
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 3, 2017

Trecora Resources

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-33926
(Commission File Number)

75-1256622
(IRS Employer
Identification No.)

1650 Hwy 6 South, Suite 190
Sugar Land, Texas 77478
(Address of principal executive offices)

(409) 385-8300
(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

The Company's press release dated August 3, 2017, regarding its financial results for the quarter ended June 30, 2017, including consolidated financial statements for the quarter ended June 30, 2017, is Exhibit 99.1 of this Form 8-K.

The information in this Item 2.02, including the corresponding Exhibit 99.1 is hereby filed.

Item 7.01. Regulation FD Disclosure.

The slides for the Company's second quarter 2017 earnings presentation on August 3, 2017, are Exhibit 99.2 to this Form 8-K.

The information in this Item 7.01, including the corresponding Exhibit 99.2, is being furnished with the Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are being filed as part of this report:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Earnings Release of the Company, dated August 3, 2017
99.2	Earnings Presentation of the Company, dated August 3, 2017

The Company's website (www.trecora.com) contains a significant amount of information about the Company, including financial and other information for investors. The Company strongly encourages investors to visit its website from time to time, as information is updated and new information is posted.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRECORA RESOURCES

Date: August 3, 2017

By: /s/ Sami Ahmad
Sami Ahmad
Chief Financial Officer

Trecora Resources Reports Second Quarter 2017 Results

Revenue Increased 27% Year-over-Year; Prime Product Volume Up 20%

Strong Quarterly Wax Sales at Trecora Chemical

Conference Call at 4:30 pm ET Today

SUGAR LAND, Texas, Aug. 3, 2017 /PRNewswire/ -- Trecora Resources (NYSE: TREC) a leading provider of high purity specialty hydrocarbons and waxes, today announced financial results for the second quarter ended June 30, 2017.

"We are pleased to report a strong operational quarter driven by a nearly 20% increase in prime product volume compared to the same quarter a year ago and continued progress on our transformational capital projects," said Simon Upfill-Brown, President and CEO. "Total revenue increased 27.1% compared to second quarter of 2016 as a result of increased average selling prices and strong volume growth, and while our gross margins were softer due to higher feedstock and operating costs, we reported an increase in adjusted EBITDA as compared to the previous quarter. More importantly, while our reported EPS was \$0.03 per diluted share, this was significantly impacted by an equity loss attributable to the AMAK operations of \$3.3 million, or a loss of \$0.09 per diluted share. Excluding this impact, adjusted EPS was actually \$0.12 per diluted share for the second quarter, showing significant quarterly improvement over the first quarter of 2017.

"We also reported another solid quarter at Trecora Chemical driven by a 31.8% year-over-year increase in revenue," continued Upfill-Brown. "Our new distillation unit generated revenue this quarter while our hydrogenation unit entered its initial start-up phase and is on track to provide additional revenue contributions in the third quarter. With these capital projects now reaching completion, combined with a full pipeline of custom processing projects, we expect continued growth throughout the second half of 2017.

"Finally, AMAK made solid progress within the mine operations as they continued to upgrade personnel and improve operations," said Upfill-Brown. "Although there were no copper or zinc concentrate sales in the second quarter, thereby causing a greater quarterly equity loss, concentrate deliveries to the port showed substantial increases with 54% more copper concentrate and 60% more zinc concentrate transported as compared to the first quarter. Shipments are expected in the third quarter. These actions, along with the exploration results, additional drilling set to start adjacent to Guyana, and a life of mine update for the copper and zinc assets expected in the fourth quarter, should continue the positive momentum into the second half of 2017."

Second Quarter 2017 Financial Results

Total revenue in the second quarter was \$62.1 million, compared with \$48.9 million in the second quarter of 2016, an increase of 27.1%. The increase in reported revenue was driven by a 5.4% increase in the average sales price of petrochemical products and a 22.6% increase in in petrochemical sales volume, compared with the second quarter of 2016. The higher average sales price was partially offset by an 18.2% year-over-year increase in the average per-gallon cost of petrochemical feedstock which is the basis for the formula pricing for about 60% of the Company's petrochemical product sales. Since formula pricing is based upon prior month feedstock averages, sales price increases tend to lag higher feedstock costs resulting in lower profit margins in the period.

Gross profit in the second quarter was \$11.1 million, or 17.9% of total revenues, compared with \$11.6 million, or 23.7% of total revenues, in the second quarter of 2016. Operating income for the second quarter was \$5.2 million, compared with operating income of \$5.9 million for the second quarter of 2016.

Net income for the second quarter was \$0.8 million, or \$0.03 per diluted share, compared with \$10.3 million, or \$0.41 per diluted share, for the second quarter of 2016. Adjusted net income for the quarter was \$3.0 million, or \$0.12 per share¹. Reported net income in the second quarter of 2017 reflected equity in loss of AMAK of \$3.3 million, or an estimated \$(0.09) per diluted share on an after-tax basis. Net income in the second quarter of 2016 reflected a bargain purchase gain on the acquired B Plant of \$11.5 million and equity in losses for AMAK of \$1.0 million for an estimated combined impact of \$0.28 per diluted share on an after-tax basis.

Adjusted EBITDA in the quarter was \$8.4 million, representing a 13.5% margin, compared with Adjusted EBITDA of \$8.9 million, representing an 18.1% margin for the same period a year ago.

South Hampton Resources

Petrochemical volume in the second quarter was 20.8 million gallons, compared with 17.0 million gallons in the second quarter of 2016. Prime product volume in the second quarter of 2017 was 16.3 million gallons, compared with 13.6 million gallons in the second quarter of 2016. Byproduct volume, which is sold at significantly lower margins than prime products, increased 32.4% sequentially and 32.9% year-over-year, to 4.5 million gallons. Byproduct margins were lower year-over-year and from the first quarter of 2017.

International volume represented 22.1% of total petrochemical volume during the quarter, up from 19.6% sequentially and 21.4% from the second quarter of 2016.

SHR SEGMENT INFORMATION*

THREE MONTHS
ENDED

	<u>JUNE 30,</u>		<u>% Change</u>
	<u>2017</u>	<u>2016</u>	
Product sales	\$50,508	\$39,202	29%
Processing fees	<u>2,071</u>	<u>2,419</u>	(14%)
Net revenues	\$52,579	\$41,621	26%
Operating profit before depreciation and amortization	8,761	9,476	(8%)
Operating profit	7,217	8,048	(10%)
Profit before taxes	6,598	7,435	(11%)
Depreciation and amortization	1,544	1,428	8%
EBITDA	8,755	9,470	(8%)
Capital expenditures	\$ 9,021	\$ 5,739	57%

**Dollar amounts in thousands/rounding may apply*

¹Based on adjusted net income of \$3.0 million and 25.0 million shares outstanding.

Trecora Chemical

In the second quarter, TC generated revenues of \$9.5 million, up 31.8% from \$7.2 million in the second quarter of 2016. TC revenue included \$6.5 million of wax product sales, up 26.0%, and \$3.0 million of custom processing fees, up 46.4%, when compared with the second quarter of 2016.

The distillation portion of the hydrogenation/distillation unit project at TC is operational and contributed to revenue in the second quarter. The hydrogenation section recently initiated the start-up process and is expected to contribute to revenues in the third quarter. This unit provides TC with new capabilities to leverage relationships with existing petrochemical customers and drive new custom processing revenue.

EBITDA in the second quarter was \$0.8 million, compared with \$12.3 million in the second quarter of 2016. Excluding the bargain purchase gain from B Plant, TC's Adjusted EBITDA in the second quarter of 2016 was \$0.7 million.

TC SEGMENT INFORMATION*

	THREE MONTHS ENDED		
	<u>JUNE 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Product sales	\$6,508	\$5,164	26%
Processing fees	<u>3,028</u>	<u>2,069</u>	46%
Net revenues	\$9,536	\$7,233	32%
Operating profit before depreciation and amortization	810	584	39%
Operating loss	(198)	(196)	(1%)
Profit (loss) before taxes	(269)	11,484	(102%)
Depreciation and amortization	1,008	780	29%
EBITDA	802	12,264	(93%)
Adjusted EBITDA (excluding bargain purchase gain)	802	715	12%
	\$		
Capital expenditures	4,931	\$ 5,053	(2%)

**Dollar amounts in thousands/rounding may apply*

Al Masane Al Kobra Mining Company (AMAK)

Trecora reported equity in losses of AMAK of approximately \$3.3 million during the second quarter of 2017. Operations are progressing according to schedule. Although no copper or zinc concentrate sales were recorded in the second quarter, inventory was built at the port and will be shipped in the third quarter. Guyana exploration results and mineral resources update are complete. Exploration results extending the life of the copper and zinc mine assets, are expected in the fourth quarter.

Year-to-Date 2017 Results

Total revenue for the six months ended June 30, 2017 was \$117.7 million, compared with revenue of \$101.1 million in the first six months of 2016.

Gross profit for the first six months of 2017 was \$21.7 million, compared with \$23.3 million in the same period in 2016. Gross profit margin in the first six months of 2017 was 18.5%, compared with 23.1% in the same period in 2016.

Net income for the first six months of 2017 was \$2.3 million, compared with \$17.5 million in the same period of 2016. Diluted EPS was \$0.09, compared with \$0.70 in the same period of 2016. Net income in the first half of 2017 was negatively affected by equity in losses of AMAK of \$4.3 million. In the first half of 2016, net income benefitted from equity in earnings for AMAK of \$4.4 million and a bargain purchase gain on the acquisition of B Plant of \$11.5 million for an estimated combined benefit of \$0.41 per diluted share on an after-tax basis.

Adjusted EBITDA for the first six months of 2017 was \$15.7 million, compared with \$18.0 million in the same period in 2016. Adjusted EBITDA margin in the first six months of 2017 was 13.4%, compared with 17.8% in the same period of 2016.

South Hampton Resources (SHR)

Petrochemical volume in the first half was 38.2 million gallons, compared with 37.4 million gallons in the first half of 2016. Prime product volume in the first half of 2017 was 30.2 million gallons, compared with 28.2 million gallons in the first half of 2016. Byproduct volume, which is sold at lower margins, was down 12.9% year-over-year to 8.0 million gallons.

International volume represented 20.9% of total petrochemical volume during the first half of 2017.

SHR SEGMENT INFORMATION*

	SIX MONTHS ENDED		
	<u>JUNE 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Product sales	\$ 94,899	\$ 81,826	16%
Processing fees	<u>3,559</u>	<u>3,860</u>	(8%)
Net revenues	98,458	85,686	15%
Operating profit before depreciation and amortization	16,975	17,886	(5%)
Operating profit	13,875	15,122	(8%)
Profit before taxes	12,601	13,884	(9%)
Depreciation and amortization	3,100	2,764	12%
EBITDA	16,949	17,880	(5%)
Capital expenditures	17,777	11,401	56%

*Dollar amount in thousands – rounding may apply

Trecora Chemical (TC)

In the first half of 2017, TC generated revenues of \$19.2 million, up 24.9% from \$15.4 million for the first half of 2016.

TC SEGMENT INFORMATION*

	SIX MONTHS ENDED		
	<u>JUNE 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Product sales	\$ 13,016	9,721	34%
Processing fees	<u>6,183</u>	<u>5,647</u>	10%
Net revenues	19,199	15,368	25%
Operating profit before depreciation and amortization	1,555	2,647	(41%)
Operating profit (loss)	(469)	816	(157%)
Profit (loss) before taxes	(559)	12,490	(104%)
Depreciation and amortization	2,024	1,831	11%
EBITDA	1,528	14,321	(89%)
Adjusted EBITDA (excluding bargain purchase gain)	1,528	2,772	(45%)
Capital expenditures	10,056	6,993	44%

*Dollar amount in thousands – rounding may apply

Earnings Call

Today's conference call and presentation slides will be simulcast live on the Internet, and can be accessed on the investor relations section of the Company's website at <http://www.trecora.com> or at <http://public.viavid.com/index.php?id=125362>. A replay of the call will also be available through the same link.

To participate via telephone, callers should dial in five to ten minutes prior to the 4:30 pm Eastern start time; domestic callers (U.S. and Canada) should call 1-888-442-4145 or 1-719-457-2080 if calling internationally, using the conference ID 9848527. To listen to the playback, please call 1-844-512-2921 if calling within the United States or 1-412-317-6671 if calling internationally. Use pin number 9848527 for the replay.

Use of Non-GAAP Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). This press release contains the non-GAAP measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Net Income. 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.

Forward-Looking Statements

Statements in this press release 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 our belief, as well as, assumptions made by and information currently available to us. 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. All forward-looking statements included in this press release are based upon information available to the Company as of the date of this press release.

About Trecora Resources (TREC)

TREC owns and operates a facility located in southeast Texas, just north of Beaumont, which specializes in high purity hydrocarbons and other petrochemical manufacturing. TREC also owns and operates a leading manufacturer of specialty polyethylene waxes and provider of custom processing services located in the heart of the Petrochemical complex in Pasadena, Texas. In addition, the Company is the original developer and a 33.4% owner of Al Masane Al Kobra Mining Co., a Saudi Arabian joint stock company.

Investor Relations Contact:

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TRECORA RESOURCES AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	JUNE 30, 2017 (unaudited)	DECEMBER 31, 2016
	<i>(thousands of dollars)</i>	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,748	\$ 8,389
Trade receivables, net	25,032	22,193
Inventories	15,118	17,871
Prepaid expenses and other assets	3,574	3,511
Taxes receivable	<u>3,200</u>	<u>3,983</u>
Total current assets	48,672	55,947
Plant, pipeline and equipment, net	163,182	140,009
Goodwill	21,798	21,798
Other intangible assets, net	21,738	22,669
Investment in AMAK	45,122	49,386
Mineral properties in the United States	588	588
Other assets	<u>42</u>	<u>87</u>
TOTAL ASSETS	<u>\$ 301,142</u>	<u>\$ 290,484</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 10,839	\$ 13,306
Current portion of derivative instruments	19	58
Accrued liabilities	4,596	2,017
Current portion of post-retirement benefit	311	316
Current portion of long-term debt	8,061	10,145
Current portion of other liabilities	<u>2,044</u>	<u>870</u>
Total current liabilities	25,870	26,712
Long-term debt, net of current portion	81,002	73,107
Post-retirement benefit, net of current portion	897	897
Other liabilities, net of current portion	1,829	2,309
Deferred income taxes	<u>23,589</u>	<u>23,083</u>
Total liabilities	<u>133,187</u>	<u>126,108</u>
EQUITY		
Common stock—authorized 40 million shares of \$.10 par value; issued 24.5 million in 2017 and 2016 and outstanding 24.3 million and 24.2 million shares in		
2017 and 2016, respectively	2,451	2,451
Additional paid-in capital	54,653	53,474
Common stock in treasury, at cost	(203)	(284)
Retained earnings	<u>110,765</u>	<u>108,446</u>
Total Trecora Resources Stockholders' Equity	167,666	164,087
Noncontrolling Interest	<u>289</u>	<u>289</u>
Total equity	<u>167,955</u>	<u>164,376</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 301,142</u>	<u>\$ 290,484</u>

TRECORA RESOURCES AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	<u>JUNE 30,</u>		<u>JUNE 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<i>(thousands of dollars)</i>			
REVENUES				
Petrochemical and Product Sales	\$ 57,016	\$ 44,366	\$ 107,915	\$ 91,547
Processing Fees	<u>5,099</u>	<u>4,488</u>	<u>9,742</u>	<u>9,507</u>
	62,115	48,854	117,657	101,054
OPERATING COSTS AND EXPENSES				
Cost of Sales and Processing (including depreciation and amortization of \$2,363, \$2,028, \$4,746, and \$4,247, respectively)	<u>51,008</u>	<u>37,280</u>	<u>95,932</u>	<u>77,709</u>
GROSS PROFIT	11,107	11,574	21,725	23,345
GENERAL AND ADMINISTRATIVE EXPENSES				
General and Administrative	5,740	5,491	11,961	10,940
Depreciation	<u>205</u>	<u>187</u>	<u>410</u>	<u>364</u>
	<u>5,945</u>	<u>5,678</u>	<u>12,371</u>	<u>11,304</u>
OPERATING INCOME	5,162	5,896	9,354	12,041
OTHER INCOME (EXPENSE)				
Interest Expense	(678)	(607)	(1,314)	(1,235)
Bargain purchase gain from acquisition	--	11,549	--	11,549
Equity in Earnings (Losses) of AMAK	(3,298)	(1,017)	(4,264)	4,350
Miscellaneous Income (Expense)	<u>(22)</u>	<u>123</u>	<u>(64)</u>	<u>110</u>
	<u>(3,998)</u>	<u>10,048</u>	<u>(5,642)</u>	<u>14,774</u>
INCOME BEFORE INCOME TAXES	1,164	15,944	3,712	26,815
INCOME TAXES	<u>332</u>	<u>5,692</u>	<u>1,393</u>	<u>9,339</u>
NET INCOME	832	10,252	2,319	17,476
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	--	--	--	--
NET INCOME ATTRIBUTABLE TO TRECORA RESOURCES	<u>\$ 832</u>	<u>\$ 10,252</u>	<u>\$ 2,319</u>	<u>\$ 17,476</u>
Basic Earnings per Common Share				
Net Income Attributable to Trecora Resources (dollars)	\$ 0.03	\$ 0.42	\$ 0.10	\$ 0.72
Basic Weighted Average Number of Common Shares Outstanding	<u>24,256</u>	<u>24,204</u>	<u>24,248</u>	<u>24,344</u>
Diluted Earnings per Common Share				
Net Income Attributable to Trecora Resources (dollars)	\$ 0.03	\$ 0.41	\$ 0.09	\$ 0.70
Diluted Weighted Average Number of Common Shares Outstanding	<u>25,034</u>	<u>24,885</u>	<u>25,044</u>	<u>24,985</u>

**TRECORA RESOURCES AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES(1)**

Adjusted EBITDA Margin
(rounding may apply)

	THREE MONTHS ENDED 6/30/17				THREE MONTHS ENDED 6/30/16			
	<u>TC</u>	<u>SHR</u>	<u>CORP</u>	<u>TREC</u>	<u>TC</u>	<u>SHR</u>	<u>CORP</u>	<u>TREC</u>
NET INCOME (LOSS)	\$(269)	\$4,477	\$(3,376)	\$832	\$7,443	\$6,092	\$(3,283)	\$10,252
Interest	63	613	2	678	-	606	1	607
Taxes	-	2,121	(1,789)	332	4,041	1,344	307	5,692
Depreciation and amortization	21	168	16	205	16	164	7	187

Depreciation and amortization in cost of sales	987	1,376	2,363	764	1,264	2,028		
EBITDA	802	8,755	(5,147)	4,410	12,264	9,470	(2,968)	18,766
Share based compensation	-	-	656	656	-	-	627	627
Bargain purchase gain	-	-	-	-	(11,549)	-	-	(11,549)
Equity in losses of AMAK	=	=	3,298	3,298	=	=	1,017	1,017
Adjusted EBITDA	<u>\$802</u>	<u>\$8,755</u>	<u>\$(1,193)</u>	<u>\$8,364</u>	<u>\$715</u>	<u>\$9,470</u>	<u>\$(1,324)</u>	<u>\$8,861</u>
Revenue	9,536	52,579	62,115	7,233	41,621	48,854		
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	8.4%	16.7%	13.5%	9.9%	22.8%	18.1%		

	SIX MONTHS ENDED 6/30/17				SIX MONTHS ENDED 6/30/16			
	TC	SHR	CORP	TREC	TC	SHR	CORP	TREC
NET INCOME (LOSS)	\$(559)	\$8,459	\$(5,581)	\$2,319	\$8,449	\$8,893	\$134	\$17,476
Interest	63	1,248	3	1,314	-	1,232	3	1,235
Taxes	-	4,142	(2,749)	1,393	4,041	4,991	307	9,339
Depreciation and amortization	42	335	32	409	36	312	16	364
Depreciation and amortization in cost of sales	<u>1,982</u>	<u>2,765</u>	=	<u>4,747</u>	<u>1,795</u>	<u>2,452</u>	=	<u>4,247</u>
EBITDA	1,528	16,949	(8,295)	10,182	14,321	17,880	460	32,661
Share based compensation	-	-	1,289	1,289	-	-	1,274	1,274
Bargain purchase gain	-	-	-	-	(11,549)	-	-	(11,549)
Equity in losses (earnings) of AMAK	=	=	4,264	4,264	=	=	(4,350)	(4,350)
Adjusted EBITDA	<u>\$1,528</u>	<u>\$16,949</u>	<u>\$(2,742)</u>	<u>\$15,735</u>	<u>\$2,772</u>	<u>\$17,880</u>	<u>\$(2,616)</u>	<u>\$18,036</u>
Revenue	19,199	98,458	117,657	15,368	85,686	101,054		
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	8.0%	17.2%	13.4%	18.0%	20.9%	17.8%		

Adjusted Net Income and Estimated EPS Impact
(rounding may apply)

	Three months ended		Six months ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
NET INCOME	\$832	\$10,252	\$2,319	\$17,476
Bargain purchase gain	\$0	(\$11,549)	\$0	(\$11,549)
Equity in (earnings) losses of AMAK	3,298	\$1,017	\$4,264	(\$4,350)
Taxes at statutory rate of 35%	<u>\$1,154</u>	<u>(\$3,686)</u>	<u>(\$1,492)</u>	<u>\$5,565</u>
Tax effected equity in AMAK, gain on additional equity issuance by AMAK and bargain purchase gain	\$2,144	(\$6,846)	\$2,772	(\$10,334)
Adjusted Net Income	<u>\$2,976</u>	<u>\$3,406</u>	<u>\$5,091</u>	<u>\$7,142</u>
Diluted weighted average number of shares	25,034	24,885	25,044	24,985
Estimated effect on diluted EPS (tax effected equity in AMAK, gain on additional equity issuance by AMAK, and bargain purchase gain/diluted weighted average number of shares)	(\$0.09)	\$0.28	(\$0.11)	\$0.41

(1) This press release 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.





Your Specialty Chemical Partner

Second Quarter 2017 Financial Results
August 3, 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.

Second Quarter 2017 Overview

- **Continued progress on transformational capital projects**
 - Enable the Company to fully participate in the resurgence of the North American chemical industry

- **Solid prime product volumes at South Hampton Resources**
 - Prior to start-up of major new demand projects
 - Advanced Reformer project start-up expected in Q4

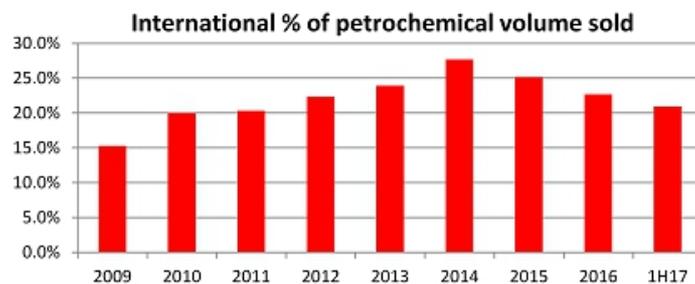
- **Trecora Chemical: Continued progress in the right direction**
 - Acquisition of B Plant increased capabilities
 - Distillation Unit delivered \$500K of revenues in the second quarter
 - Hydrogenation Unit starting up on first project

- **AMAK shipped significant increase in concentrate volumes to the port**

SHR Update

	Petrochemical Sales Volumes			
	2Q17	1Q17	2Q16	2Q15
	<i>(million gallons)</i>			
All Products	20.8	17.3	17.0	19.6
Prime Products	16.3	13.9	13.6	16.2
Byproducts	4.5	3.4	3.4	3.4
Deferred Sales	2.4	1.6	1.7	1.8

- Quarterly prime product volume increased 20% from Q2 2016
- 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



SHR Update

➤ Silsbee plant ran well throughout the quarter

- Extra capacity allows for significant flexibility and reliability
- Without capital reimbursement payments, quarterly custom processing revenues up 14.4% year on year

➤ New Products

- Successfully developed new cost-effective process for first product
- Sold 63K gallons in Q2 with additional export interest
- Products two and three remain in development with fourth product on hold

➤ SHR Advanced Reformer

- \$58 million; on schedule for start up in 4Q17
- Additional \$6 million in capital since last estimate due to:
 - Continued increases for special metallurgy piping
 - Tight skilled labor – increased rates; greater use of contractors
 - Capitalized interest not included initially
- Add ~\$6-7 million of EBITDA in 2018; Additional \$6-7 million by 2022

SHR Advanced Reformer Project



← Last quarter

Now →



Trecora Chemical Update

- **Quarterly Revenue** – up 32% year over year and down 1% sequentially
- **Wax Sales**
 - Sales volumes for high margin Hot Melt Adhesives up 58% from Q1
 - Signed exclusivity agreement with a large supplier of PVC lubricants
 - Received significant road marking order and achieved another record quarter to European distributor
- **Custom Processing**
 - Revenues up 46% from a year ago
 - Nineteen proposals, one successful trial and four new contracts during the quarter
- **B Plant**
 - B Plant revenues of \$2.2 million for the first half of the year; we expect \$4-\$6 M/year in EBITDA run-rate by end of 2018
- **TC Hydrogenation/Distillation Unit**
 - Distillation Unit generated revenue of \$500K in second quarter and Hydrogenation Unit starting up
 - Total capital estimate is now ~\$25 million with additional costs primarily due to increased skilled labor costs and additional stainless steel flanges/piping
 - Expect additional \$6-\$8 M/year in EBITDA run rate at end of 2018

TC Hydrogenation/Distillation Project



← One Year Ago



Now →
Up and running

AMAK Mine Developments

➤ **Second Quarter Operations**

- No sales during the quarter
- Underground operations performing well – 111K tons of ore produced during the quarter
- The process plant showed continued improvement
- 54% more copper concentrate and 60% more zinc concentrate were shipped to the port this quarter than the previous quarter
- Metal content in the concentrates also increased significantly

➤ **Exploration**

- Exploration results and mineral resources update for Guyan complete
- 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 4Q17 (drilling has been slow but accelerating)

➤ **Precious Metal Circuit**

- SART concentrate cake potentially saleable
- Continued work on optimizing leaching process
- Gold and silver smelting planned for 3Q17

Financial Summary – 2nd Quarter 2017

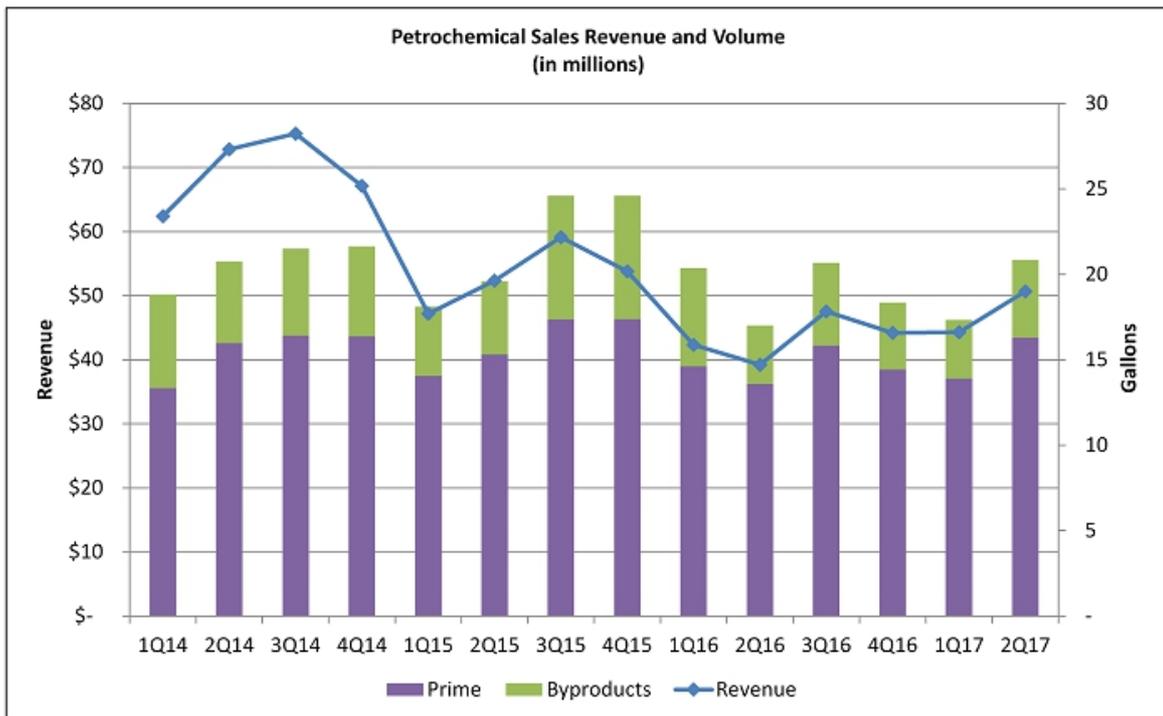
	Q2 2017	Q1 2017	Q2 2016	1H2017	1H2016
Diluted EPS	\$ 0.03	\$ 0.06	\$ 0.41	\$ 0.09	\$ 0.70
Adjusted EPS*	\$ 0.12	\$ 0.09	\$ 0.13	\$ 0.20	\$ 0.29
Adjusted EBITDA*	\$ 8.4	\$ 7.4	\$ 8.9	\$ 15.7	\$ 18.0
Adj EBITDA Margin*	13.5%	13.3%	18.1%	13.4%	17.8%
Cap Ex**	\$ 13.9	\$ 13.9	\$ 10.8	\$ 27.8	\$ 18.4
Debt	\$ 89.8	\$ 84.8	\$ 78.1	\$ 89.8	\$ 78.1

* see GAAP reconciliation

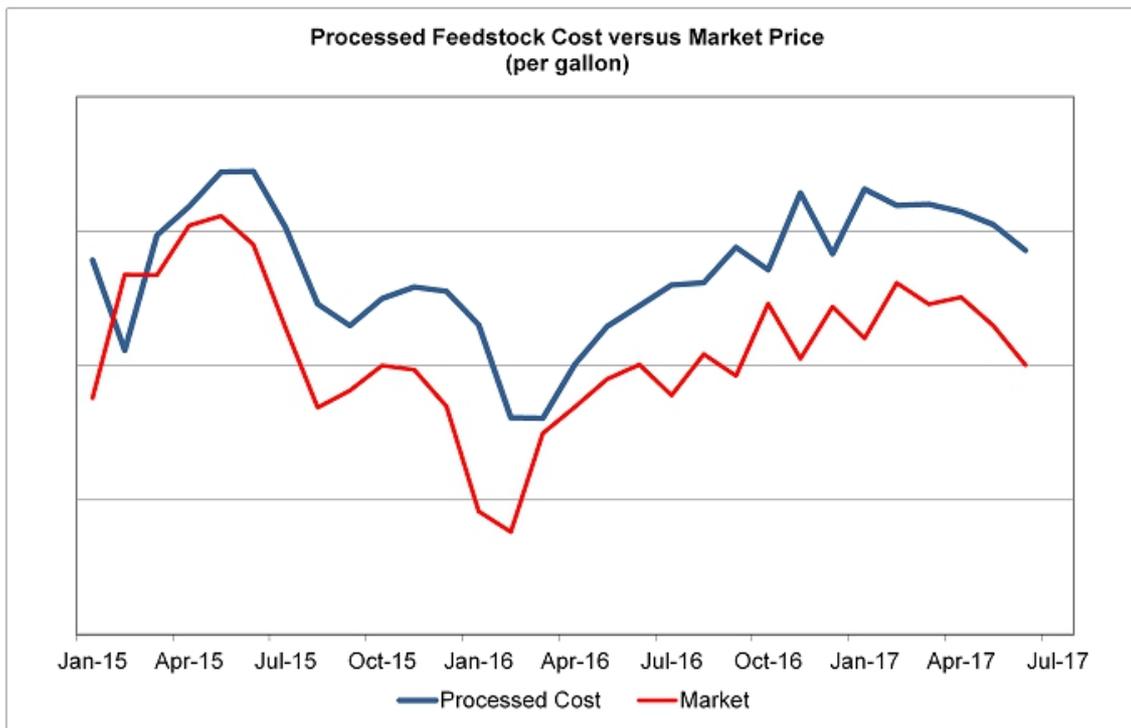
** 2016 includes B Plant

- Adjusted EBITDA was \$8.4 million as compared to \$8.9 million second quarter 2016 and \$7.4 million first quarter 2017.
- Adjusted EBITDA of \$15.7 million for first half of 2017 compared to \$18.0 million for first half of 2016.
- Cap Ex of \$27.8 million for first half of 2017
- Debt at June 30, 2017 of \$89.8 million including borrowings of \$21.0 million on Revolver.
- Revolver capacity increased from \$40 million to \$60 million.

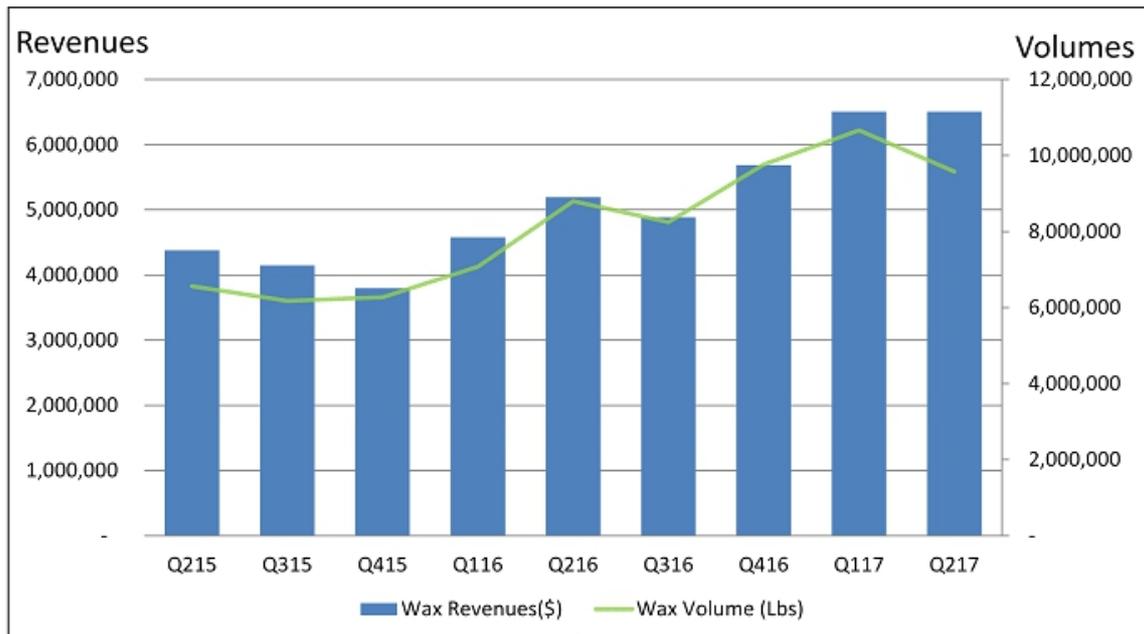
Petrochemical Revenue & Volume Summary



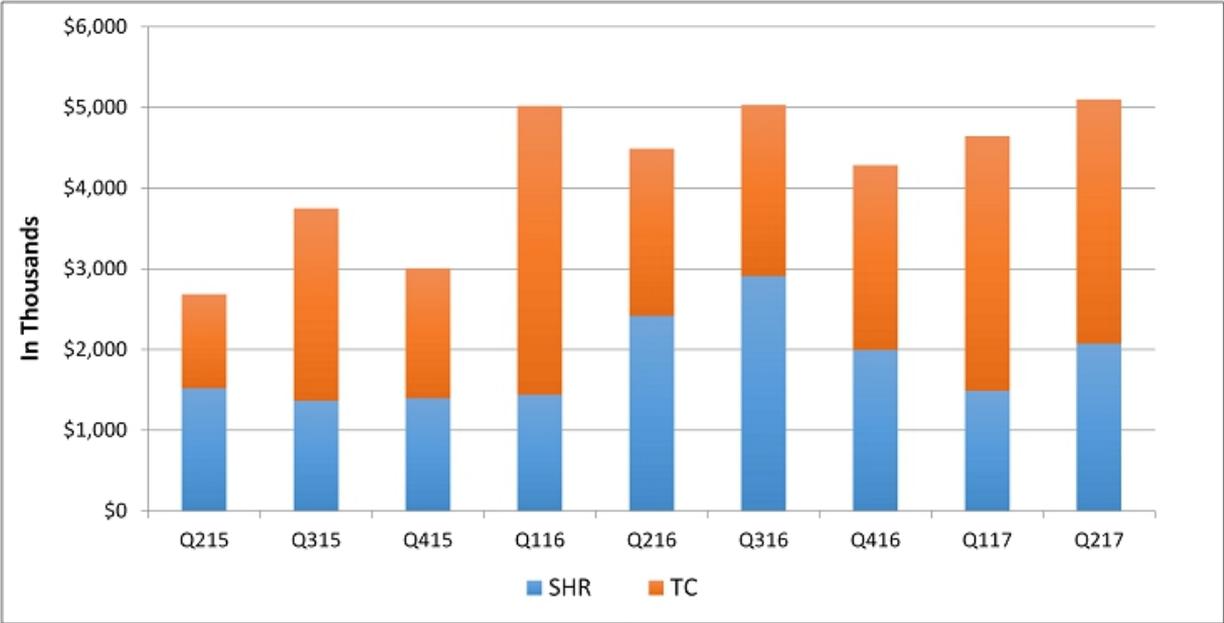
Petrochemical Feed Cost Summary



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



SHR and TC Custom Processing Revenue Overview



Closing Remarks

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

- Prime product sales growth
- Quarterly sales at TC consistent with 1st quarter record
- Nearing completion of last two transformational capital projects
- AMAK Mine operations improving steadily

➤ **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 currently starting
- Opportunity for monetization of investment in AMAK Mine

Q&A

Thank You

Please visit our websites:

www.trecora.com

www.southhamptonr.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	\$58	\$12-\$14	2018-2020
Trecora Chemical			
Hydrogenation/Distillation	\$25	\$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⁾

	Three months ended			Six months ended	
	6/30/2017	3/31/2017	6/30/2016	6/30/2017	6/30/2016
NET INCOME	\$ 832	\$ 1,487	\$ 10,252	\$ 2,319	\$ 17,476
Bargain purchase gain	\$0	\$0	(\$11,549)	\$0	(\$11,549)
Equity in (earnings) losses of AMAK	3,298	966	1,017	4,264	(4,350)
Taxes at statutory rate of 35%	<u>\$1,154</u>	<u>\$338</u>	<u>(\$3,686)</u>	<u>\$1,492</u>	<u>(\$5,565)</u>
Tax effected equity in AMAK	\$2,144	\$628	(\$6,846)	\$2,772	(\$10,334)
Diluted weighted average number of shares	25,034	25,054	24,885	25,044	24,985
Estimated effect on diluted EPS	\$0.09	\$0.03	(\$0.28)	\$0.11	(\$0.41)
Diluted EPS	\$0.03	\$0.06	\$0.41	\$0.09	\$0.70
Adjusted EPS	\$0.12	\$0.09	\$0.13	\$0.20	\$0.29
NET INCOME	\$ 832	\$ 1,487	\$ 10,252	\$ 2,319	\$ 17,476
Interest	678	636	607	1,314	1,235
Taxes	332	1,061	5,692	1,393	9,339
Depreciation and amortization	205	204	187	409	364
Depreciation and amortization in cost of sales	<u>2,363</u>	<u>2,384</u>	<u>2,028</u>	<u>4,747</u>	<u>4,247</u>
EBITDA	4,410	5,772	18,766	10,182	32,661
Share based compensation	656	633	627	1,289	1,274
Bargain purchase gain	-	-	(11,549)	-	(11,549)
Equity in losses of AMAK	3,298	966	1,017	4,264	(4,350)
Adjusted EBITDA	\$ 8,364	\$ 7,371	\$ 8,861	\$ 15,735	\$ 18,036
Revenue	62,115	55,542	48,854	117,657	101,054
Adjusted EBITDA Margin (adjusted EBITDA/revenue)	13.5%	13.3%	18.1%	13.4%	17.8%



(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.