



Your Specialty Chemical Partner

LD Micro Main Event X
December 5, 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.

Corporate Highlights

- **Trecora Resources (NYSE: TREC) is a leading provider of high-purity light hydrocarbons and specialty waxes**



- **Two core specialty chemical segments**
 - ***South Hampton Resources***: Leading manufacturer of high-purity pentanes
 - ***Trecora Chemical***: Manufacturer of polyethylene wax and wax derivatives
 - Custom processing capabilities



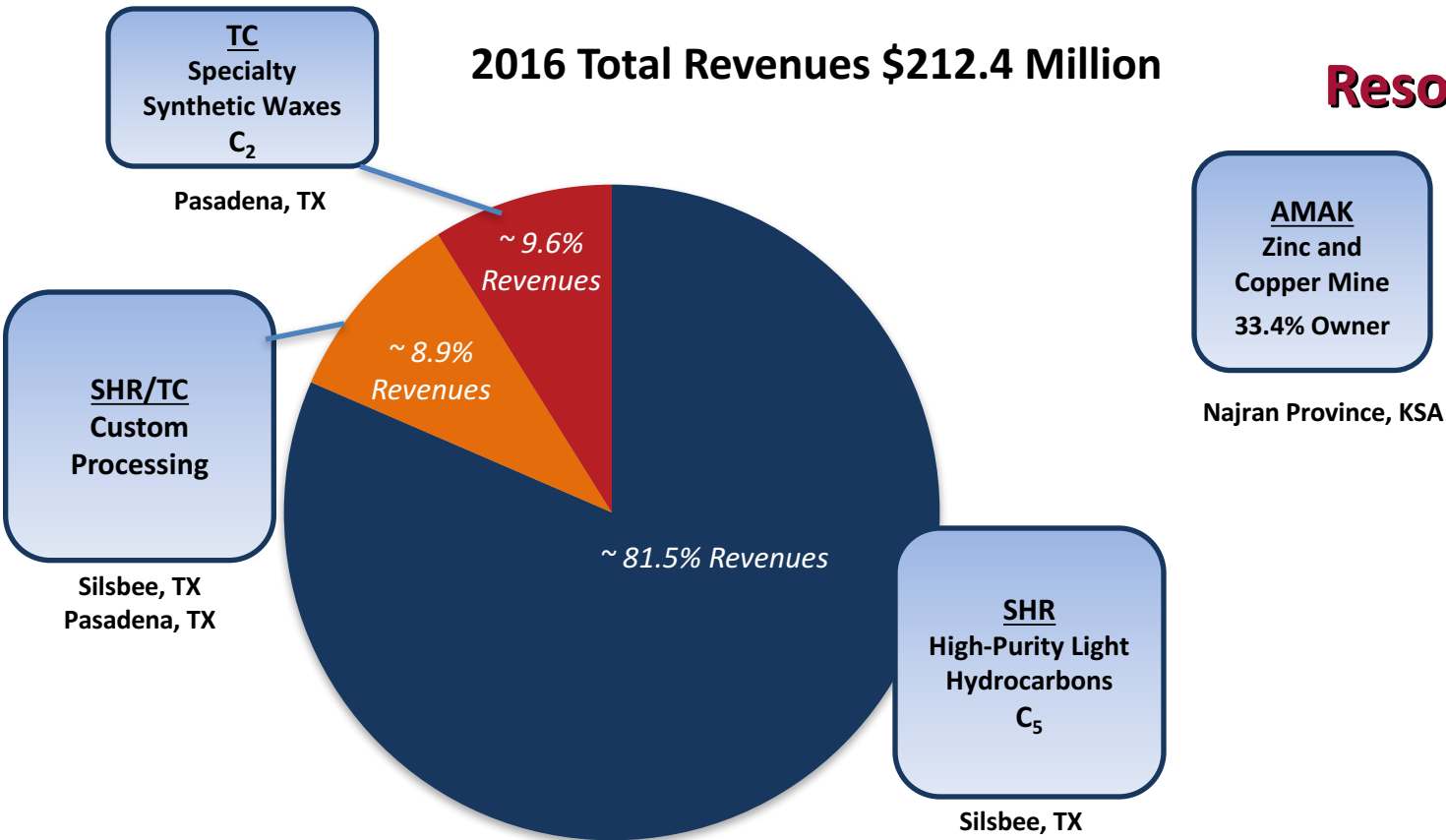
- **Nearly completed capital projects will increase capacity and profitability**
- **Proven management team with an average of >25 years of industry experience**
- **Resurgence of US chemical industry provides new opportunities**

Business Overview

2016 Total Revenues \$212.4 Million

Resource Upside

- Potential exit and monetization
- Significant operational improvements completed
- New gold mining license
- New exploration licenses
- *Full potential not reflected in TREC valuation*



South Hampton Resources

Specialty Petrochemical Segment

- **Leading manufacturer of high-purity light hydrocarbons**
 - 2016 revenues: \$182.0 million
 - Blue Chip customer base
 - 208 full-time employees
 - 180 acres in Silsbee, TX
- **Market leader with approximately 60% market share and only 1 competitor in high-purity pentanes**
- **International sales represented 19.6% of revenues in 2017 YTD (all priced in USD)**
- **Easy access to major transportation networks**



SHR: Blue Chip Customers



SHR: Products & Applications

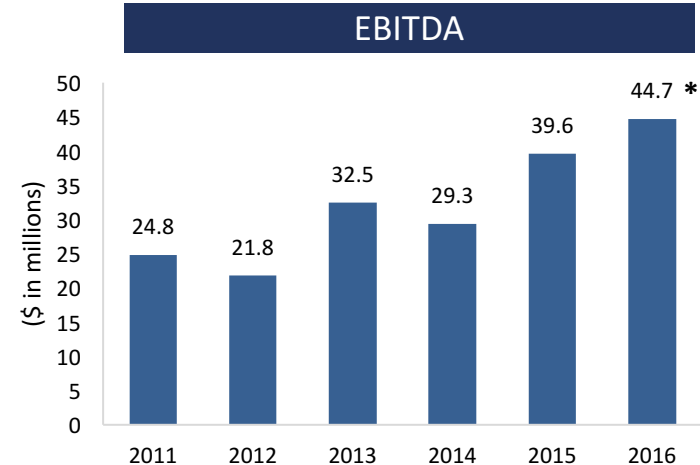
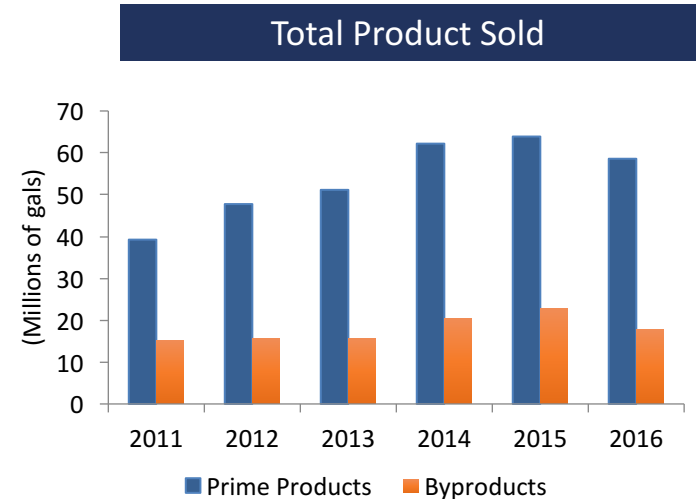
	N-pentane	Isopentane	nC5/iC5 Blends	N-hexane	Isohexane
<u>Application</u>					
Condensing Agent	✓	✓			
Blowing/Expanding Agent	✓	✓	✓		
Catalyst Carrier		✓		✓	✓
Reactor Diluent				✓	✓
Crude Oil/Bitumen Upgrade		✓	✓		

<u>End Product</u>					
Polyethylene (PE)	✓	✓		✓	✓
Polypropylene (PP)		✓		✓	✓
Expandable Polystyrene (EPS)					
Packaging		✓			
Cup Grade	✓				
Block and Shape			✓		
Polyurethane Foams	✓		✓		
Synthetic Rubber				✓	✓
Canadian Tar Sands			✓		

Other applications include: Geothermal, Adhesives, Elastomers, Agricultural, ROSE Unit, and Specialty Fuels

SHR: Growth Drivers

- **New polyethylene plants in North America**
 - Adding 8.0 million metric tons/year of manufacturing capacity by 2020
 - 40% increase over current capacity
 - Cost advantage driving polyethylene exports
- **New market opportunities**
 - US chemical industry has announced over \$180 billion in investment over 10 years
- **Second Canadian oil sands customer expected to commence production in 2018**
- **Global growth (including Asia)**
- **Major capital projects nearly complete**
 - Adds capacity, improves efficiency and increases capabilities



*- Included a Bargain Purchase Gain of \$11.5 million

SHR: D Train Benefits

- **Capital project completed 2015**
- **Protects current high pentane global market share**
- **Demonstrated 6,000 bpd of throughput**
- **Expect to sell 15 to 20 million additional gallons of C5's by 2021/2022**
 - Approximately 35% above 2016 levels
- **Three production trains provide significantly more flexibility and reliability**
 - Capacity allows for new product development
- **Working on new products at SHR for the first time**



SHR: Advanced Reformer Update

➤ Capital project permitted in May 2016

- Significantly higher value-added byproduct stream
- Converts ~30-40 million gal/year to higher margin aromatics
- Completion expected in 1Q'18 with increased production shortly thereafter

➤ Financial Metrics

- \$58 million investment
- Adds \$12-14M/year in annual EBITDA with ~50% of this run rate by end of 2018
- EBITDA grows as prime product volumes ramp up



Trecora Chemical

Specialty Waxes Segment

➤ **Manufactures polyethylene wax and wax derivatives**

- 2016 Revenues: \$30.4 million
- 40 million annual capacity
- 100 full-time employees
- Located in Pasadena, TX

➤ **Wax Markets**

- Hot Melt Adhesives & PVC Lubricants
- New products for these markets being well-received
- Increasing demand from European distributor to higher value markets

➤ **Significant custom processing capabilities**

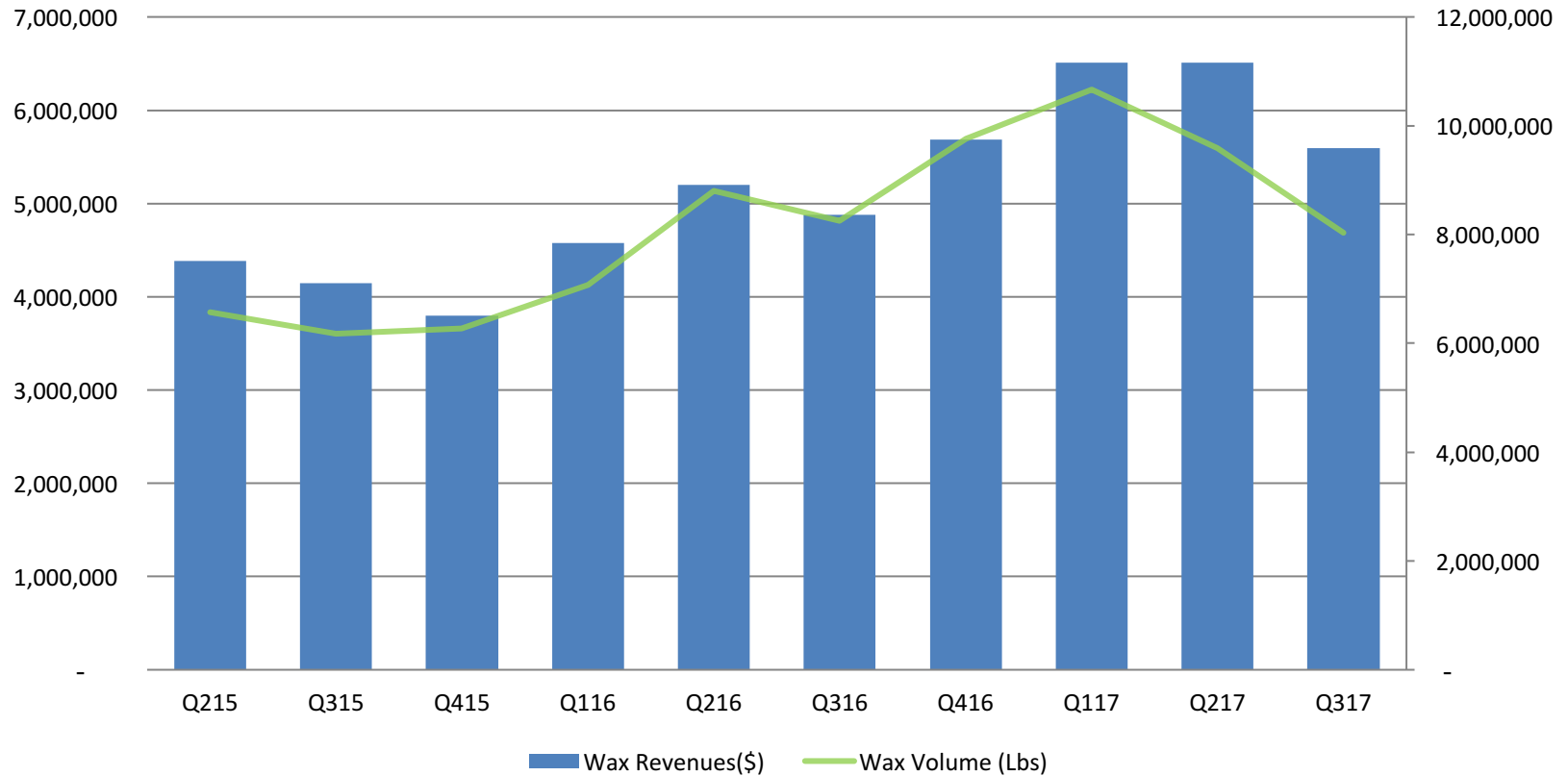
➤ **Strong feedstock supply network**



Trecora Chemical: Wax Volume and Revenue Overview

Revenues

Volumes



TC: Hydrogenation/Distillation Project Completed

➤ Hydrogenation/Distillation Unit

- Leverage existing relationships with petrochemical customers and generate new custom processing business
- Doubles potential custom processing revenue
- With some start-up struggles Distillation Unit still generated revenue of \$300K in 3Q17
- Hydrogenation Unit starting up

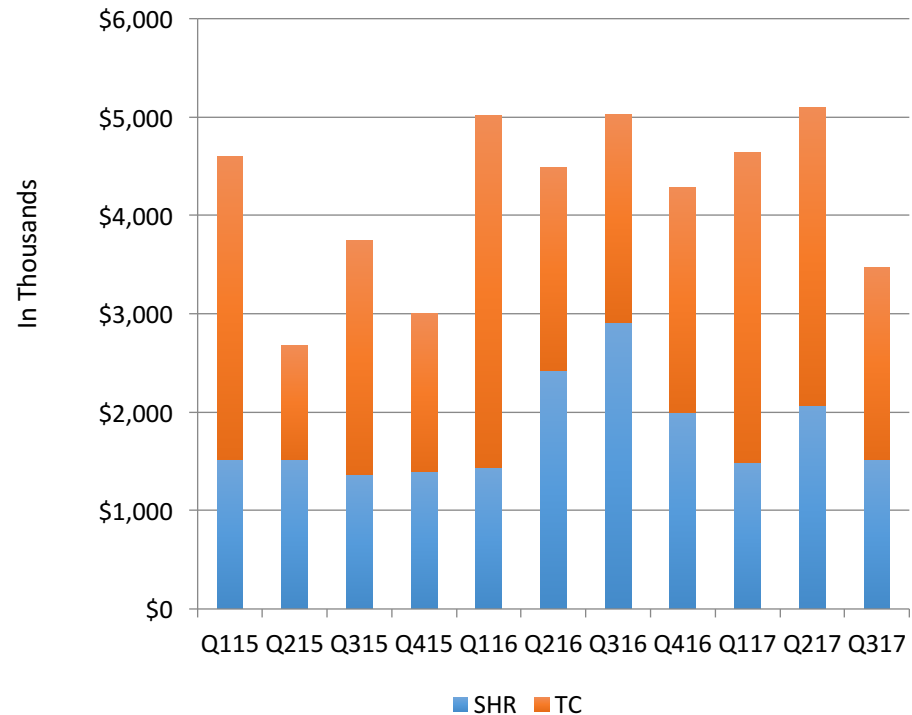
➤ Financials

- \$25 million investment
- Expect additional \$6-\$8 M/year in EBITDA run rate by end of 2018

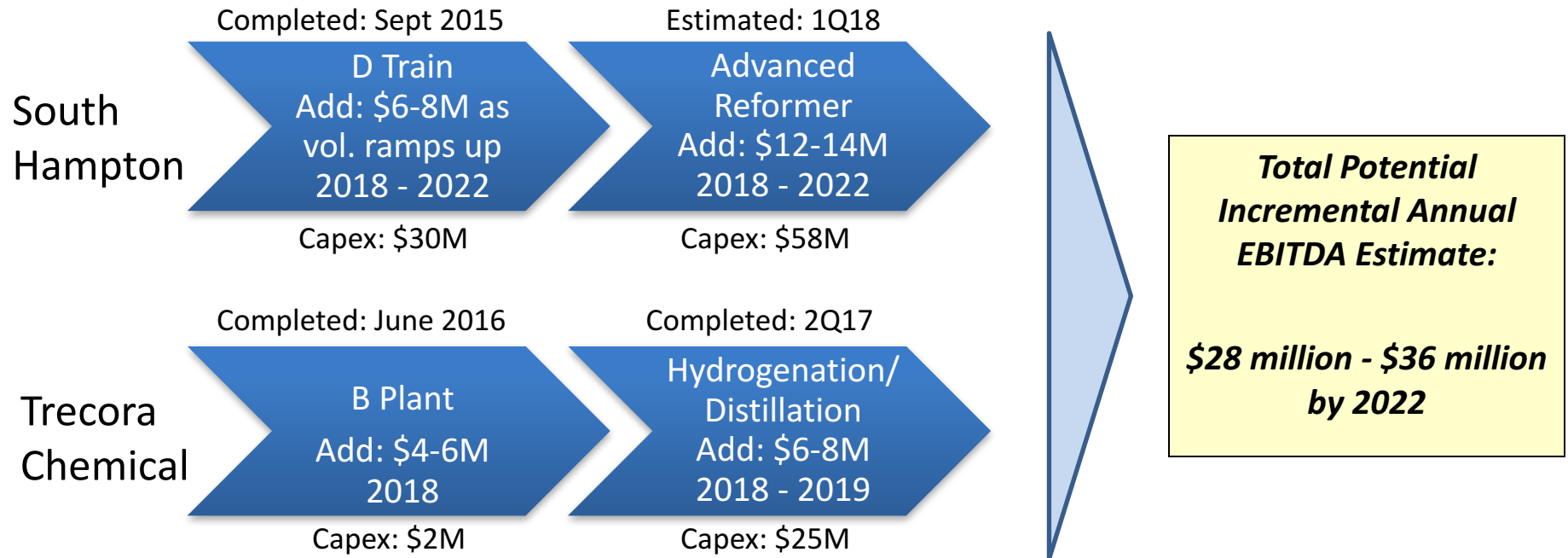


Custom Processing Overview

- **Convert feedstock into value-added products based upon customer specifications**
 - Customers supply and maintain title to feedstock
- **Contractual take or pay agreements with high operating margins**
 - Significant operating leverage above break-even
- **Adding process capabilities that are in short supply in the region**
 - Will benefit from the resurgence in U.S. Chemicals

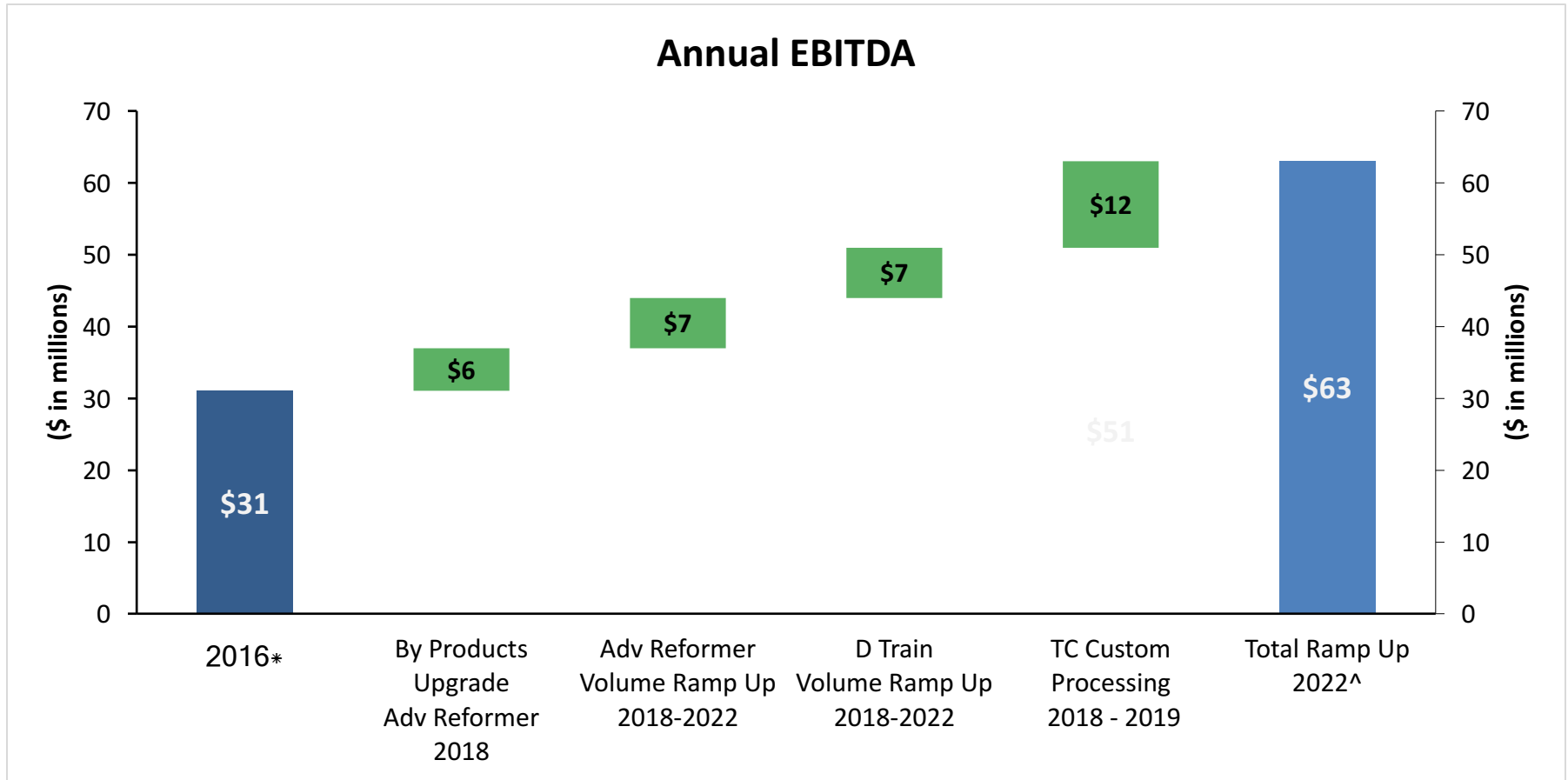


Significant Capital Projects Nearly Complete



- Capital projects funded from operating cash flow and revolver borrowings
- Revolver borrowings increased to \$23 million from \$9 million in 2016
- Total liquidity of \$35M (9/30/17): \$4M of cash / \$37M of revolver availability

Expected Capital Project Contributions



*- Denotes Adjusted EBITDA for 2016

^- Denotes Projected EBITDA for 2022

AMAK Mine Update

➤ Third Quarter Operations – Continued Improvement

- 8000 dry metric ton shipments during the quarter (copper and zinc concentrates)
 - 16% more Cu concentrate and 40% more Zn concentrate shipped to the port in 3Q17 than in 2Q17
- Cu recoveries now consistently above 80%, zinc recoveries hovering between 63% and 68%

➤ Exploration

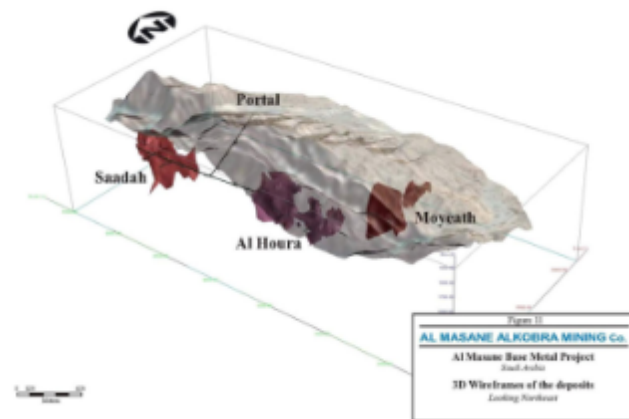
- Initial exploration results and mineral resources update for Guyana complete
- Drilling continues in Guyana and surrounding areas with a similar geological profile
- Expect first Life of Mine update (for copper and zinc) in 4Q17

➤ Precious Metal Circuit

- Leaching process is going well and smelting has been re-initiated
- Expect additional gold and silver doré sales in 1Q18

➤ Four million total new shares issued in July 2016

- 3.75M shares purchased by Armico for \$5.33 per share
- Values TREC's 26.1 M shares at ~\$139 M (33.4% stake)



Investment Summary

- **Strong specialty chemical company addressing expanding profitable market opportunities**
- **Investing in higher margin businesses**
- **Internationally competitive in high-growth developed and emerging markets**
 - Footprint in Canada, Middle East and Asia, and expanding into additional markets
- **Capital projects will increase production capacity and improve corporate profitability**
 - New capacity expected to add \$28 - \$36 million of incremental annual EBITDA 2018 - 2022
- **AMAK monetization opportunity**
 - Objective is financial exit (possibly through IPO)
- **Proven management team that has executed on its core strategy**



Thank You

Please visit our websites:

www.trecora.com

www.southhamptonr.com

www.TrecChem.com

www.amak.com.sa

Financial Summary – 3rd Quarter 2017

	<u>Q3 2017</u>	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>Q3 2016</u>	-	<u>9M2017</u>	<u>9M2016</u>
Diluted EPS	\$ 0.07	\$ 0.03	\$ 0.06	\$ 0.11		\$ 0.16	\$ 0.81
Adjusted EPS*	\$ 0.09	\$ 0.12	\$ 0.09	\$ 0.08		\$ 0.29	\$ 0.37
Adjusted EBITDA*	\$ 7.5	\$ 8.4	\$ 7.4	\$ 7.2		\$ 23.2	\$ 25.3
Adj EBITDA Margin*	12.2%	13.5%	13.3%	12.7%		13.0%	16.0%
Cap Ex**	\$ 11.5	\$ 13.9	\$ 13.9	\$ 9.5		\$ 39.3	\$ 27.9
Debt	\$ 89.7	\$ 89.8	\$ 84.8	\$ 79.0		\$ 89.7	\$ 79.0

* see GAAP reconciliation

** 2016 includes B Plant

- Adjusted EBITDA was \$7.5 million as compared to \$7.2 million third quarter 2016 and \$8.4 million second quarter 2017.
- Harvey EBITDA impact of \$1.5 million to \$1.8 million. Includes expenses related to generator rentals, overtime labor, and maintenance and repairs of \$0.7 million.
- Adjusted EBITDA of \$23.2 million for first nine months of 2017 compared to \$25.3 million for first nine months of 2016
- Cap Ex of \$39.3 million for first nine months of 2017
- Debt at September 30 of \$89.7 million including revolver balance of \$23.0 million

TREC 3Q 2017 Income Statement

(unaudited)

(In Thousands)

	<u>THREE MONTHS ENDED</u>	
	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
	<i>(unaudited)</i>	
Revenue	\$62,115	\$48,854
COGS	51,008	37,280
COGS%	82%	76%
Gross Profit	11,107	11,574
GM%	17.90%	23.70%
G&A	5,740	5,491
Depreciation and amortization	205	187
Total operating expenses	5,945	5,678
Operating Income	5,162	5,896
Op Inc%	8%	12%
Interest expense	(678)	(607)
Bargain purchase gain from acquisition	-	11549
Equity in earnings/(losses) AMAK	(3,298)	(1,017)
Misc income (expense)	(22)	123
Income before income taxes	1,164	15,944
Income tax expense	332	5,692
Net Income	\$832	\$10,252

TREC Adjusted EBITDA Calculation

(unaudited)

(In Thousands)

	<u>THREE MONTHS ENDED</u>	
	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
NET INCOME (LOSS)	\$1,718	\$2,799
Interest	795	568
Taxes	577	1,768
Depreciation and amortization	246	192
Depreciation and amortization in cost of sales	<u>2,564</u>	<u>2,373</u>
EBITDA	5,900	7,700
Share based compensation	716	608
Bargain purchase gain		-
Gain from additional equity issuance by AMAK	-	-3,168
Equity in losses of AMAK	<u>897</u>	<u>2,089</u>
Adjusted EBITDA	\$7,513	\$7,229
Revenue	61,508	57,141
Adjusted EBITDA Margin	12.20%	12.70%
(adjusted EBITDA/revenue)		

TREC Balance Sheet as of September 30, 2017

(unaudited)

(In Thousands)

ASSETS

Current Assets

Cash	\$4,219
Trade receivables, net	22,738
Inventories	12,849
Prepaid expenses and other assets	3,276
Taxes receivable	3,764
Total current assets	<u>46,846</u>

PPE, net	172,049
Goodwill and Intangibles	43,070
Investment in AMAK	44,225
Mineral properties in the United States	588
Other assets	21

TOTAL ASSETS \$306,799

LIABILITIES

Current Liabilities

A/P	\$12,381
Derivative Instruments	7
Accrued liabilities	6,304
CP - post-retirement benefit	308
CP- LTD	8,061
Other	1,131
Current Liabilities	<u>28,192</u>

LTD	81,011
PRB	897
Other	1,681
Deferred income taxes	24,654
Total equity	170,364

TOTAL LIABILITIES AND OE \$306,799