



Your Specialty Chemical Partner

November 2016



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.

Investment Highlights

- **Expanding market opportunities**
- **Internationally competitive in high-growth developed and emerging markets**
 - Footprint in Canada, Middle East and Asia, and expanding into other markets
- **Major capital projects completed/underway to increase capacity and improve profitability**
- **Investing in higher margin businesses**
- **Proven management team with an average of 25 years of industry experience**

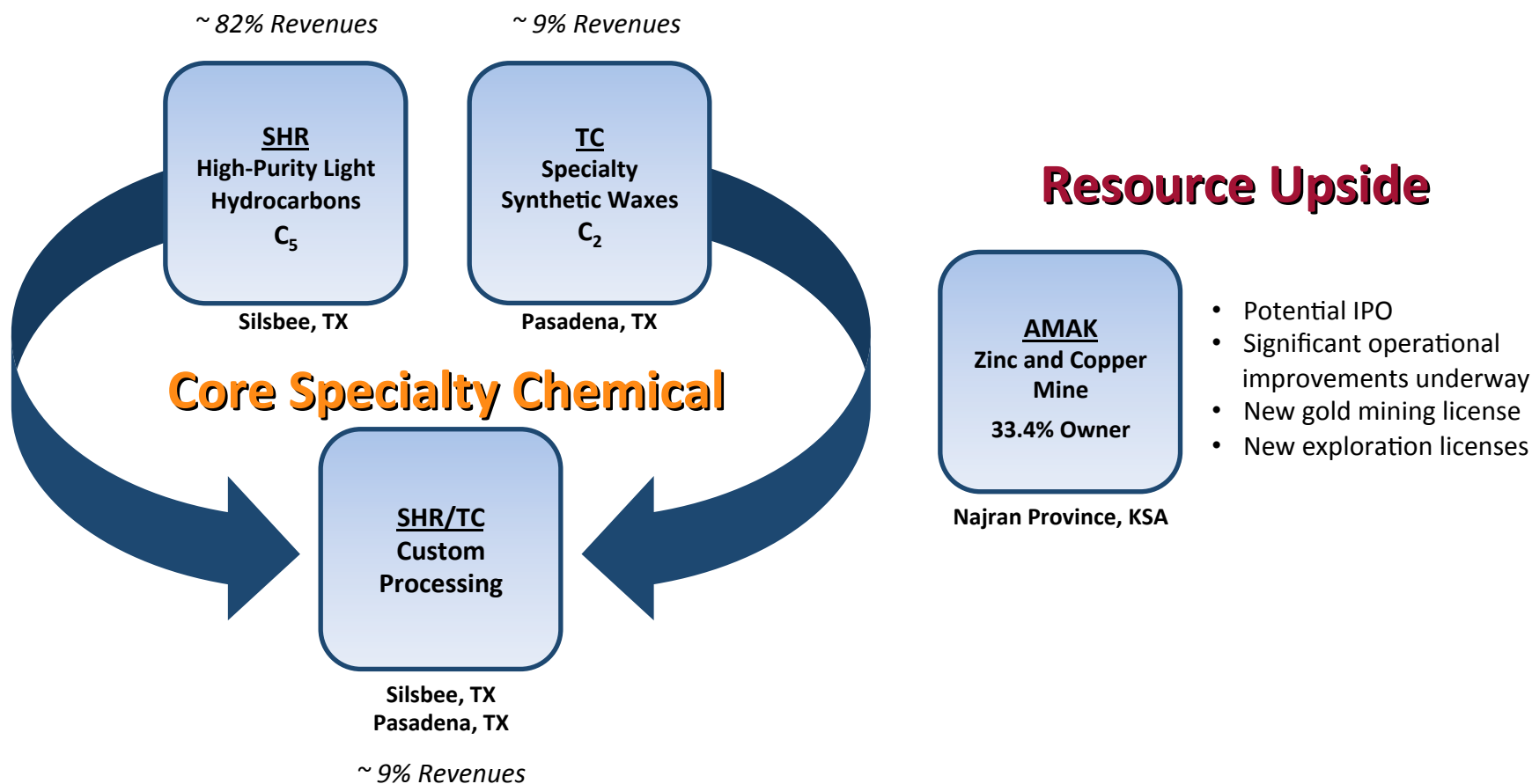
Trecora Stock Statistics

Symbol	(NYSE: TREC)
Stock Price ¹	\$11.85
52 Week High / Low ¹	\$14.67 / \$8.17
Market Cap ¹	\$290 M
Avg. Daily Volume (3 month) ¹	27,426
Shares Outstanding	24.5 M
Float	16.6 M
Insider Ownership	23%
Long-term Debt ²	79.4 M
Current Ratio ²	2.4 : 1

1. All market statistics as of November 14, 2016

2. All balance sheet items as of September 30, 2016

Business Overview



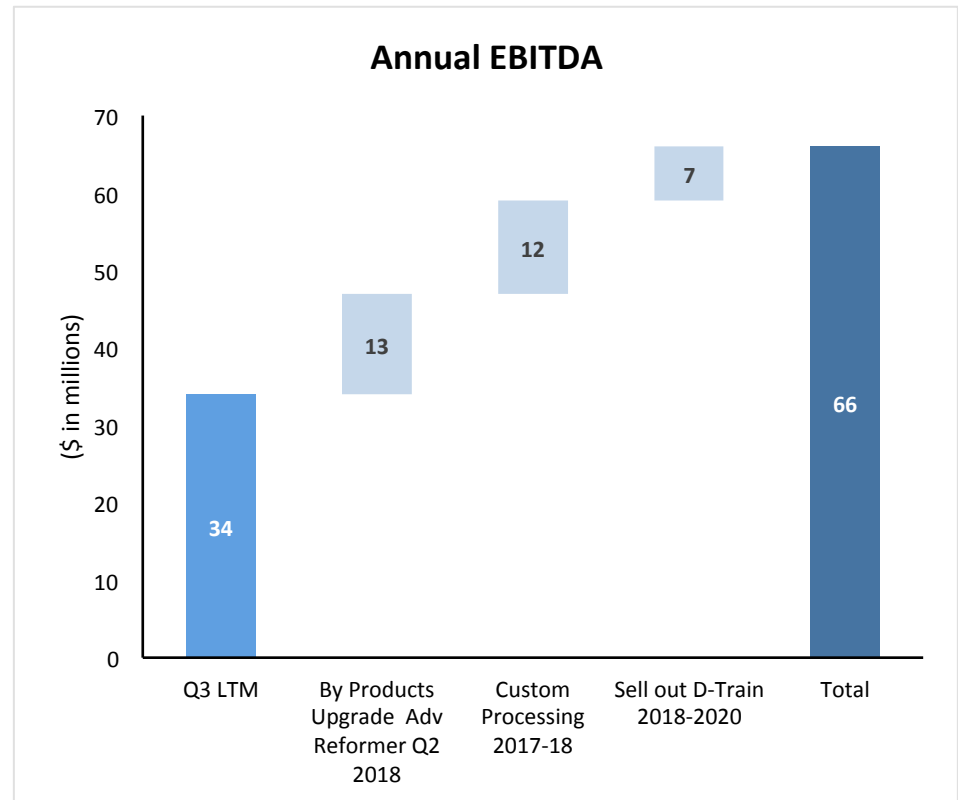
Capital Project Summary

➤ Capital Invested:

- B Plant – \$3M
- D Train – \$30M
- Hydro/Dist – \$20M
- Adv Reformer – \$46M
- Total – ~\$100M

➤ Project Completion:

- B Plant – June 2, 2016
- D Train – November 2015
- Hydro/Dist Unit – January 2017
- Adv Reformer – 2Q17 (starting in 3Q17)



South Hampton Resources

Specialty Petrochemical Segment

- **Leading manufacturer of high-purity petrochemical hydrocarbons**
 - 2015 Revenues: \$218.2 Million
 - Blue-Chip Customer Base
 - 218 Full-time Employees
 - 180 Acres in Silsbee, TX
- **Market leader with 70% market share and only 1 competitor**
- **International customers represent 25.7% of revenues (all priced in USD)**
- **Easy access to major transportation networks**



Blue Chip Customers



SHR Products & Applications

Application

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

End Product

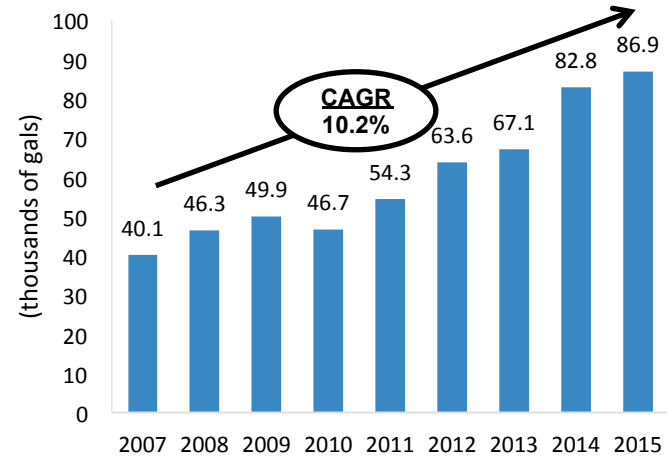
Polythylene (PE)	✓	✓		✓	✓
Polypropylene (PP)		✓		✓	✓
Expandable Polystyrene (EPS)					
Packaging		✓			
Cup Grade	✓				
Block and Shape			✓		
Polyurethane Foams	✓		✓		
Synthetic Rubber				✓	✓
Canadian Tar Sands			✓		

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

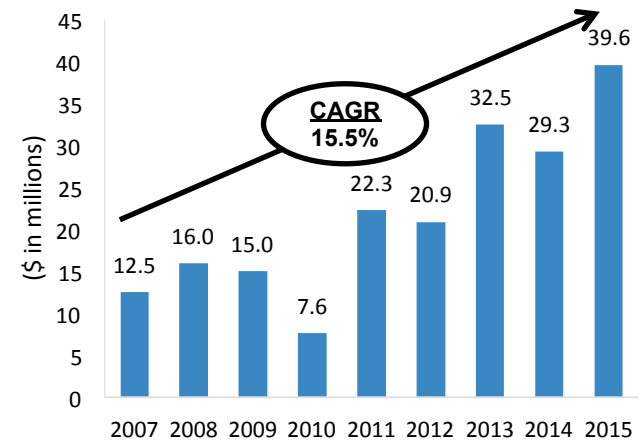
Growth Catalysts

- **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
- **Large oil sands mine customer doubled capacity mid-2015**
 - Increasing volume despite lower oil prices
 - Variable production costs low
 - Oil sands represent long-term reserves
- **Second Canadian oil sands customer expected to come on-line in 2017**
- **Global growth (including Asia)**

Total Volumes Sold



EBITDA



SHR D Train Benefits

- **Demonstrated 6,000 bpd of throughput**
 - 50% over design
- **Installed to meet increased pentane demand**
- **Protects high pentane US market share**
- **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



SHR Expansion Update

➤ Advanced Reformer

- Significantly higher value-added byproduct stream
- Converts ~30-40 million gal/year to higher margin aromatics
- Technology proven in trial at SHR

➤ Financials

- \$46 million invested
- Completion expected in 2Q17 with increased production 2H17
- Construction and operating permits issued May 2016
- Adds \$12-14M/year in annual EBITDA as prime product volumes ramp up



Trecora Chemical

Specialty Waxes Segment

➤ **Manufactures polyethylene wax and wax derivatives**

- 2015 Revenues: \$23.7 Million
- Production capacity in excess of 40 million pounds per year
- Increasing demand from European distributor

➤ **Wax Markets**

- Hot Melt Adhesives & PVC Lubricants
- Trials and small orders for our newest Fischer Tropsch substitute

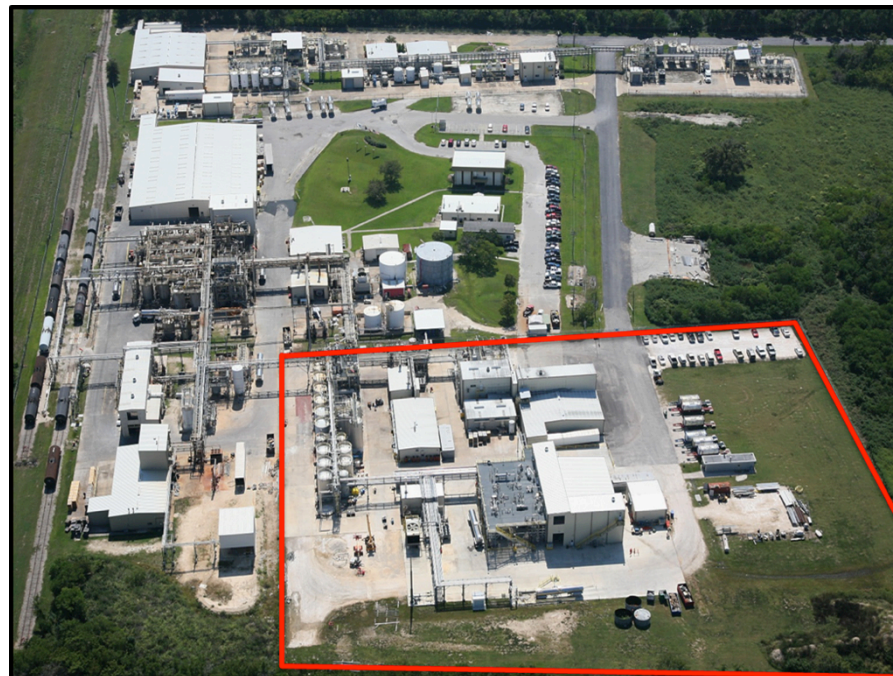
➤ **Easy access to the Port of Houston**

➤ **Strong feedstock supply network**



B Plant

- **Purchased completed May 2016**
 - First production of high purity specialty wax in 2Q16
 - Expanding production
- **6.5 acres surrounded by existing facilities**
 - Shared waste water and electricity tie-ins
 - Transportation network in place
- **Production equipment expands**
- **TC's high melt-point separation and forming capabilities**
 - 25 tanks – several with high pressure, which can be used as reactors
 - Various other equipment expands TC production capability



TC Hydrogenation/Distillation Project

➤ Hydrogenation/Distillation Unit

- Leverage existing relationships with petrochemical customers and drive new custom processing business
- Doubles potential custom processing revenue

➤ Financials

- \$20 million investment on schedule to be completed in January 2017
- Adds \$7-9M/year in EBITDA
- 3-4 year payback

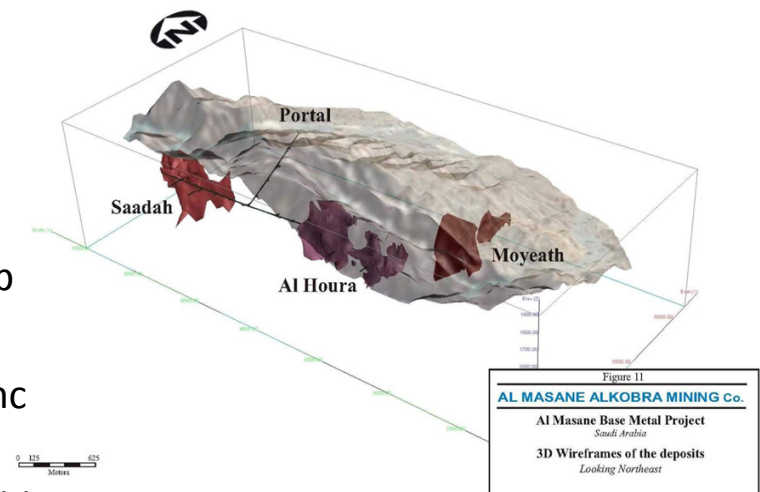


Custom Processing Overview

- **Convert feedstock into value-added products based upon customer specifications**
 - Customers supply and maintain title to feedstock
- **Contractual take or pay basis with high gross and operating margins**
 - Significant operating leverage above break-even
- **Adding process capabilities that are in short supply in the region**
- **Ran a number of trials and won several new contracts in 2016**
- **Chemical manufacturers use outsourced production to develop new products, drive costs down, and reduce internal assets**
 - Anellotech innovative development to produce renewable chemicals from non-food biomass

AMAK Mine Developments

- **Expect 4Q16 restart of copper and zinc mine**
 - Throughput rates expected to increase through 2Q17
 - Life of mine plans and ore reserve exploration in full swing
 - Underground drilling has commenced
- **Guyan gold mine exploration underway**
 - Drilling is over 50% complete – core analysis keeping up
 - Gold mineralization intercepted at depth (>200m)
 - Mining at Guyan on hold until startup of copper and zinc processing
 - Processing historic gold dumps at Guyan has begun; gold extraction in process
- **Four million new shares issued**
 - 3.75M shares purchased by Armico for \$5.33 per share
 - Values TREC's 26.1 M shares, or 33.4% stake, at ~\$139 M



Investment Summary

➤ **Undervalued specialty chemical company addressing expanding market opportunities**

- Trading at 6-7x 2015 EBITDA



➤ **Major capital projects will increase production capacity and improve profitability**

- New capacity expected to add \$28 - \$36 million of incremental annual EBITDA



➤ **Investing in higher margin businesses**

- Advanced Reformer Unit, Trecora Chemical and Custom Processing

➤ **Internationally competitive in high-growth developed and emerging markets**

- Footprint in Canada, Middle East and Asia, and expanding into additional markets

➤ **Proven management team that has executed on its core strategy**

- More than 25 years on average of industry experience

Q&A

Thank You

Please visit our websites:

www.trecora.com

www.southhamptonnr.com

www.TrecChem.com

www.amak.com.sa

TREC Income Statement

(in thousands)

	<u>THREE MONTHS ENDED</u>		<u>NINE MONTHS ENDED</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Revenue	\$ 57,142	\$ 66,938	\$ 158,196	\$ 181,431
COGS	48,237	50,903	125,946	135,679
COGS%	84%	76%	80%	75%
Gross Profit	8,905	16,035	32,250	45,752
GM%	15.6%	24.0%	20.4%	25.2%
G&A	4,585	4,778	15,525	14,886
Depreciation and amortization	192	194	556	579
Total operating expenses	4,777	4,972	16,081	15,465
Operating Income	4,128	11,063	16,169	30,287
Op Inc%	7%	17%	10%	17%
Interest expense	(568)	(535)	(1,803)	(1,718)
Bargain purchase gain	-	-	11,549	-
Equity in earnings/(losses) AMAK	(2,089)	(2,054)	5,079	(2,364)
Misc income (expense)	(72)	7	38	6
Income before income taxes	1,399	8,481	31,032	26,211
Income tax expense	659	3,163	10,984	8,735
Net Income	\$ 740	\$ 5,318	\$ 20,048	\$ 17,476

TREC Adjusted EBITDA Calculation

(in thousands)(unaudited)

	<u>THREE MONTHS ENDED</u>		<u>NINE MONTHS ENDED</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<i>(unaudited)</i>		<i>(unaudited)</i>	
EBITDA Calculation				
Net Income	\$ 740	\$ 5,318	\$ 20,048	\$ 17,476
Add: Depreciation and amortization	192	194	556	579
Depreciation/amortization in COGS	2,373	2,118	6,620	6,083
Interest expense	568	535	1,803	1,718
Taxes	659	3,163	10,984	8,735
EBITDA	4,532	11,328	40,011	34,591
Share based compensation	608	505	1,882	1,794
Bargain purchase gain	-	-	(11,549)	-
Equity in (earnings) losses in AMAK	2,089	2,054	(5,079)	2,364
Adjusted EBITDA	\$ 7,229	\$ 13,887	\$ 25,265	\$ 38,749
Revenue	\$ 57,142	\$ 66,938	\$ 158,196	\$ 181,431
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	12.7%	20.7%	16.0%	21.4%

TREC Balance Sheet as of September 30, 2016

(unaudited)

(in thousands)

Assets		Liabilities	
Cash & Equivalents	\$ 7,587	A/P	\$ 9,229
A/R	19,829	Derivative Instruments	80
Inventories	18,376	Accrued Liabilities	4,708
Deferred Income Taxes	1,703	CP-LTD	8,061
Other	<u>7,517</u>	Other	<u>771</u>
Current Assets	\$ 55,012	Current Liabilities	\$ 22,849
PPE, net	129,738	LTD	70,123
Investment in AMAK	52,776	Deferred Income Taxes	22,817
Goodwill and Intangibles	44,932	Other	3,040
Other long-term assets	697	Owners' Equity	164,326
Total Assets	<u><u>\$ 283,155</u></u>	Total Liabilities and OE	<u><u>\$ 283,155</u></u>
Cap table at 09/30/16			
Shares outstanding			24,507
Exercisable Options (WAEP \$7.53)			<u>836</u>
Total			<u>25,343</u>