

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) February 27, 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))
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Item 2.02. Results of Operations and Financial Condition

The Company's press release dated March 1, 2017, regarding its financial results for the period ended December 31, 2016, including consolidated financial statements for the period ended December 31, 2016, 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 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

On February 27, 2017, the Audit Committee of the Company's Board of Directors, following consultation with management and discussion with the Company's independent registered public accounting firm, BKM Sowan Horan, LLP, concluded that there were accounting errors in the accounting for its equity in earnings from its investment in AMAK in the second and third quarters of 2016. Specifically, there were errors that resulted in (1) an overstatement of the fair value of spare parts obtained by AMAK in the second quarter of 2016 by approximately \$2.82 million, and (2) an understatement of the basis of our investment as a result from an equity raise by AMAK in the third quarter of 2016 by approximately \$3.17 million. While the errors have an overall combined de minimis effect on net income and earnings per share (less than \$.01 per share) for the twelve months ended December 31, 2016, they do have a material impact on net income of the second and third quarters of 2016. As a result, the second and third quarter 2016 Forms 10-Q should no longer be relied upon. The Company will restate these quarters on or before the due date for the filing of its 2016 Form 10-K.

Item 7.01. Regulation FD Disclosure.

The slides for the Company's fourth quarter and full-year 2016 earnings presentation on March 1, 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:

| Exhibit No. | Description of Exhibit |
|--------------------|---|
| 99.1 | Earnings Release of the Company, dated March 1, 2017 |
| 99.2 | Earnings Presentation of the Company, dated March 1, 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: March 1, 2017

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



Trecora Resources Fourth Quarter and Full Year 2016 Results

Completed Mechanical Construction of Distillation Unit Record Annual Revenue at Trecora Chemical Conference Call at 4:30 pm ET Today

SUGAR LAND, Texas, March 1, 2017 – Trecora Resources (NYSE: TREC) a leading provider of high purity specialty hydrocarbons and waxes, today announced financial results for the fourth quarter and year ended December 31, 2016.

“During 2016 we focused our resources and invested in building a strong foundation for future growth,” said Simon Upfill-Brown, President and Chief Executive Officer. “Our transformational capital projects continued to take shape as we positioned our business to increase capacity and profitability over the long-term to take advantage of the resurgence in the global chemical industry. While certain projects have experienced some slight delays, the completion of the distillation unit is a major milestone for Trecora Chemical (TC), which will benefit from increased demand for custom processing.

“Historically one of our softest quarters, we faced headwinds in the fourth quarter similar to what we experienced in previous quarters,” continued Mr. Upfill-Brown. “Challenging petrochemical market conditions, a continuation of a few specific customer volume shortfalls and somewhat lower margins for petrochemical products due to higher feedstock costs made year-over-year comparisons difficult. That said, we achieved near record quarterly revenue levels at TC driven by a 53% year-over-year increase in wax sales and 42% increase in custom processing revenue.

“Finally, we remain confident regarding the long-term prospects of our business reinforced by the expanded petrochemical production capacity on the Gulf Coast and anticipated stronger demand from polyethylene manufacturers,” said Mr. Upfill-Brown. “While we expect to achieve volume growth in the second half of 2017, we believe that 2018 will be the catalyst year for Trecora with the potential to deliver increased incremental EBITDA across all areas of the Company. Lastly, with the mine once again operational, we have the potential to monetize our investment in order to deliver significant value to our shareholders.”

Fourth Quarter Financial 2016 Results

Total revenue in the fourth quarter was \$54.2 million compared with \$60.5 million in the fourth quarter of 2015. The decline in reported revenue was driven by a 25.4% decrease in petrochemical sales volume, partially offset by a 10.1% increase in the average sales price of petrochemical products, compared with the fourth quarter of 2015. The higher average sales price was partially offset by an 8.5% 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. Average feedstock cost per gallon increased 5.1% from the third quarter of 2016. Since formula pricing is based upon prior month feedstock averages, sales price increases tend to lag higher feedstock costs resulting in lower profit margins. Byproduct sales decreased in the fourth quarter from a year ago and third quarter 2016 levels.

Gross profit in the fourth quarter was \$7.7 million, or 14.1% of total revenues, compared with \$11.3 million, or 18.6% of total revenues, in the fourth quarter of 2015. Operating income for the fourth quarter was \$2.5 million, compared with operating income of \$5.8 million for the fourth quarter of 2015.

Net loss for the fourth quarter was \$0.8 million, or \$0.03 per diluted share, compared with net income of \$1.1 million, or \$0.05 per diluted share, for the fourth quarter of 2015. Adjusted net income for the quarter was \$1.6 million, or \$0.06 per share¹. Reported net income in the fourth quarters of 2016 and 2015 both reflect equity in losses of AMAK of \$3.7 million and \$3.0 million, respectively.

Adjusted EBITDA in the quarter was \$5.7 million, representing a 10.6% margin, compared with Adjusted EBITDA of \$8.6 million and a 14.2% margin in the year-ago period.

South Hampton Resources

Petrochemical volume in the fourth quarter was 18.4 million gallons, compared with 24.6 million gallons in the fourth quarter of 2015. Prime product volume in the fourth quarter of 2016 was 14.5 million gallons, compared with 17.4 million gallons in the fourth quarter of 2015. Excluding shipments to a Canadian oil sands customer, which experienced a significant production cutback early in 2016, prime product volume was lower by 4.4% from the prior year period. Byproduct volume, which is sold at significantly lower margins than prime products, decreased 18.9% sequentially and 45.5% year-over-year, to 3.9 million gallons.

International volume represented 22.7% of total petrochemical volume during the quarter, down from 25.7% sequentially and 31.9% in the fourth quarter of 2015.

SHR SEGMENT INFORMATION*

| | THREE MONTHS ENDED DECEMBER 31, | | % Change |
|---|---------------------------------------|-----------|----------|
| | 2016 | 2015 | |
| | | | |
| Product sales | \$ 44,185 | \$ 53,784 | (18%) |
| Processing fees | 1,997 | 1,393 | 43% |
| Net revenues | \$ 46,182 | 55,177 | (16%) |
| Operating profit before depreciation and amortization | 6,187 | 9,366 | (34%) |
| Operating profit | 4,572 | 8,005 | (43%) |
| Depreciation and amortization | 1,615 | 1,361 | 19% |
| EBITDA | 6,182 | 9,395 | (34%) |
| Capital expenditures | 6,136 | 6,482 | (5%) |

**Dollar amounts in thousands/rounding may apply*

¹ Based on adjusted net income of \$1.6 million and 25.0 million shares outstanding.

Trecora Chemical

In the fourth quarter, TC generated revenues of \$8.0 million, up 49.4% from \$5.4 million in the fourth quarter of 2015. TC revenue included \$5.7 million of wax product sales, up 52.6%, and \$2.3 million of custom processing fees, higher by 42.0%, both compared with the fourth quarter of 2015. The distillation mechanical construction portion of the hydrogenation and distillation unit project at TC has been completed. Once fully operational, this unit will provide TC with new capabilities to leverage relationships with existing petrochemical customers and drive new custom processing revenue. Start up of the hydrogenation section remains on track for early April.

EBITDA in the fourth quarter was \$0.2 million, compared with \$0.5 million in the fourth quarter of 2015.

TC SEGMENT INFORMATION*

| | THREE MONTHS ENDED DECEMBER 31, | | |
|---|---------------------------------------|----------|----------|
| | 2016 | 2015 | % Change |
| Product sales | \$ 5,734 | \$ 3,757 | 53% |
| Processing fees | 2,287 | 1,611 | 42% |
| Net revenues | \$ 8,021 | \$ 5,368 | 49% |
| Operating profit before depreciation and amortization | 278 | 653 | (57%) |
| Operating loss | (693) | (376) | (84%) |
| Depreciation and amortization | 971 | 1,029 | (6%) |
| EBITDA | 219 | 486 | (55%) |
| Capital expenditures | 6,488 | 1,292 | 402% |

**Dollar amounts in thousands/rounding may apply*

Al Masane Al Kobra Mining Company (AMAK)

Trecora reported equity in losses of AMAK of approximately \$3.7 million during the fourth quarter of 2016. The plant restarted its processing operations late in the quarter. In addition, processing of the gold-bearing waste dumps from historical mining at the Guyan mining license area was completed and the results are being evaluated. AMAK also commenced an extensive underground and surface exploration drilling campaign on copper and zinc ore bodies at Al Masane. Under the new operating model, the mining and processing operations will be managed by an owner's team with technical support and labor resources provided by a Turkish company with considerable experience in the mining industry.

2016 Full Year Results

For the year, Trecora generated total revenue of \$212.4 million, compared with revenue of \$242.0 million in the prior year.

Gross profit for 2016 was \$39.9 million, compared with \$57.0 million in 2015. Gross profit margin for the year was 18.8%, compared with 23.6% in 2015.

Net income for the full year of 2016 was \$19.4 million, compared with \$18.6 million in 2015. Diluted EPS were \$0.78, compared with \$0.74 in 2015. Net income benefitted from a gain from additional equity issuance by AMAK of \$3.2 million and a bargain purchase gain on the acquisition of B Plant of \$11.5 million offset slightly by equity in loss for AMAK of \$1.5 million for an estimated combined impact of \$0.34 per diluted share on an after-tax basis.

Adjusted EBITDA for the full year of 2016 was \$31.0 million, compared with \$47.3 million in 2015. Adjusted EBITDA margin in the year was 14.6%, compared with 19.6% in 2015.

South Hampton Resources

Petrochemical volume in 2016 was 76.4 million gallons, compared with 86.9 million gallons in 2015. Prime product volume in 2016 was 58.5 million gallons, compared with 64.1 million gallons in 2015. Byproduct volume, which is sold at lower margins, was down 21.4% year-over-year to 17.9 million gallons.

International volume represented 22.7% of total petrochemical volume in 2016.

SHR SEGMENT INFORMATION*

| | YEAR ENDED DECEMBER 31, | | % Change |
|---|----------------------------|------------|----------|
| | 2016 | 2015 | |
| Product sales | \$ 173,262 | \$ 212,431 | (18%) |
| Processing fees | 8,766 | 5,802 | 51% |
| Net revenues | \$ 182,028 | \$ 218,233 | (17%) |
| Operating profit before depreciation and amortization | 31,885 | 47,564 | (33%) |
| Operating profit | 26,060 | 43,080 | (40%) |
| Depreciation and amortization | 5,825 | 4,484 | 30% |
| EBITDA | 31,886 | 47,640 | (33%) |
| Capital expenditures | 22,948 | 24,358 | (6%) |

**Dollar amounts in thousands/rounding may apply*

Trecora Chemical

In 2016, TC generated revenues of \$30.4 million, up 27.9% from \$23.7 million from 2015.

TC SEGMENT INFORMATION*

| | YEAR ENDED DECEMBER 31, | | % Change |
|---|----------------------------|-----------|----------|
| | 2016 | 2015 | |
| Product sales | \$ 20,319 | \$ 15,506 | 31% |
| Processing fees | 10,052 | 8,237 | 22% |
| Net revenues | \$ 30,371 | \$ 23,743 | 28% |
| Operating profit before depreciation and amortization | 3,044 | 4,550 | (33%) |
| Operating profit (loss) | (864) | (1) | (864%) |
| Depreciation and amortization | 3,908 | 4,551 | (14%) |
| Adjusted EBITDA (excluding bargain purchase gain) | 3,034 | 4,356 | (30%) |
| Capital expenditures | 17,547 | 6,889 | 155% |

**Dollar amounts in thousands/rounding may apply*

Balance Sheet

As of December 31 2016, cash and cash equivalents were \$8.4 million, compared with \$18.6 million at the close of 2015. Inventory was \$17.9 million, compared with \$15.8 million at December 31, 2015. Excluding loan fees, total debt was \$84.0 million, compared with \$82.3 million at December 31, 2015. Capital expenditures during the fourth quarter were \$12.7 million including the hydrogenation/distillation unit project, the new advanced reformer unit, and a new cooling tower along with various improvements throughout both facilities.

Other Matters

On March 1, 2017, Trecora Resources announced that the Audit Committee of its Board of Directors, following consultation with management and discussion with the Company's independent registered public accounting firm, BKM Sowan Horan, LLP, concluded that there were errors in the accounting for its equity in earnings from its investment in AMAK in the second and third quarters of 2016. While the errors have a de minimis effect on net income and earnings per share (less than \$0.01 per share) for the twelve months ended December 31, 2016, they do have an impact on net income of the second and third quarters of 2016. As a result, the second and third quarter Forms 10-Q should no longer be relied upon. The Company will restate these quarters on or before the due date for the filing of its 2016 Form 10-K.

Although the Company's internal assessment is not complete, the Company has determined that it has a material weakness related to its controls surrounding the accounting for its investment in AMAK. Consequently, as a result of this material weakness, management will be unable to conclude that the Company's internal controls over financial reporting are effective as of December 31, 2016. The final assessment of the Company's internal controls will be included in the 2016 Annual Report on Form 10-K, which also will include an adverse opinion from BKM Sowan Horan, LLP with respect to the Company's internal controls over financial reporting. The Company expects that the remediation of this material weakness will be completed prior to the filing of its first quarter 2017 Form 10-Q.

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=122862>. 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 1-888-208-1814 or 1-719-325-2297 if calling internationally, using the conference ID 6372176. 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 6372176 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, 2015, 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:

Matt Steinberg
The Piacente Group
212-481-2050
trecora@tpg-ir.com

TRECORA RESOURCES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| | December 31, 2016 (unaudited) | December 31, 2015 |
|---|-------------------------------------|----------------------|
| | (thousands of dollars) | |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 8,389 | \$ 18,623 |
| Trade receivables, net | 22,193 | 19,474 |
| Inventories | 17,871 | 15,804 |
| Prepaid expenses and other assets | 3,511 | 2,392 |
| Taxes receivable | 3,983 | 7,672 |
| Deferred income taxes | 1,615 | 2,116 |
| Total current assets | 57,562 | 66,081 |
| Plant, pipeline and equipment, net | 140,009 | 96,907 |
| Goodwill | 21,798 | 21,798 |
| Other intangible assets, net | 22,669 | 24,549 |
| Investment in AMAK | 49,386 | 47,697 |
| Mineral properties in the United States | 588 | 588 |
| Other assets | 87 | 171 |
| TOTAL ASSETS | <u>\$ 292,099</u> | <u>\$ 257,791</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 13,306 | \$ 8,090 |
| Current portion of derivative instruments | 58 | 118 |
| Accrued liabilities | 2,017 | 4,062 |
| Current portion of post-retirement benefit | 316 | 294 |
| Current portion of long-term debt | 10,145 | 8,061 |
| Current portion of other liabilities | 870 | 2,050 |
| Total current liabilities | 26,712 | 22,675 |
| Long-term debt, net of current portion | 73,107 | 73,169 |
| Post-retirement benefit, net of current portion | 897 | 649 |
| Derivative instruments, net of current portion | - | 59 |
| Other liabilities, net of current portion | 2,309 | 2,351 |
| Deferred income taxes | 24,698 | 16,503 |
| Total liabilities | <u>127,723</u> | <u>115,406</u> |
| EQUITY | | |
| Common stock -authorized 40 million shares of \$.10 par value; issued 24.2 million in 2016 and 2015 and outstanding 23.9 million and 24.2 million in 2016 and 2015, respectively | 2,451 | 2,416 |
| Additional paid-in capital | 53,474 | 50,662 |
| Common stock in treasury, at cost 0.3 million shares | (284) | - |
| Retained earnings | 108,446 | 89,018 |
| Total Trecora Resources Stockholders' Equity | 164,087 | 142,096 |
| Noncontrolling Interest | 289 | 289 |
| Total equity | <u>164,376</u> | <u>142,385</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 292,099</u> | <u>\$ 257,791</u> |

TRECORA RESOURCES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

| | UNAUDITED THREE MONTHS ENDED DECEMBER 31, | | YEAR ENDED DECEMBER 31, | |
|--|---|-----------------|----------------------------|------------------|
| | 2016 | 2015 | 2016 <i>(unaudited)</i> | 2015 |
| <i>(thousands of dollars)</i> | | | | |
| REVENUES | | | | |
| Petrochemical and Product Sales | \$ 49,919 | \$ 57,541 | \$ 193,581 | \$ 227,937 |
| Processing Fees | 4,284 | 3,004 | 18,818 | 14,039 |
| | <u>54,203</u> | <u>60,545</u> | <u>212,399</u> | <u>241,976</u> |
| OPERATING COSTS AND EXPENSES | | | | |
| Cost of Sales and Processing (including depreciation and amortization of \$2,396, \$2,252, \$9,016, and \$8,335, respectively) | <u>46,551</u> | <u>49,288</u> | <u>172,497</u> | <u>184,967</u> |
| GROSS PROFIT | 7,652 | 11,257 | 39,902 | 57,009 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| General and Administrative | 4,909 | 5,357 | 20,434 | 20,243 |
| Depreciation | 205 | 146 | 761 | 725 |
| | <u>5,114</u> | <u>5,503</u> | <u>21,195</u> | <u>20,968</u> |
| OPERATING INCOME | 2,538 | 5,754 | 18,707 | 36,041 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest Expense | (182) | (499) | (1,985) | (2,217) |
| Bargain Purchase Gain from Acquisition | - | - | 11,549 | - |
| Equity in Losses of AMAK | (3,740) | (2,961) | (1,479) | (5,325) |
| Gain from Additional Equity Issuance by AMAK | - | - | 3,168 | - |
| Miscellaneous Expense | (66) | (143) | (28) | (137) |
| | <u>(3,988)</u> | <u>(3,603)</u> | <u>11,225</u> | <u>(7,679)</u> |
| INCOME (LOSS) BEFORE INCOME TAXES | (1,450) | 2,151 | 29,932 | 28,362 |
| INCOME TAXES (BENEFIT) | <u>(603)</u> | <u>1,029</u> | <u>10,504</u> | <u>9,764</u> |
| NET INCOME (LOSS) | (847) | 1,122 | 19,428 | 18,598 |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| NET INCOME (LOSS) ATTRIBUTABLE TO TRECORA RESOURCES | <u>\$ (847)</u> | <u>\$ 1,122</u> | <u>\$ 19,428</u> | <u>\$ 18,598</u> |
| Basic Earnings per Common Share | | | | |
| Net Income (Loss) Attributable to Trecora Resources (dollars) | \$ (0.04) | \$ 0.05 | \$ 0.80 | \$ 0.76 |
| Basic Weighted Average Number of Common Shares Outstanding | <u>24,223</u> | <u>24,448</u> | <u>24,284</u> | <u>24,370</u> |
| Diluted Earnings per Common Share | | | | |
| Net Income (Loss) Attributable to Trecora Resources (dollars) | \$ (0.03) | \$ 0.05 | \$ 0.78 | \$ 0.74 |
| Diluted Weighted Average Number of Common Shares Outstanding | <u>25,039</u> | <u>25,203</u> | <u>24,982</u> | <u>25,181</u> |

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

Adjusted EBITDA Margin
(rounding may apply)

| | THREE MONTHS ENDED 12/31/16 | | | | THREE MONTHS ENDED 12/31/15 | | | |
|--|-----------------------------|----------|------------|----------|-----------------------------|----------|------------|----------|
| | TC | SHR | CORP | TREC | TC | SHR | CORP | TREC |
| NET INCOME (LOSS) | \$ (752) | \$ 2,752 | \$ (2,847) | \$ (847) | \$ (421) | \$ 4,297 | \$ (2,754) | \$ 1,122 |
| Interest | - | 180 | 2 | 182 | - | 498 | 1 | 499 |
| Taxes | - | 1,635 | (2,238) | (603) | (122) | 3,239 | (2,088) | 1,029 |
| Depreciation and amortization | 20 | 170 | 15 | 205 | 23 | 115 | 8 | 146 |
| Depreciation and amortization in cost of sales | 951 | 1,445 | - | 2,396 | 1,006 | 1,246 | - | 2,252 |
| EBITDA | 219 | 6,182 | (5,068) | 1,333 | 486 | 9,395 | (4,834) | 5,048 |
| Share based compensation | - | - | 670 | 670 | - | - | 559 | 559 |
| Equity in losses of AMAK | - | - | 3,740 | 3,740 | - | - | 2,961 | 2,961 |
| Adjusted EBITDA | \$ 219 | \$ 6,182 | \$ (658) | \$ 5,743 | \$ 486 | \$ 9,395 | \$ (1,314) | \$ 8,568 |
| Revenue | 8,021 | 46,182 | | 54,203 | 5,368 | 55,177 | | 60,545 |
| Adjusted EBITDA Margin (adjusted EBITDA/revenue) | 2.7% | 13.4% | | 10.6% | 9.1% | 17.0% | | 14.2% |

| | TWELVE MONTHS ENDED 12/31/16 | | | | TWELVE MONTHS ENDED 12/31/15 | | | |
|--|------------------------------|-----------|------------|-----------|------------------------------|-----------|------------|-----------|
| | TC | SHR | CORP | TREC | TC | SHR | CORP | TREC |
| NET INCOME (LOSS) | \$ 6,634 | \$ 16,005 | \$ (3,211) | \$ 19,428 | \$ (195) | \$ 27,498 | \$ (8,705) | \$ 18,598 |
| Interest | - | 1,977 | 8 | 1,985 | - | 2,209 | 8 | 2,217 |
| Taxes | 4,041 | 8,078 | (1,615) | 10,504 | - | 13,450 | (3,686) | 9,764 |
| Depreciation and amortization | 80 | 638 | 43 | 761 | 87 | 612 | 26 | 725 |
| Depreciation and amortization in cost of sales | 3,828 | 5,188 | - | 9,016 | 4,464 | 3,871 | - | 8,335 |
| EBITDA | 14,583 | 31,886 | (4,775) | 41,694 | 4,356 | 47,640 | (12,358) | 39,639 |
| Share based compensation | - | - | 2,552 | 2,552 | - | - | 2,353 | 2,353 |
| Bargain purchase gain | (11,549) | - | - | (11,549) | - | - | - | - |
| Gain from additional equity issuance by AMAK | - | - | (3,168) | (3,168) | | | | |
| Equity in (earnings) losses of AMAK | - | - | 1,479 | 1,479 | - | - | 5,325 | 5,325 |
| Adjusted EBITDA | \$ 3,034 | \$ 31,886 | \$ (3,912) | \$ 31,008 | \$ 4,356 | \$ 47,640 | \$ (4,680) | \$ 47,317 |
| Revenue | 30,371 | 182,028 | | 212,399 | 23,743 | 218,233 | | 241,976 |
| Adjusted EBITDA Margin (adjusted EBITDA/revenue) | 10.0% | 17.5% | | 14.6% | 18.3% | 21.8% | | 19.6% |

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

| | Three months ended | | Year ended | |
|---|--------------------|------------|-------------|------------|
| | 12/31/2016 | 12/31/2015 | 12/31/2016 | 12/31/2015 |
| NET INCOME (LOSS) | \$ (847) | \$ 1,122 | \$ 19,428 | \$ 18,598 |
| Bargain purchase gain | \$ 0 | \$ 0 | \$ (11,549) | \$ 0 |
| Equity in losses of AMAK | \$ 3,740 | \$ 2,961 | \$ 1,479 | \$ 5,325 |
| Gain on additional equity issuance by AMAK | - | - | \$ (3,168) | - |
| Taxes at statutory rate of 35% | \$ (1,309) | \$ (1,036) | \$ 4,633 | \$ (1,864) |
| Tax effected equity in AMAK, gain on additional equity issuance by AMAK and bargain purchase gain | \$ 2,431 | \$ 1,925 | \$ (8,605) | \$ 3,461 |
| Adjusted Net Income | \$ 1,584 | \$ 3,047 | \$ 10,823 | \$ 22,059 |
| Diluted weighted average number of shares | 25,039 | 25,203 | 24,982 | 25,181 |
| 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) | \$ (0.10) | \$ (0.08) | \$ 0.34 | \$ (0.14) |

(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.

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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

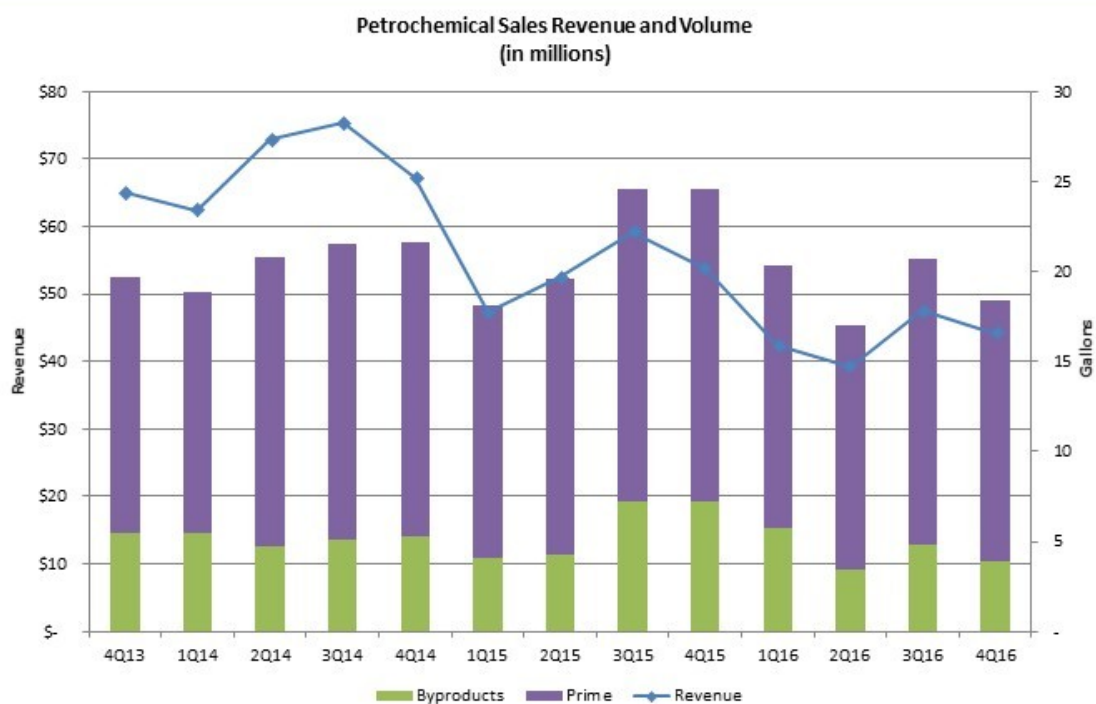
Fourth Quarter and Full Year Overview

- 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

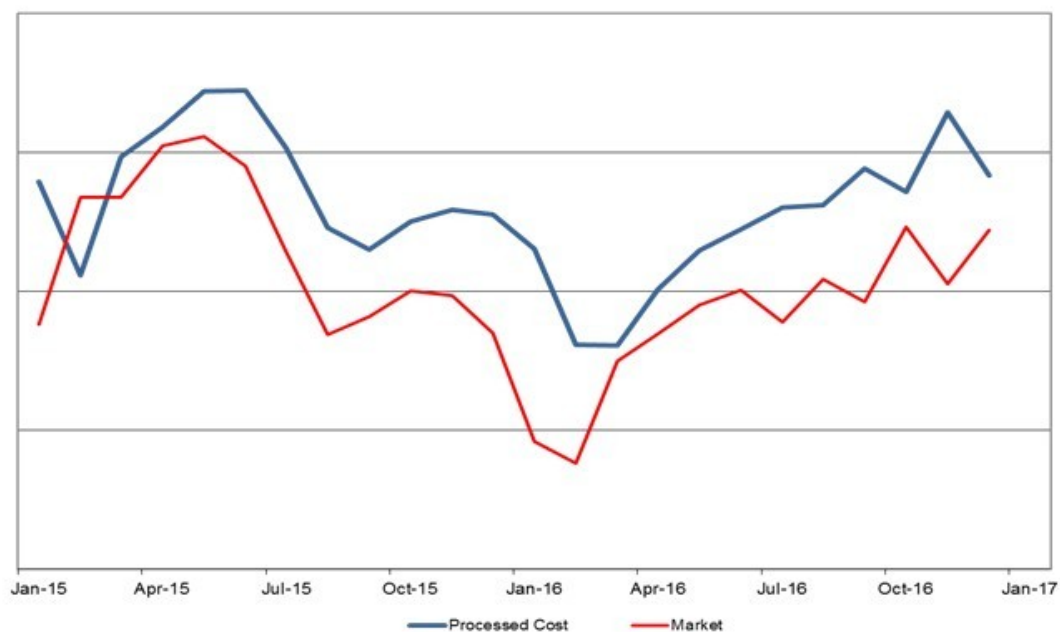
- Fourth quarter results exhibited historical seasonality
- Revenue was \$54.2 million as compared to \$60.5 million in the fourth quarter of 2015
 - Volumes at South Hampton Resources continued to be affected by shortfalls from four customers
 - Feedstock cost increased
 - Trecora Chemical achieved 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

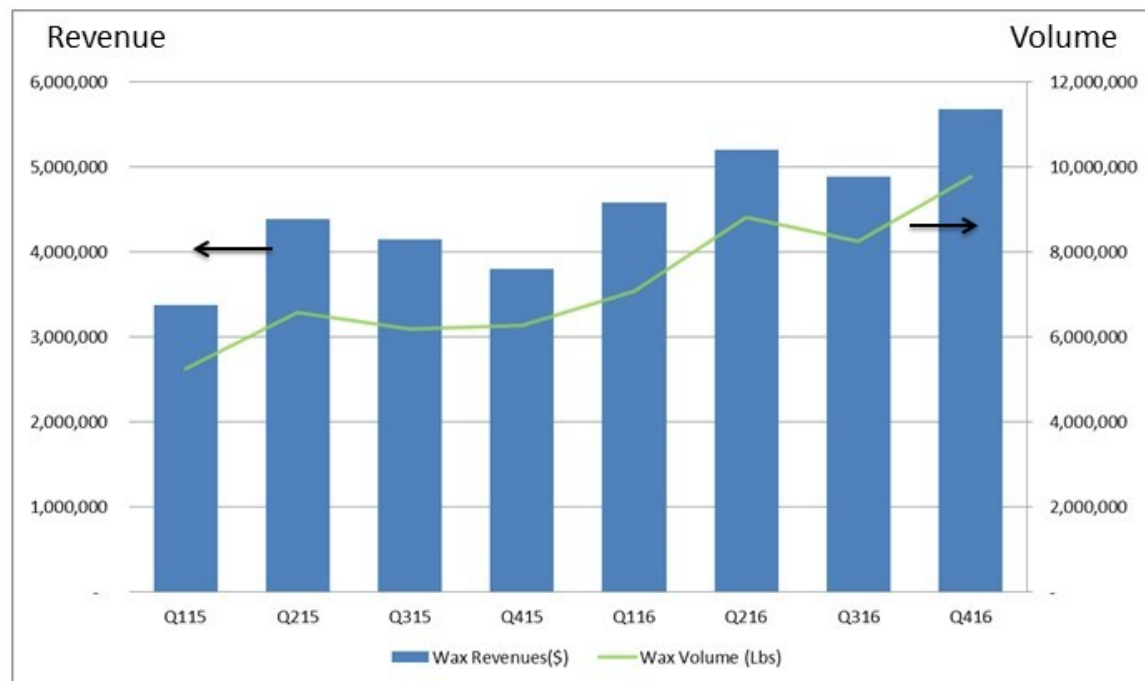


Petrochemical Feed Cost Summary

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)

| | THREE MONTHS ENDED | | TWELVE MONTHS ENDED | |
|---|--------------------|-----------|---------------------|------------|
| | December 31, | | December 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| | (unaudited) | | (unaudited) | |
| 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)

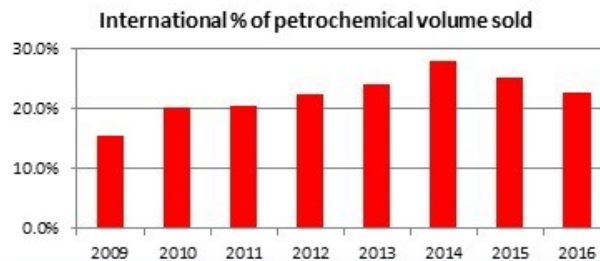
(in thousands)

| | | | |
|-----------------------------------|-------------------|--------------------------|-------------------|
| 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 |
| | | | |
| 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 |
| | | | |
| 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 | | | |
|----------------|-----------------------------|------|------|------|
| | 4Q16 | 4Q15 | Y16 | Y15 |
| | <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.southhamptonr.com

www.TrecChem.com

www.amak.com.sa

Appendix

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

| | Three months ended | | Year ended | |
|--|--------------------|------------|------------|------------|
| | 12/31/2016 | 12/31/2015 | 12/31/2016 | 12/31/2015 |
| 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.