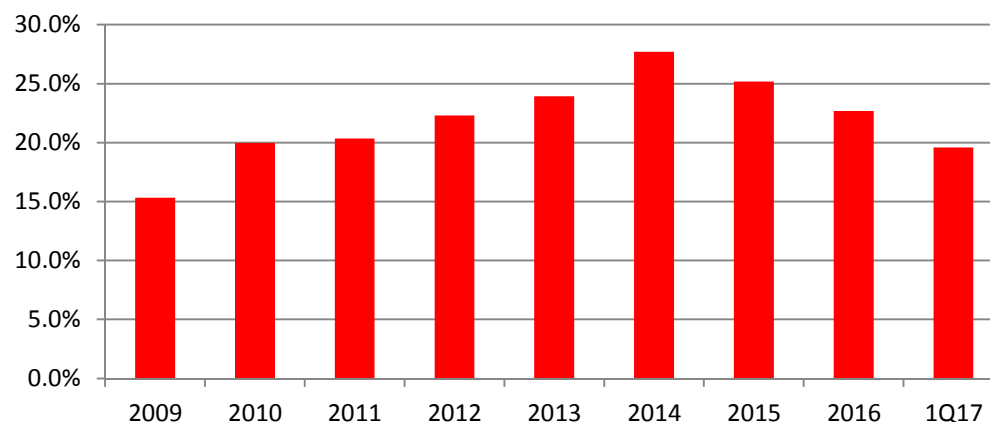
- Continued strong investment in transformational capital projects
 - Enable the Company to fully participate in the resurgence of the NA chemical industry
- Excellent operational performance at South Hampton Resources
 - Prime Products sales at SHR impacted primarily by one customer
 - Advanced Reformer project start-up expected in Q4
- Continued strong annual revenue growth at Trecora Chemical
 - Acquisition of B Plant increased capabilities
 - Distillation Unit is operational and revenue generating starting in April
 - Hydrogenation Unit to start up this quarter
- AMAK is steadily improving after restart of processing operations in December

SHR Update

	Petrochemical Sales Volumes			
	1Q17	4Q16	1Q16	1Q15
	<i>(million gallons)</i>			
All Products	17.3	18.4	20.4	18.1
Prime Products	13.9	14.5	14.7	14.1
Byproducts	3.4	3.9	5.7	4.0
Deferred Sales	1.6	1.5	1.4	2.5

- Quarterly prime product volume decreased 5.0%; excluding Canadian oil sands up 7.6%
- International sales impacted by reduced off-take by Canadian oil sands customer
- Start up of major customer's PE expansion on track for Q3
- Second Canadian oil sands customer expected to start in early 2018

International % of petrochemical volume sold



SHR Update

- **No major refurbishment projects this quarter (A & C Trains completed in '16)**
 - Extra capacity allows for significant flexibility
 - A Train continues to be used for new product trials/production
- **New Products**
 - 80K gallons of first product sold at good margins. Working on a more cost effective production process
 - Successful customer trial for second product. Waiting to hear on commercial use
 - Continued work on economically producing the third product
 - Fourth product is on hold for now
- **SHR Advanced Reformer**
 - \$52 million; on schedule for start up in 4Q17
 - Convert ~30-40 million gallons/year of byproducts sold at higher value aromatics; technology proven in trial at SHR
 - Add ~\$12 - \$14 M/year in EBITDA; 2018-2022

SHR Advanced Reformer Project



Trecora Chemical Update

- **Quarterly Revenue** – up 19% year over year and 21% sequentially
 - Revenue up 50% year-over-year excluding a final non-use fees payment in first quarter of 2016
- **Wax**
 - Sales volumes for high margin Hot Melt Adhesives and PVC Lubricants wax are more than double from fourth quarter
 - Continued strong sales in Europe and Latin America
- **Custom Processing**
 - Good progress notwithstanding loss of \$1.7million in non-use fees
 - Thirteen proposals, three successful trials and four new contracts during the quarter
 - B Plant revenues of \$1MM in first quarter; we expect \$4-\$6 M/year in EBITDA in 2018
- **TC Hydrogenation/Distillation Unit**
 - Distillation Unit is on-line and revenue generating; Hydrogenation Unit expected to start up this quarter
 - Total capital estimate is now approximately \$23 million. Additional costs due to, amongst other things, increases in metal prices and some used reactor fittings proving to be unsuitable
 - Doubles potential custom processing revenue - expect additional \$6-\$8 M/year in EBITDA in '18

TC Hydrogenation/Distillation Project



← One Year Ago



Now →

AMAK Mine Developments

➤ First Quarter Operations

- Only gold and silver doré sales – no Cu or Zn concentrate
- Underground operations performing well – ore stockpile at 150k tons
- Total 61k tons milled in the quarter – the process plant showing a steadily improving trend
 - Most unplanned downtime caused by process water quality issues
 - Now significantly improved to desired level – an additional settling pond planned
- Almost 5000 DMT concentrate to port – approx. 2700 copper and 2300 zinc (18% metal in copper and 47% metal in zinc)

➤ Exploration

- Exploration results and mining options for initial work at Guyan expected in 2Q17
- Additional drilling expected to start in 3Q17 in Al Aqiq (adjacent to Guyan – similar geology)
- Expect Life of Mine update (for copper and zinc) in the 3Q17

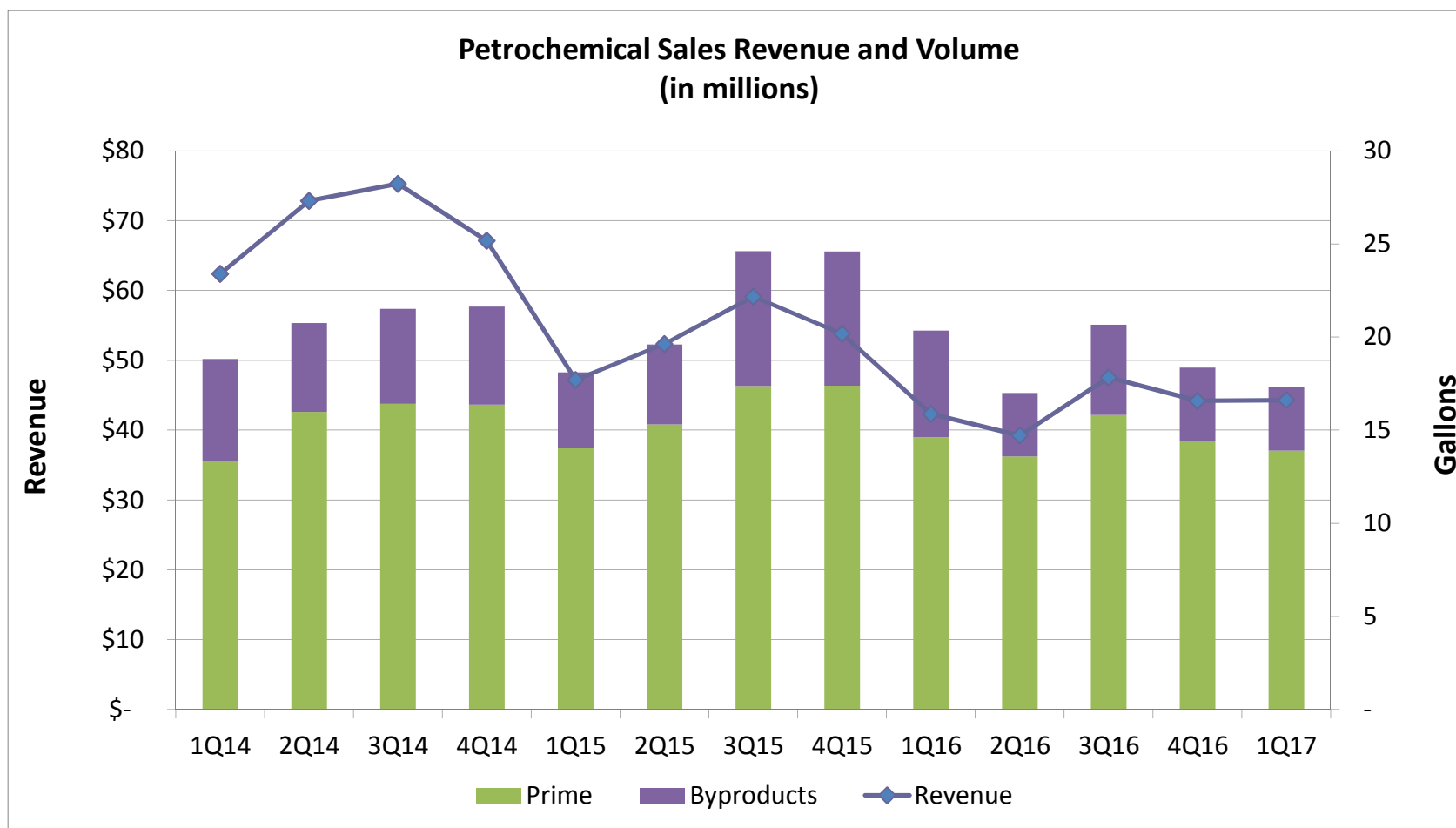
➤ Precious Metal Circuit

- Starting up now; SART commissioning also in progress
- Gold and silver smelting is planned for 3Q17

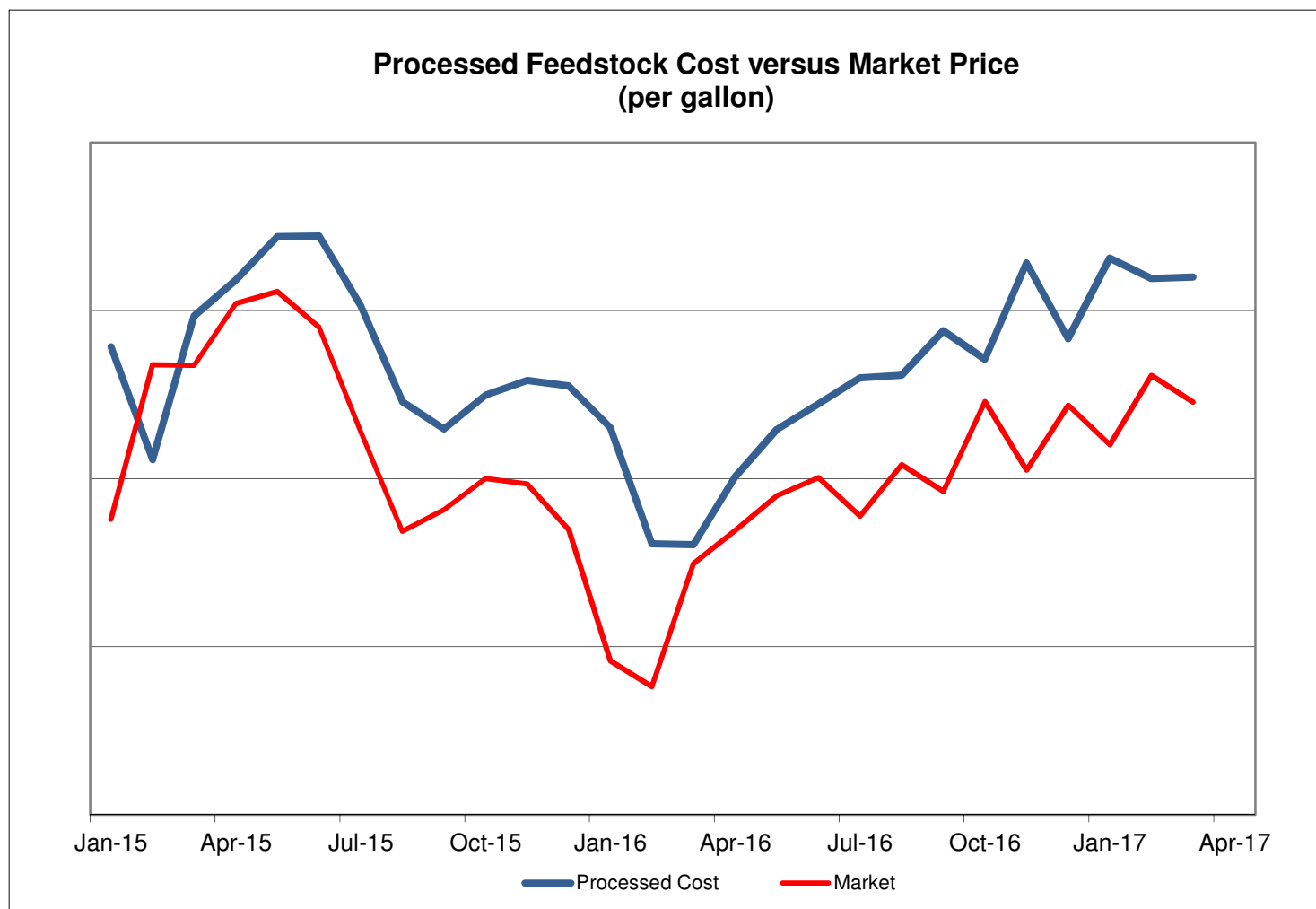
Financial Overview – 1st Quarter 2017

- Revenue was \$55.5 million as compared to \$52.2 million in the first quarter of 2016 and \$54.2 million in the fourth quarter of 2016
 - Prime Products sales volumes at South Hampton Resources were 13.9 million gallons compared to 14.4 million gallons in the fourth quarter due the impact from a major Canadian Oil Sands customer.
 - Feedstock costs up about 6% at SHR including impact of penalty fees compared to fourth quarter.
 - Trecora Chemical achieved record wax sales and quarterly total revenue
- Diluted EPS was \$0.06 includes equity in AMAK losses with an estimated after tax impact of (\$0.03) per share
- Adjusted EBITDA was \$7.4 million as compared to \$9.2 million first quarter of 2016 and \$5.7 million in the fourth quarter of 2016

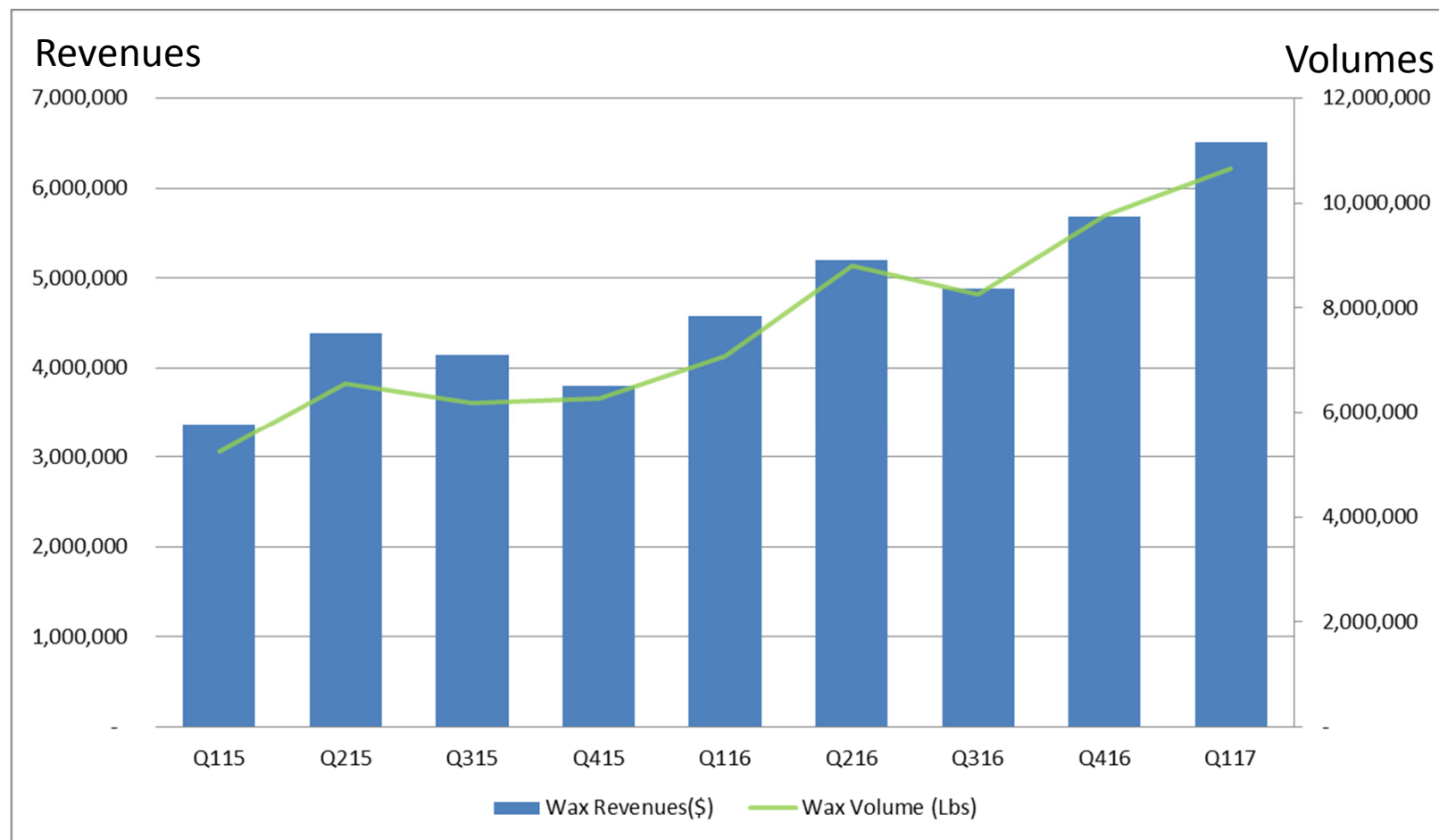
Petrochemical Revenue & Volume Summary



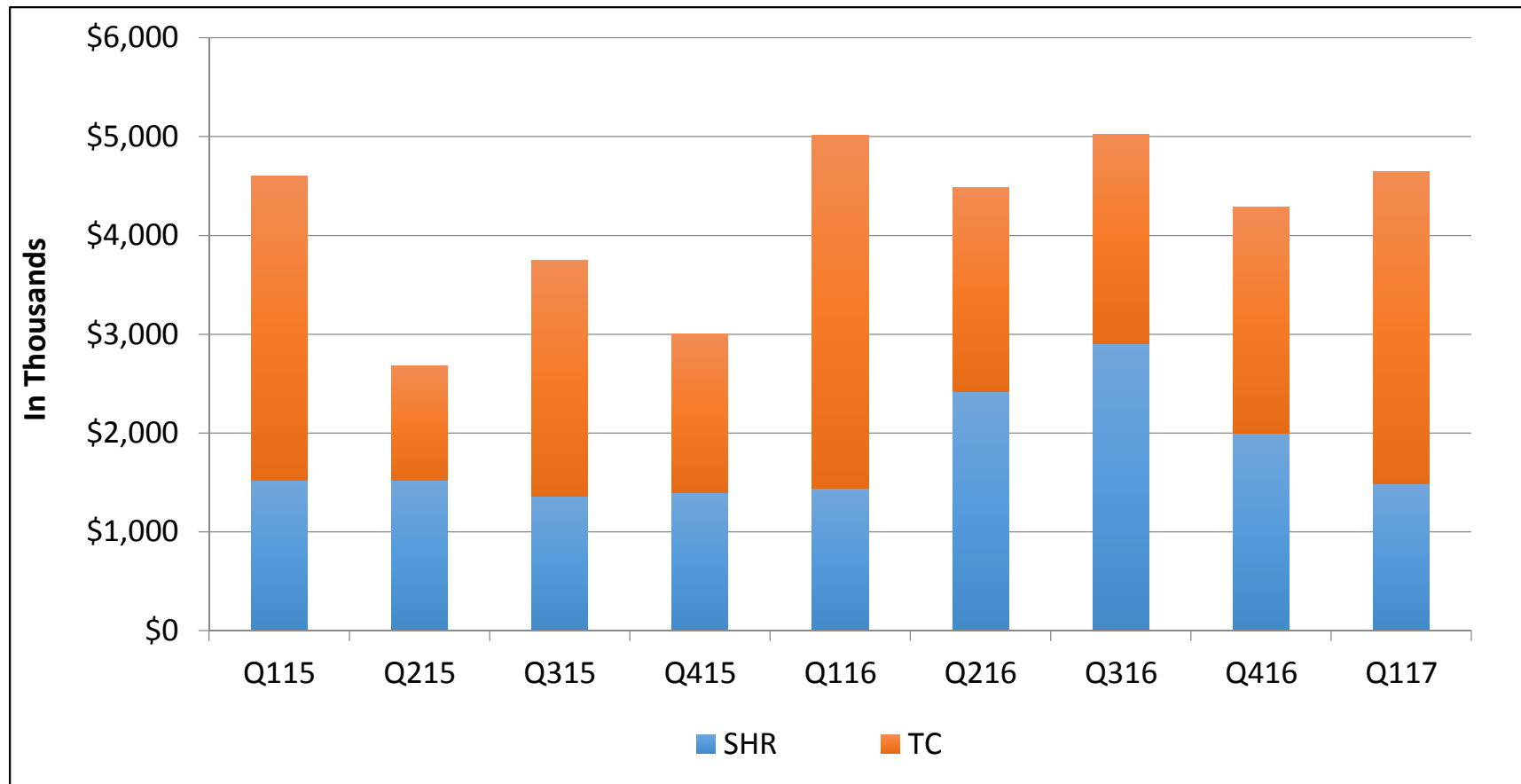
Petrochemical Feed Cost Summary



Trecora Chemical: Strong and Steady Growth in Wax Volumes and Revenues



SHR and TC Custom Processing Revenue Overview



Closing Remarks

➤ **Solid progress in the first quarter of 2017**

- Prime product sales growth excluding Canadian Oil Sands
- Record quarterly sales at TC
- Nearing completion of last two transformational capital projects
- AMAK Mine operations underway

➤ **Numerous industry opportunities**

- Expanding petrochemical production capacity
- Stronger demand from polyethylene manufacturers
- New PE plant start up in 2H17; second oil sands mine to start-up in early 2018

➤ **Numerous catalysts to drive growth**

- Advanced Reformer unit progressing – will increase byproduct value
- Distillation Unit is on-line and revenue generating; Hydrogenation Unit expected to start-up in May
- Opportunity for monetization of investment in AMAK Mine

Q&A

Thank You

Please visit our websites:

www.trecora.com

www.southhamptonnr.com

www.TrecChem.com

www.amak.com.sa

Appendix

CAPITAL PROJECT EBITDA ESTIMATES

Project potential EBITDA and approximate time frame

	<u>Capex</u>	<u>Estimated EBITDA add</u>	<u>Timeframe</u>
South Hampton	<i>(in millions)</i>		
D Train	\$30	\$6-\$8	2018-2020
Advanced Reformer	\$52	\$12-\$14	2018-2022
Trecora Chemical			
Hydrogenation/Distillation	\$23	\$6-\$8	2018
B Plant	\$2	\$4-\$6	2017-2018

Total Potential Incremental Annual EBITDA Estimate:

\$28 million - \$36 million; 2018 – 2022

Appendix

RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES⁽¹⁾

	<u>Three months ended</u>	
	<u>3/31/2017</u>	<u>3/31/2016</u>
NET INCOME	\$ 1,487	\$7,224
Bargain purchase gain	\$0	\$0
Equity in earnings (losses) of AMAK	(966)	\$5,367
Taxes at statutory rate of 35%	<u>(\$338)</u>	<u>\$1,878</u>
Tax effected equity in AMAK	<u>(\$628)</u>	\$3,489
Diluted weighted average number of shares	25,054	25,085
Estimated effect on diluted EPS	<u>(\$0.03)</u>	\$0.14

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.