



Your Specialty Chemical Partner

Fourth Quarter and Full Year 2016 Financial Results

March 1, 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, 2015, and the Company's subsequent Quarterly Reports on Form 10-Q.

Agenda

- Fourth Quarter and Full Year Overview
- Financial & Operational Highlights
- Financial Statement Review
- SHR Update
- TC Update
- AMAK Update
- Closing Remarks

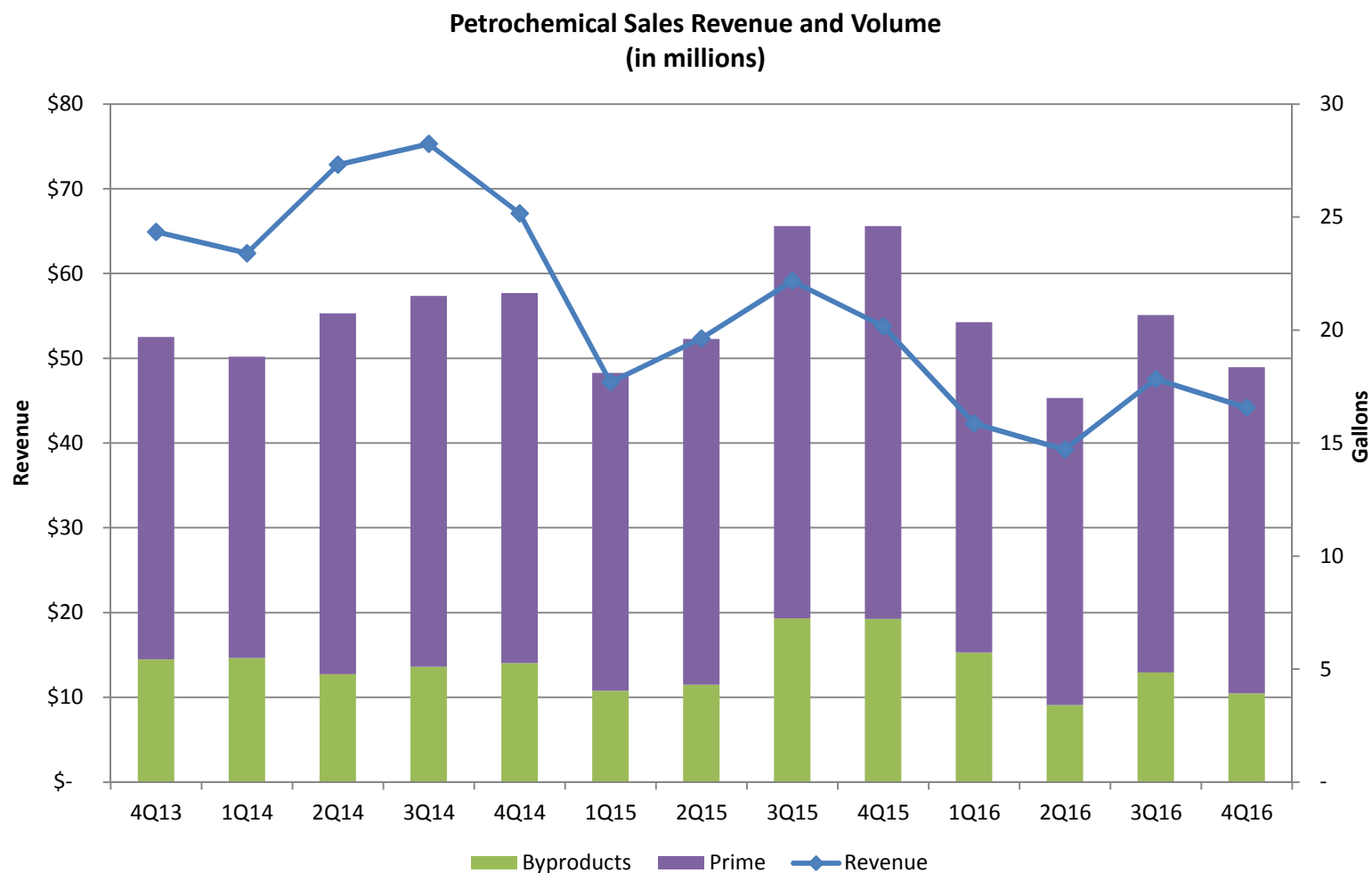
Fourth Quarter and Full Year Overview

- Continued strong investment in transformational capital projects
 - Building a foundation for increased capacity to drive future growth
- Delivered strong annual revenue growth at Trecora Chemical
 - Acquisition of B Plant increased capabilities
 - Distillation Unit is mechanically complete. Hydrogenation testing to begin in April
- Completed extensive renovation work at AMAK
 - Restarted processing operations in December
- Hired new, experienced CFO
- A few customer-specific volume shortfalls at SHR impacted volumes throughout the year

Financial Overview – 4th Quarter 2016

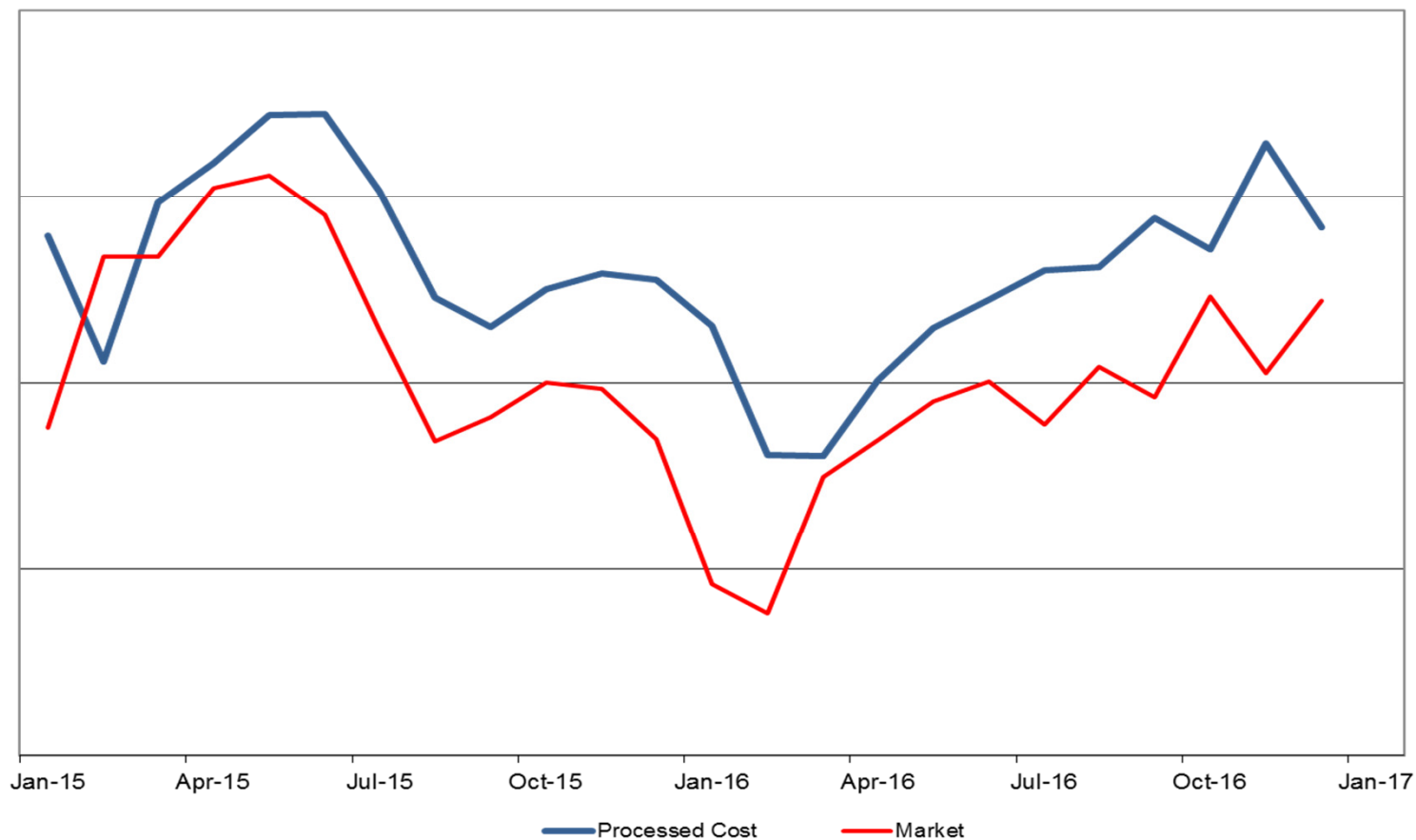
- Fourth quarter results exhibited historical seasonality
- Revenue was \$54.2 million as compared to \$60.5 million in the fourth quarter of 2015
 - Volumes at South Hampton Resources continued to be affected by shortfalls from four customers
 - Feedstock cost increased
 - Trecora Chemical achieved near record wax sales and quarterly total revenue
- Diluted EPS was (\$0.03) includes equity in AMAK losses with an estimated after tax impact of (\$0.10) per share
- Adjusted EBITDA was \$5.7 million as compared to \$8.6 million fourth quarter of 2015

Petrochemical Revenue & Volume Summary

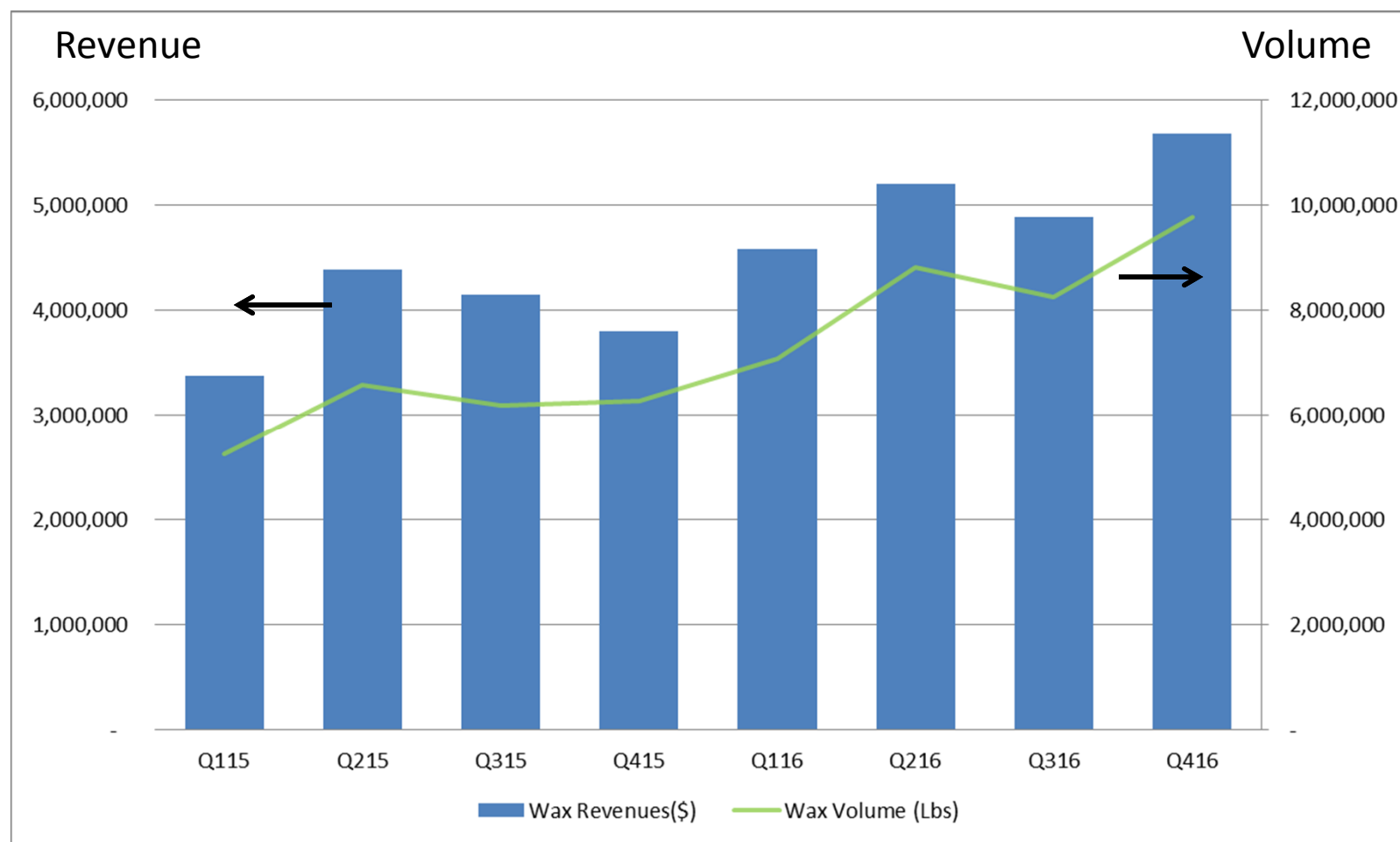


Petrochemical Feed Cost Summary

Processed Feedstock Cost versus Market Price
(per gallon)



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



TREC Income Statement

(in thousands)

	<u>THREE MONTHS ENDED</u>		<u>TWELVE MONTHS ENDED</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Revenue	\$ 54,203	\$ 60,545	\$ 212,399	\$ 241,976
COGS	46,551	49,288	172,497	184,967
COGS%	86%	81%	81%	76%
Gross Profit	7,652	11,257	39,902	57,009
GM%	14.1%	18.6%	18.8%	23.6%
G&A	4,909	5,357	20,434	20,243
Depreciation and amortization	205	146	761	725
Total operating expenses	5,114	5,503	21,195	20,968
Operating Income	2,538	5,754	18,707	36,041
Op Inc%	5%	10%	9%	15%
Interest expense	(182)	(499)	(1,985)	(2,217)
Bargain purchase gain	-	-	11,549	-
Equity in earnings/(losses) AMAK	(3,740)	(2,961)	(1,479)	(5,325)
Gain from additional equity issuance by A	-	-	3,168	-
Misc income (expense)	(66)	(143)	(28)	(137)
Income before income taxes	(1,450)	2,151	29,932	28,362
Income tax expense	(603)	1,029	10,504	9,764
Net Income	\$ (847)	\$ 1,122	\$ 19,428	\$ 18,598

TREC Adjusted EBITDA Calculation

(in thousands)

	<u>THREE MONTHS ENDED</u>		<u>TWELVE MONTHS ENDED</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<i>(unaudited)</i>		<i>(unaudited)</i>	
EBITDA Calculation				
Net Income	\$ (847)	\$ 1,122	\$ 19,428	\$ 18,598
Add: Depreciation and amortization	205	146	761	725
Depreciation/amortization in COGS	2,395	2,252	9,015	8,335
Interest expense	182	499	1,985	2,217
Taxes	(603)	1,029	10,504	9,764
EBITDA	1,332	5,048	41,693	39,639
Share based compensation	670	559	2,552	2,353
Bargain purchase gain	-	-	(11,549)	-
Gain from additional equity issuance by /	-	-	(3,168)	-
Equity in (earnings) losses in AMAK	3,740	2,961	1,479	5,325
Adjusted EBITDA	\$ 5,742	\$ 8,568	\$ 31,007	\$ 47,317
Revenue	\$ 54,203	\$ 60,545	\$ 212,399	\$ 241,976
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	10.6%	14.2%	14.6%	19.6%

4th Quarter 2016 Profitability Dynamics

- Prime product sales volume decreased 17.0% year-over-year and 8.8% sequentially
- Prime product volume excluding Canadian oil sands down 4.4% year-over-year
 - Sales volume for 4Q15 was historic high, making tough Y/Y comparisons
 - 2016 prime product volumes at similar levels to last five year average
- Feedstock cost per gallon increased 8.5% year-over-year and 5.1% sequentially
- Byproduct volume declined 45% and prices moved closer to feedstock cost sequentially, while prices remain below feedstock costs during 4Q16
- Near all-time record sales at Trecora Chemical

TREC Balance Sheet as of December 31, 2016

(unaudited)

(in thousands)

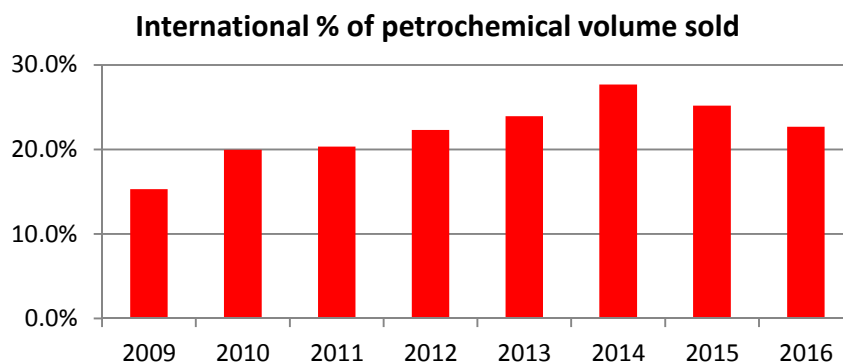
Assets		Liabilities	
Cash & Equivalents	\$ 8,389	A/P	\$ 13,306
A/R	22,193	Derivative Instruments	58
Inventories	17,871	Accrued Liabilities	2,017
Deferred Income Taxes	1,615	CP-LTD	10,145
Other	7,494	Other	1,186
	<u> </u>		<u> </u>
Current Assets	\$ 57,562	Current Liabilities	\$ 26,712
PPE, net	140,009	LTD	73,107
Investment in AMAK	49,386	Deferred Income Taxes	24,698
Goodwill and Intangibles	44,467	Other	3,206
Other long-term assets	675	Owners' Equity	164,376
	<u> </u>		<u> </u>
Total Assets	<u>\$ 292,099</u>	Total Liabilities and OE	<u>\$ 292,099</u>
Cap table at 12/31/16			
Shares outstanding			24,507
Exercisable Options (WAEP \$7.53)			856
Total			<u>25,363</u>

SHR 4th Quarter and Year 2016

Petrochemical Update

	Petrochemical Sales Volumes			
	<u>4Q16</u>	<u>4Q15</u>	<u>Y16</u>	<u>Y15</u>
	<i>(million gallons)</i>			
All Products	18.4	24.6	76.4	86.9
Prime Products	14.5	17.4	58.5	64.1
Byproducts	3.9	7.2	17.9	22.8
Deferred Sales	1.5	2.1	1.5	2.1

- Quarterly prime product volume decreased 17.2%; Yearly prime product volume decreased 8.8%
- Quarterly prime product volume excluding Canadian oil sands down 4.4%; Yearly prime product volume excluding Canadian oil sands down 4.0%
- The year-over-year prime product volume drop explained by volume shortfalls at four specific customers
- Second Canadian oil sands customer expected to start in early 2018



SHR Major Improvement Projects

- **A and C Trains inspected and refurbished**
 - D Train capacity allowed us to do this
 - A Train used for multiple new product trials/production
- **New Products**
 - Initial two railcar orders for one product received in late September – shipping more material in March
 - Customer is trialing second product
 - Continued work on economically producing the third product
 - Fourth product is entering lab trial phase
- **SHR Advanced Reformer**
 - \$52 million; on schedule for start up in 4Q17
 - 13% cost over-run caused primarily by scale down from conventional 40,000 bpd plant
 - Convert ~30-40 million gallons/year of byproducts sold at cost/loss to higher value aromatics; technology proven in trial at SHR
 - Add ~\$12 - \$14 M/year in EBITDA; 2018-2022

SHR Advanced Reformer Project



Trecora Chemical Progress

- **Quarterly Revenue** – up 49.4% year over year
- **Wax Markets**
 - Hot Melt Adhesives – new FT substitute gaining traction in LATAM, EU and the US
 - PVC Lubricants – good progress; first order for molten product received
 - European Distributor – sales up 1.4 million pounds for full year 2016 versus 2015
- **Custom Processing**
 - Increased volumes with existing customers; revenue per hour up significantly for all projects in 2016 compared to 2015
 - Fifteen proposals resulting in four trials and one new contract during the quarter
 - B Plant revenues approximately \$562,000 in 4Q; expect \$4-\$6 M/year in EBITDA 2017-2018
- **TC Hydrogenation/Distillation Unit**
 - \$21 million; on schedule for production to initiate in April 2017
 - 5% cost overrun and slight delay caused primarily by construction in congested, fully-operational plant
 - Doubles potential custom processing revenue
 - Add ~\$6-\$8 M/year in EBITDA; 2017-2018

TC Hydrogenation/Distillation Project



← Nine months ago



Now →

AMAK Mine Developments

- **Fourth quarter results impacted by:**
 - No doré or concentrate sales
 - Ramp-up in people and some expense for plant refurbishment

- **Copper and zinc mill restarted in mid-December 2016**
 - Throughput rates expected to increase through 2Q17
 - Processing historic gold dumps at Guyan completed - gold extraction in process
 - Extensive underground diamond drilling program commenced

- **Exploration on new leases**
 - Diamond drilling at 10km² Guyan gold mining license completed
 - Concept study (including mining options) scheduled for 2Q17
 - Geological mapping at Guyan exploration license completed - new prospects identified
 - Results for Qatan being evaluated and report to be issued in 2Q17

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	\$21	\$6-\$8	2017-2018
B Plant	\$2	\$4-\$6	2017-2018

Total Potential Incremental Annual EBITDA Estimate:

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

Closing Remarks

- 2016 was focused on building a foundation for future growth
 - Capital projects continued to make progress

- 2017 should demonstrate improvement and progress of transformational capital projects
 - Volume growth anticipated in 2H17
 - Wax volumes showing steady growth
 - Distillation/hydrogenation unit on track – hydrogenation testing to start in April
 - Advanced Reformer unit progressing – will increase byproduct value
 - New PE plant start up in 2H17
 - AMAK Mine operations underway – significant exploration in progress

- 2018 offers several catalysts to deliver incremental EBITDA growth and expanded opportunities
 - Second Canadian oil sands customer expected to start in early 2018
 - Strong interest in custom processing capability – expanded opportunities will ramp-up with new facility
 - 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

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

	<u>Three months ended</u>		<u>Year ended</u>	
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
NET INCOME	\$ (847)	\$1,122	\$19,429	\$18,598
Bargain purchase gain	\$0	\$0	\$11,549	\$0
Equity in earnings (losses) of AMAK/Gain on equity issue	(3,740)	(\$2,961)	\$1,689	(\$5,325)
Taxes at statutory rate of 35%	(\$1,309)	(\$1,036)	\$4,633	(\$1,864)
Tax effected equity in AMAK and bargain purchase gain	(\$2,431)	(\$1,925)	\$8,605	(\$3,461)
Diluted weighted average number of shares	25,039	25,203	24,982	25,181
Estimated effect on diluted EPS	(\$0.10)	(\$0.08)	\$0.34	(\$0.14)

12/31/16

(in thousands except ratio)

Current assets \$ 57,562

Current liabilities 26,712

Working capital \$ 30,850

(current assets less current liabilities)

Current ratio 2.2

(current assets divided by current liabilities)

(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.