

U.S. Silica

**Simmons Thirteenth Annual Energy Conference
February 28th- March 1st, 2013
Las Vegas, Nevada**

This presentation contains forward-looking statements that reflect, when made, our current views with respect to current events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to our operations and business environment, which may cause our actual results to be materially different from any future results, express or implied, by such forward-looking statements. All statements that address future operating, financial or business performance or our strategies or expectations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “outlook” or “continue,” and other comparable terminology. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those discussed in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise, except to the extent required by law.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Segment Contribution Margin. These measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP and may differ from similarly titled measures used by others. For a reconciliation of such measures to the most directly comparable GAAP term, please see Appendix A to this presentation.

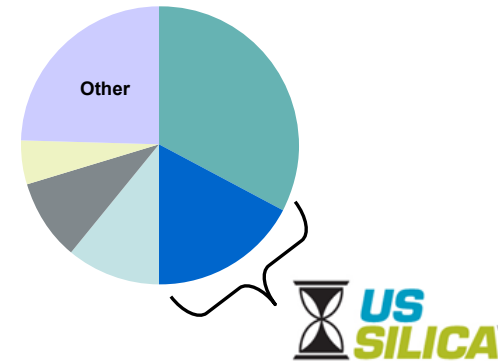
U.S. Silica is Attractively Positioned



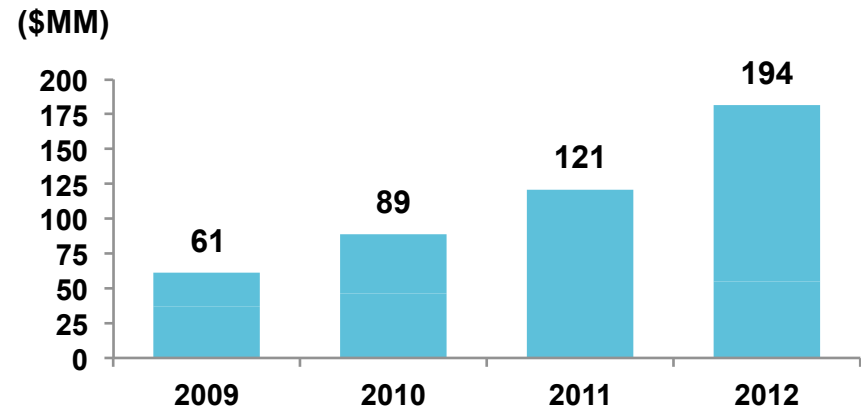
Company Profile

- Leading industrial minerals supplier
- Over 250 products and 1,800 customers
 - Oil & Gas Proppants: Frac sand
 - Industrial & Specialty: Glass, coatings, foundry
- 15 facilities and over 100 years of history
 - Flagship Ottawa site home of 'Ottawa White'
- 307 million tons of high quality reserves
- 7.2 million tons sold in FY 2012
- FY 2012 revenues of \$441.9 million
- FY 2012 Adjusted EBITDA of \$150.6 million ⁽¹⁾

Commercial Silica Market Share

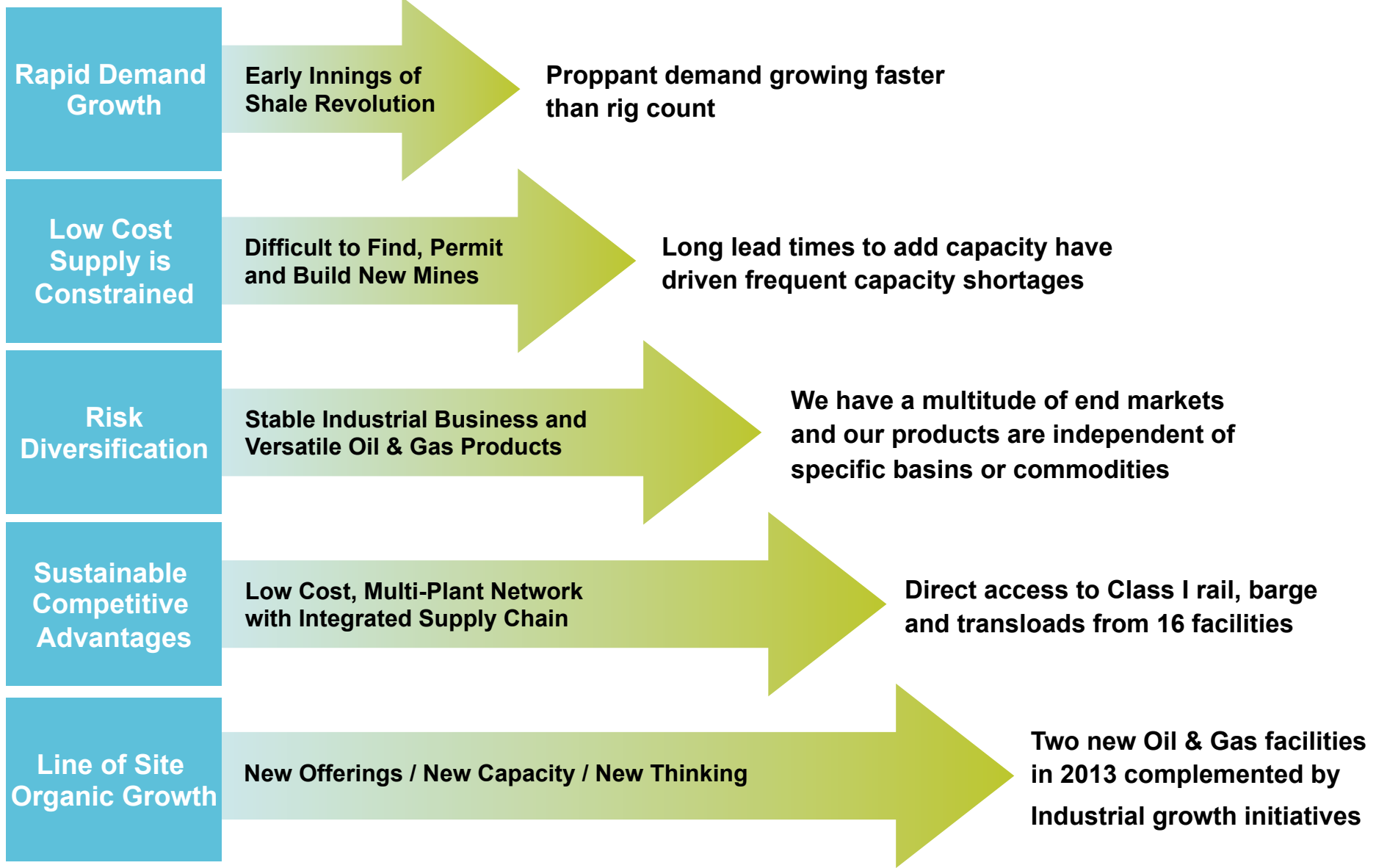


Contribution Margin ⁽¹⁾



(1) See Appendix A for reconciliations to GAAP

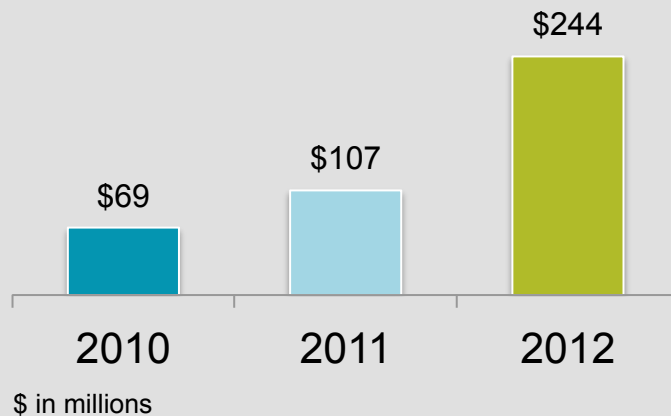
SLCA: A Diversified Option to Play NA Shale Growth



FINANCIAL PERFORMANCE

	<u>2012</u>	<u>2011</u>	<u>Growth</u>
Sales	\$243.8	\$107.1	128%
Contribution Margin	\$140.1	\$67.6	107%
% Margin	57%	63%	

Oil & Gas Sales



KEY ACCOMPLISHMENTS

- Developed Greenfield mine and processing plant in Sparta, WI
- Expanded strategic customer partnerships
- Developed new resin coated sand facility in Rochelle, IL
- Partnered with BNSF railroad to construct new transload facility in San Antonio, Texas
- Increased transload network from 5 to 16 locations and expanded sales volumes

Unique Industrial & Specialty Market Position



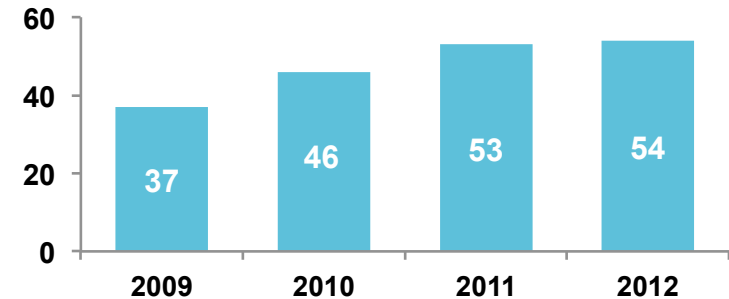
End Market		Applications	U.S. Silica market position
Glass		Smartphones, tablets, containers, automotive glass and fiberglass	#1 or #2 supplier
Building Products		Mortars and grouts, specialty cements, roofing shingles and insulation	#1 or #2 supplier
Foundry		Molds for high temperature castings and metal casting products	#3 supplier
Chemicals		Silicon-based chemicals used in food processing, detergents and polymer additives	#1 or #2 supplier
Fillers and Extenders		Performance coatings, architectural, industrial and traffic paints, EMC and silicone rubber	#1 or #2 supplier in strategic markets

Drivers of Stability

- U.S. Silica's multiple plants provide supply redundancy and low transportation costs
- Often a single source supplier
- Spec'd in to customer formulas due to unique silica characteristics
- Low customer turnover

Stable and Growing Profitability

(Segment Contribution Margin, in \$MM)



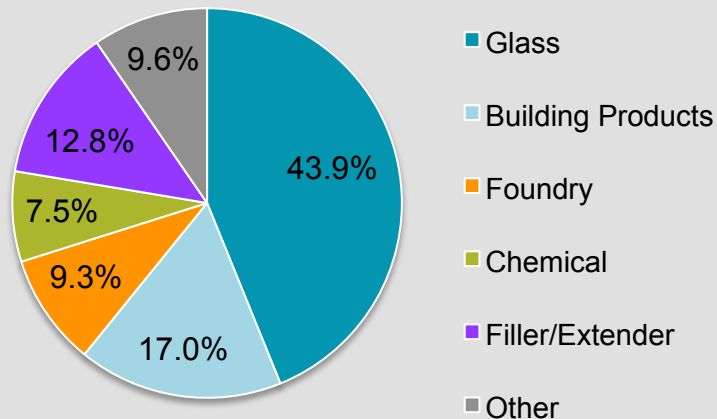
FINANCIAL PERFORMANCE

	<u>2012</u>	<u>2011</u>	<u>Growth</u>
Sales	\$198.2	\$188.5	5%
Contribution Margin	\$53.6	\$53.0	1%
% Margin	27%	28%	

KEY ACCOMPLISHMENTS

- Revamped the ISP management team
- Created NPD pipeline with over 30 programs
- Improved product mix resulting in higher ASPs and increased profitability
- Increased exposure to high growth markets
- Developed an integrated R&D, Technical Sales and Application Development Team

2012 Sales by Market



Transforming the ISP Segment



Invest in Talent

- New VP/GM
- Market Development team
- Technical Sales capability

Enhance R&D

- New Technical Director
- Product Development capability
- State-of-the-art lab
- Customer technical support

Implement New Technology

- Specialty deposits
- Enhanced processing
- Investing in new production capability for specialized applications

\$s per ton

Growing our Specialty and Performance Products

\$s per kilo

- Whole Grain
- Bulk

Characteristics

- Ground
- High Purity

- Automotive Glass
- Roofing Shingles

Uses

- High-end Electronics
- Specialty Coatings

- ~300 Miles

Shipping Radius

- Global

Frac Sand Demand Outstrips Drilling Activity



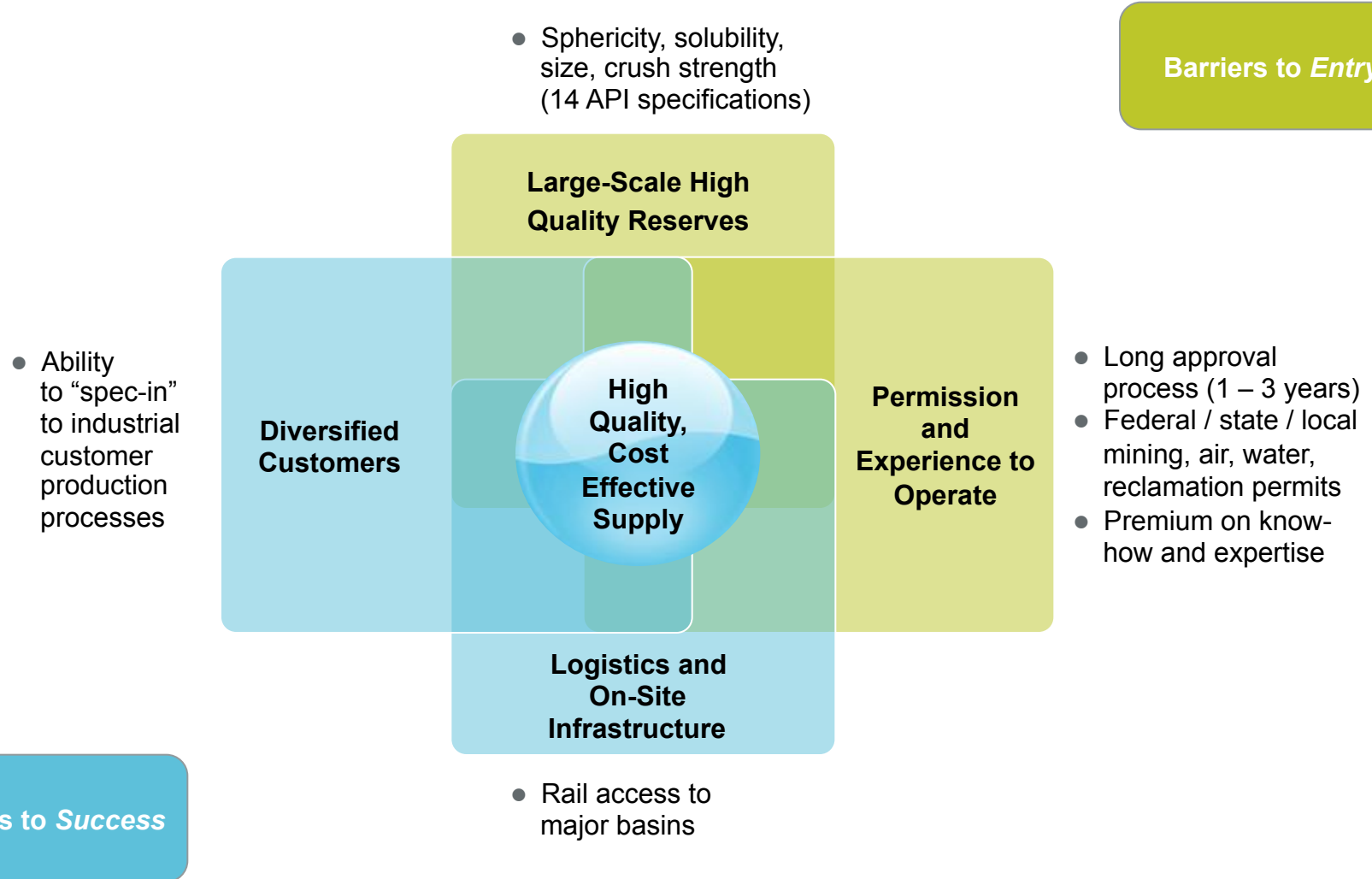
$$\text{Horizontal Rig Count} \times \text{Wells per Rig} \times \text{Lateral Length} \times \text{Stages per Lateral} \times \text{Proppant per Stage} = \text{Proppant Demand}$$



Growth Drivers

- Proppant growth has recently outpaced rig count growth due to technological advances
- Pressure pumpers are increasing fracturing efficiencies and completing jobs faster
- Wells per rig increased as operators found new drilling efficiencies
- Laterals grew longer and stages increased as fracturing technology advanced
- Proppant per stage grew denser as operators experimented with new well designs

New Projects Face High Hurdles



Difficulty in Permitting New Reserves



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Houston County frac sand mine denied request to operate during moratorium

December 04, 2012 12:00 am • By Tesla Rodriguez | Winona Daily News

A Houston County frac sand mine won't be allowed to operate during judge has ruled.

Wabasha County Judge Terrence Walters ruled late last week not to by Houston County for the mine, known as the Erickson Quarry and southeast of Rushford.

Minnesota Sands LLC, along with mine owners Tracie and Michelle I company should be able to mine sand because of a 1992 conditions asked the judge to lift the stop work order, which Houston County its permit doesn't cover the scope of the operation or the amount of sand

The 1992 permit allowed for the extraction of 8,000 to 10,000 cubic y construction project. Minnesota Sands had proposed extracting 2 mi according to court documents.

Minnesota Sands also argued that the moratorium — which prohibits doesn't specifically address the operations of existing mines. The judge contention in his ruling.

Houston County approved a one-year moratorium on frac sand mining moratorium expires, the owners would then be able to apply for perm

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As supply meets demand, Wisconsin's frac sand rush slows

Posted on December 15, 2012 by Kate Pengaman - 1 Comment



This pile of frac sand sat on Claude Riegleman's Jackson County cranberry farm for more than a year before a company found a buyer, now they are finally hauling it away. Matthew Perenchio/Jackson County C

For more than a year, a 30-foot-tall pile of unwanted sand towered over three acres on Claude Riegleman's property. The price for the sand dropped about the time this stockpile was ready for sale, so the 120,000 tons of sand just waited.

Riegleman isn't a miner. A real-estate appraiser, he also runs a cranberry operation north of Tomah, Wis. He jumped into the frac sand frenzy when a mining company offered to dig him a new reservoir in exchange for the rights to the sand it removed.

Interactive Map

View locations of sand deposits and frac sand mining and processing operations. Click the image below to open a larger version.



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Frac sand fight comes to Minnesota Capitol

By Devin Reiden
dreiden@pioneerpress.com
Posted: 02/19/2013 12:01:50 AM CST
Updated: 02/22/2013 01:47:12 PM CST

The scenic bluffs and hills of southeastern Minnesota are part of its treasured landscape.

Now the battle between the companies that want to mine its sand and Minnesotans who are worried about the impact the work poses has come to the state Capitol.

Dozens of residents and public officials from southeastern Minnesota called on lawmakers Tuesday, Feb. 19, to halt to new silica-sand mining operations until health and environmental effects can be further studied.

"We do not want industrial-scale frac sand mining to happen in Minnesota like it's happened in Wisconsin," said Bobby King, an organizer with the Land Stewardship Project.

"It's destroyed people's quality of life, their rural communities, their air and their water, their farms."

King urged lawmakers to pass legislation that:

- Establishes state-level permitting standards.
- Enacts a moratorium in affected communities while the standards are created.
- Requires an in-depth study of environmental impacts.
- Imposes fees and taxes to offset damage to roads and other costs.

Industry representatives said they are open to monitoring in order to generate health and environmental data, but they said there is no reason to freeze operations while that is done.

"We need to continue on, collect the data, and if there are changes in regulations, these individual operations need to comply with the new standards," said Kirsten Pauly of Sur Engineering, representing the Minnesota Industrial



Minnesota Pollution Control Commissioner John Stine, left and Bob Patten executive director of the Minnesota Environmental Quality Board, center, listen as EQB Chair Dave Fredericksen, right, shows existing and proposed sand operations in southeastern Minnesota during a Senate Environment & Policy Committee hearing in St. Paul on Tuesday, February 19, 2013. (Pioneer Press: Richard Marshall)

Related

Frac sand

- Minnesota Senate Bill will call for study of silica sand mining
- Min. lawmakers start silica sand mining hearings
- Min. lawmakers to take up silica sand mining boom
- Minnesota Legislature silica sand mining hearing slated
- Wabasha backs proposed silica sand facility
- Wabasha seeks permit for proposed silica sand facility
- Red Wine mayor hired by frac sand lobbying group

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News

Public opposition to frac-sand strong in Wisconsin; growing in Minnesota

Tuesday, February 19, 2013 9:52 a.m. CST



A pile of frac sand

ST. PAUL, MN (WTAC) - The debate over frac-sand continues in Wisconsin — but the level of public opposition is nowhere near that of neighboring Minnesota.

Tuesday, frac-sand mining opponents are rallying at the Capitol in St. Paul for a two-year statewide moratorium, so Minnesota officials can develop pollution standards.

The silica sand is used in oil drilling — and the demand for the product has grown, due to the recent oil boom in North Dakota.

Wisconsin is somewhat ahead of the regulating game, depending on who you listen to. The DNR in the Badger State studied frac-sand mining in 2011 — and its findings on potential health threats were mainly inconclusive.

But people who live near frac-sand mines have complained to the Natural Resources Board about polluted air and dust blowing off large sand piles.

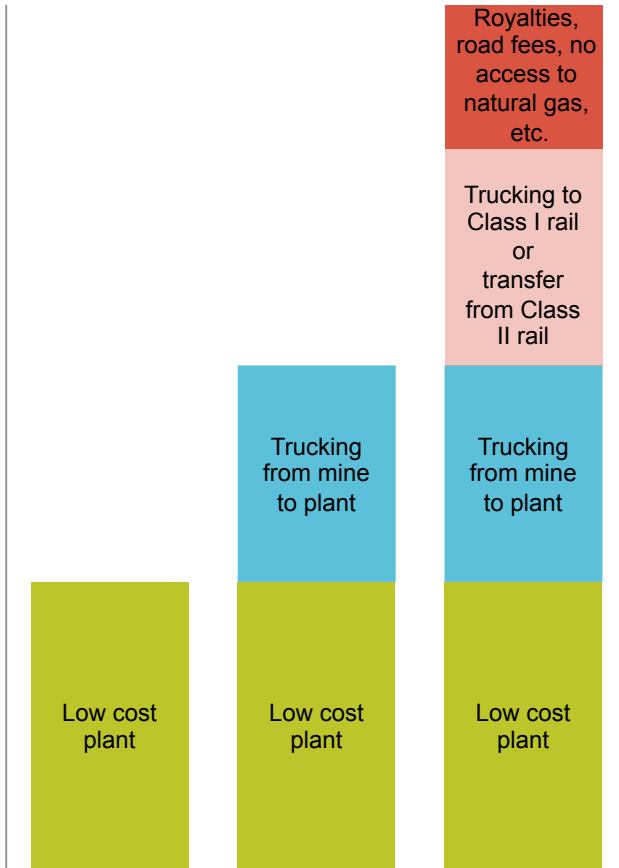
Structural Cost Advantage Within Industry



U.S. Silica Frac Plants vs. New Project Examples

2012 Industry Cost Curve

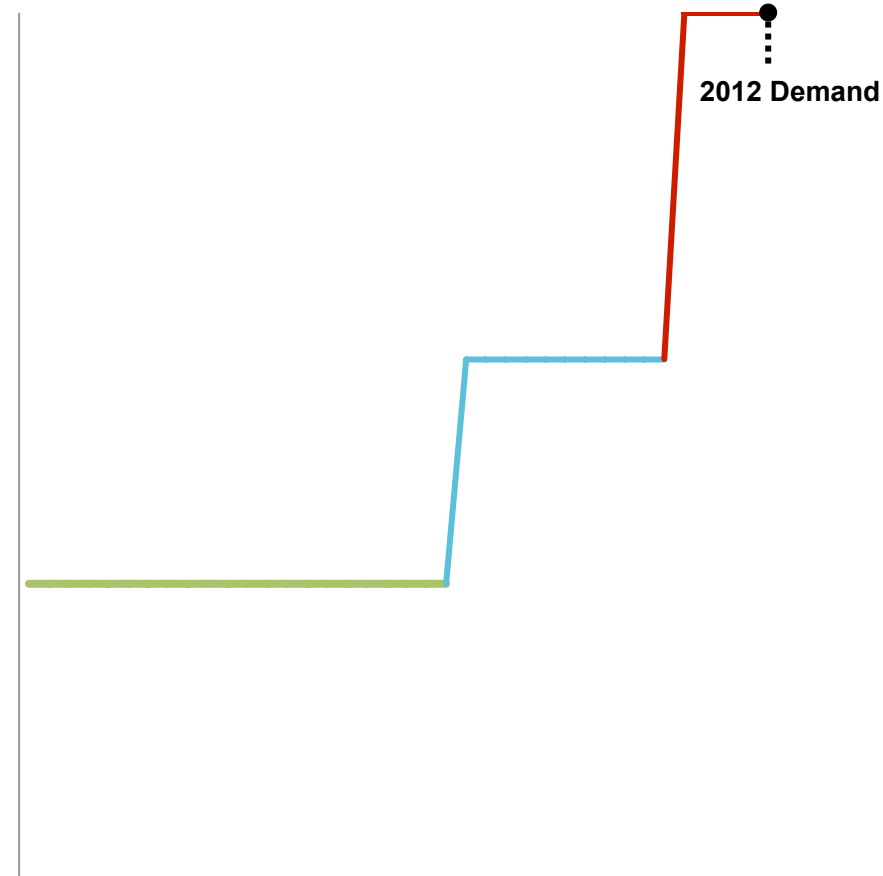
Cost per Ton ⁽¹⁾



High Cost

Moderate Cost

Low Cost



2012 Demand

U.S. Silica ⁽²⁾ Moderate cost new entrant High cost new entrant

(1) Cost per ton to Class I rail
 (2) Represents U.S. Silica's four plants used for frac sand

U.S. Silica Benefits

- Competitive advantage over new entrants
- Higher contribution margin for in-basin delivery
- Consistent demand
- Improved shipment and inventory planning
- Lower supply chain and logistics costs

How We Work With Customers

- Provide large scale, multi-plant access on nearly every major Class I rail line
- Build in-basin storage and transloads together
- Sync with customers demand
- Jointly plan shipments and inventory levels
- Jointly plan shipping assets (rail cars) and unit trains

Customer Benefits

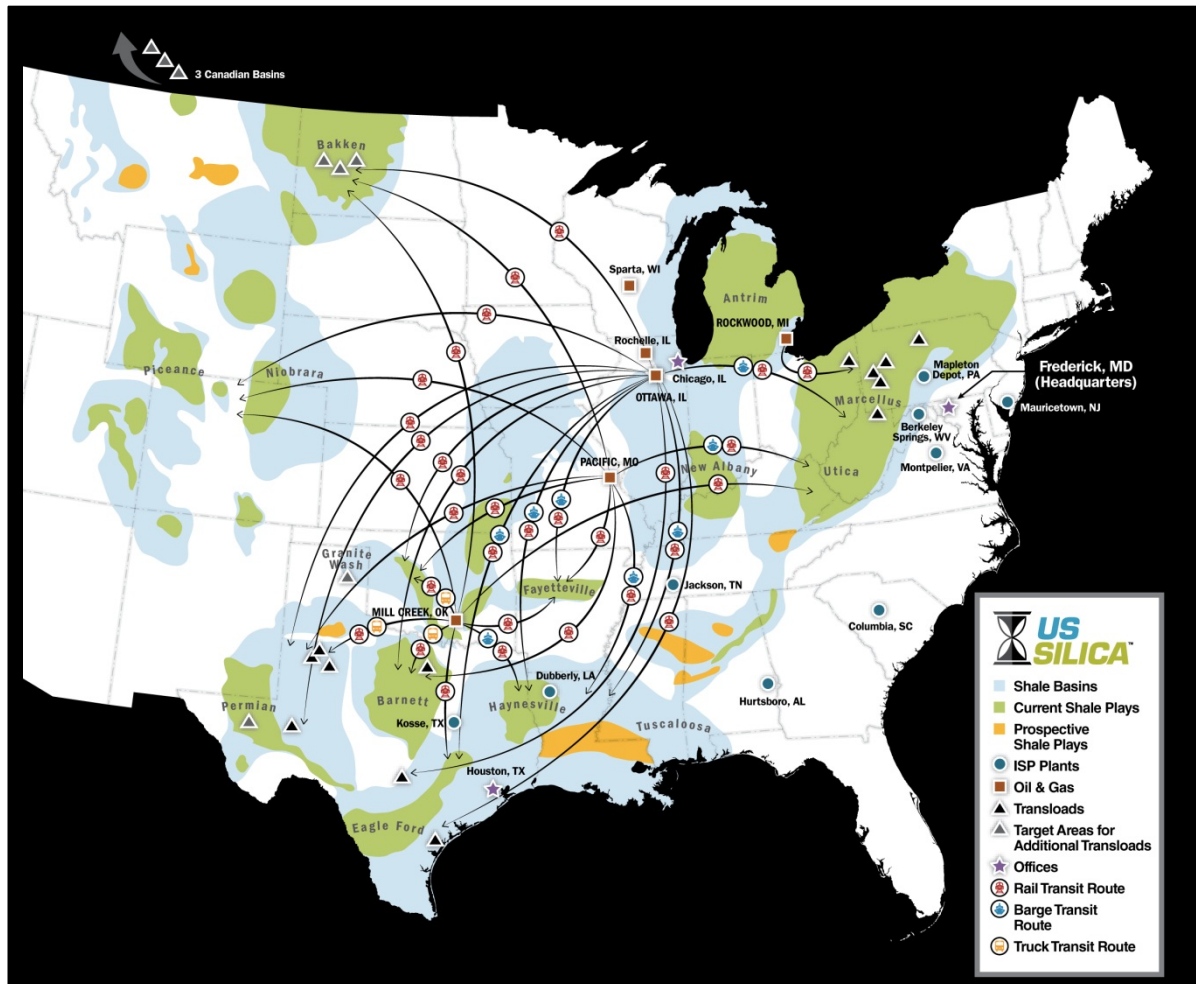
- Flexibility to cost efficiently move crews between basins
- Readily available inventory in all major basins
- Assured supply
- Improved shipment and inventory planning
- Lower supply chain and logistics costs

Growth and Flexibility

Deeply Embedded Solutions

Helping Customers Win

Mutually profitable, long term customer relationships.



Transportation Assets

- Railroad access on BNSF, Union Pacific, CN, CP and CSX
- Barge access
- 16 in-basin transloads, many of which can be turned 'on' or 'off' to meet demand
- Anticipate 25 to 30 transloads in 2013

U.S. Silica Advantages

- Scale
- Reliability
- Flexibility
- Cost effectiveness







Right Product, Right Place, Right Time

A Multi-Plant Network is Required for National Coverage



Class I Rail Serving U.S. Silica Plants

Basins Served Directly

						
East Bakken	✓					✓
West Bakken	✓					
Eagle Ford	✓					✓
Marcellus/Utica		✓			✓	
North Permian	✓					✓
Central Permian						✓
South Permian	✓					✓
Rockies	✓					✓
Mid-Continent (OK, KS, TX)	✓					✓
Canada		✓		✓		

Most WI startups are on the CN network or Class II rail



What is a unit train?

- Consists of 70-100 cars (8k -11k tons) that are shipped direct from origin to destination
- Streamlines shipping process by sending railcars in an express loop and reducing railcar cycle time by 75%
- Reduces cost and ensures higher quality control

Challenges of running unit trains

- Only works for high volume plants that can fill all cars in a short time and without incurring demurrage
- Must have a destination capable of quickly unloading and storing large volumes, such as our San Antonio transload



What is a transload?

- Rail terminal located in the basin
- Proppant is unloaded from railcars and stored for trucking to the wellhead
- Includes storage silos, equipment for loading/unloading and local staff

Our design offers key advantages

- Dedicated storage allows us to control quality further into the supply chain
- Vertical silos, gravity fed loadout and automated billing drive a 6-8 minute turnaround time for trucks
- Track length allows unit train deliveries
- Large storage capacity enables high margin 'spot sales'



Line-of-Sight Oil & Gas Organic Growth Elements



Initiatives	Description
1Q13: Rochelle Resin-Coated Proppant (RCS)	<ul style="list-style-type: none"> Phase I Capacity: 200k tons Phase I Capital: \$42-\$44MM
RCS Timeline	
Break Ground 4Q11	All Permits Received 1Q12
	Start Up 1Q13



- Best-in-class team
- Close access to high quality coarse substrate from our Ottawa facility
- Access to two Class I railroads and barging
- Completing product testing and building inventory

2Q13: Sparta Greenfield Mine	<ul style="list-style-type: none"> Phase I Capacity: 750-850k tons Phase I Capital: \$50-\$60MM
Sparta Timeline	
Begin Construction 2Q12	All Permits Received 3Q12
	Start Up 2Q13



- 36M tons of coarse, Northern White reserves
- On-site access to Class I railroad
- Option to double production capacity
- Actively marketing new supply

- Potential Future Initiatives (2013+)**
- Organic growth
 - Sparta phase II
 - Rochelle phase II
 - M&A
 - Grow volume
 - Market growth
 - Share gain
 - Increase margin \$
 - Shift delivery point
 - New products / services

Combined RCS & Sparta EBITDA: Expect annualized run rate of \$40 MM exiting 2013, ramping up to a run rate of \$65MM exiting 2014.

Strong Balance Sheet to Fund Growth Initiatives



Summary Capitalization (US\$ in thousands)

	12/31/2012	12/31/2011
Cash and Cash Equivalents	\$ 61,022	\$ 59,199
Asset-Based Revolving Line-of-Credit	–	–
Term Loan Facility	255,425	257,857
Other Borrowings	–	3,932
Total Debt	255,425	261,789
Net Debt	194,403	202,590
Leverage (Debt/Adj EBITDA) ⁽¹⁾	1.7x	2.8x
Net Leverage (Net Debt/Adj EBITDA) ⁽¹⁾	1.3x	2.2x

- \$32.1MM capacity under asset-based revolving line-of-credit
- Total liquidity of ~\$93MM for growth initiatives as of December 31, 2012
- Strong operating cash flows of \$101MM for December 31, 2012

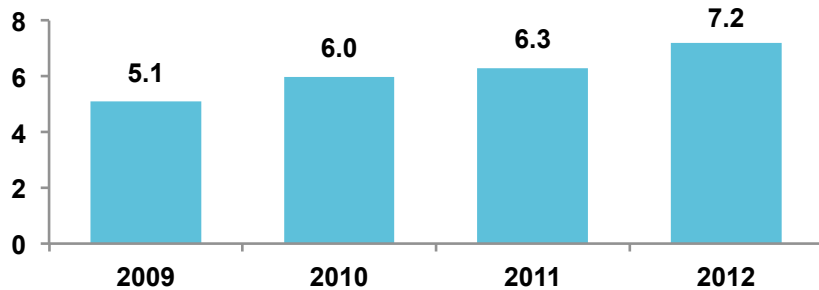
(1) Leverage and Net Leverage as of December 31, 2012 are calculated using LTM Adj EBITDA as of the reporting date

Historical Financial Summary



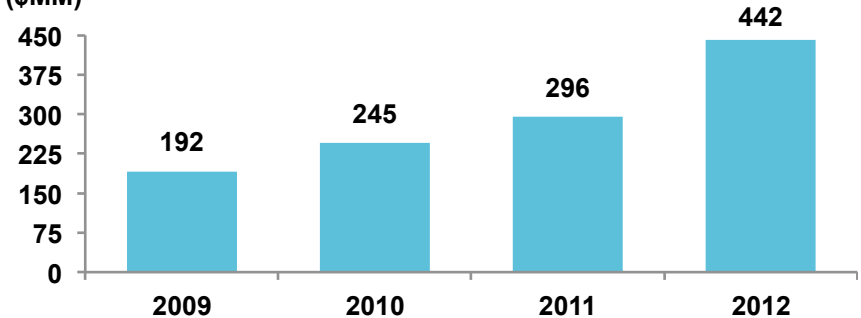
Volume

(MM Tons)



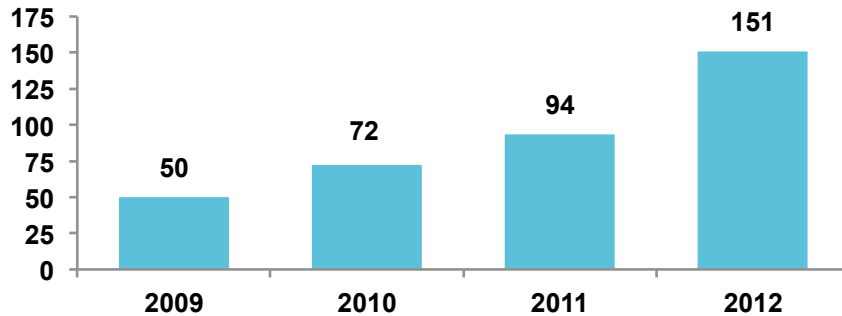
Revenue

(\$MM)



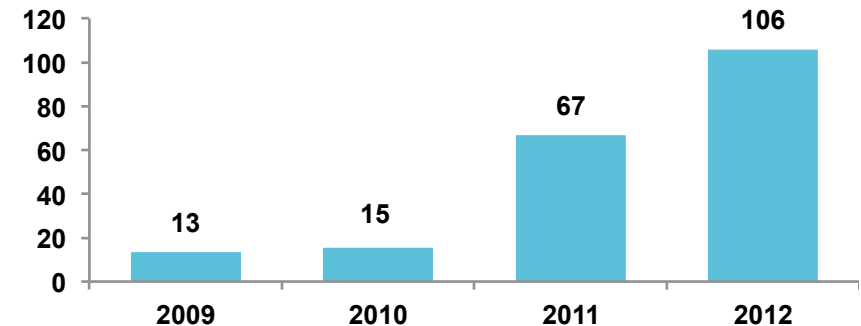
Adjusted EBITDA ⁽¹⁾

(\$MM)



Capital Expenditures

(\$MM)



(1) See Appendix A for GAAP reconciliation

Unique Option To Play NA Shale Growth

- Economically irreplaceable ingredient
- Strong long term demand projections
- Basin and service company independent

Market Leader For More Than A Century

-
- Low cost operations with industry leading logistics
- Complimentary industrials business

We Are Winning

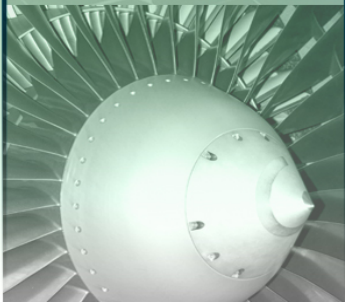
- Doubled Revenue and tripled EBIDTA over last 3 years
- Diverse customer relationships
- Strong operating cash flows

Exciting Growth Opportunities

- Capture Market share in rapidly growing proppant market
- Introduce new, value added products
- Highly accretive M&A opportunities



Appendix A



Segment Contribution Margin

The Company organizes its business into two reportable segments, Oil & Gas Proppants and Industrial & Specialty Products, based on end markets. The reportable segments are consistent with how management views the markets served by the Company and the financial information reviewed by the chief operating decision maker. The Company manages its Oil & Gas Proppants and Industrial & Specialty Products businesses as components of an enterprise for which separate information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance.

An operating segment's performance is primarily evaluated based on segment contribution margin, which excludes certain corporate costs not associated with the operations of the segment. These corporate costs are separately stated and include costs that are related to functional areas such as operations management, corporate purchasing, accounting, treasury, information technology, legal and human resources. The Company believes that segment contribution margin, as defined above, is an appropriate measure for evaluating the operating performance of its segments. However, this measure should be considered in addition to, not a substitute for, or superior to, income from operations or other measures of financial performance prepared in accordance with generally accepted accounting principles. For a reconciliation of segment contribution margin to its most directly comparable GAAP financial measure, see Note T to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Adjusted EBITDA

Adjusted EBITDA is not a measure of our financial performance or liquidity under GAAP and should not be considered as an alternative to net income as a measure of operating performance, cash flows from operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized, and excludes certain non-recurring charges that may recur in the future. Management compensates for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA only as a supplement. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

Reconciliation (Adjusted EBITDA to Net Income)



Reconciliation of Adjusted EBITDA		
US\$ in thousands	12/31/12	12/31/11
Net Income	79,154	30,253
Total Interest Expense, Net of Interest Income	13,615	18,347
Provisions of Taxes	30,651	7,162
Total Depreciation, Depletion and Amortization Expenses	25,099	20,999
EBITDA	148,519	76,761
Non-Cash Deductions, Losses and Charges ⁽¹⁾	379	(526)
Non-Recurring Expenses (Income) ⁽²⁾	(4,206)	(2,028)
Transaction Expenses ⁽³⁾	156	6,043
Permitted Management Fees and Expenses ⁽⁴⁾	-	9,250
Non-Cash Incentive Compensation ⁽⁵⁾	2,330	1,237
Post-Employment Expenses (Excluding Service Costs) ⁽⁶⁾	1,794	1,689
Other Adjustments Allowable Under Existing Credit Agreements ⁽⁷⁾	1,617	1,131
Adjusted EBITDA	150,589	93,557

See following page for explanation of adjustments to EBITDA

Reconciliation (Adjusted EBITDA to Net Income)



- (1) Includes non-cash deductions, losses and charges arising from adjustments to estimates of a future litigation liability and the decision by our hourly workforce at our Rockwood facility to withdraw from a pension plan administered by a third party.
- (2) Includes the gain on the sale of assets and the gain on insurance settlements.
- (3) Includes natural gas hedging losses, purchase accounting adjustments, management bonuses and other expenses arising from the refinancing of our Term Loan and Revolver.
- (4) Includes fees and expenses paid to Golden Gate Capital for ongoing consulting and management services provided pursuant to an Advisory Agreement entered into in connection with the Golden Gate Capital acquisition; this Advisory Agreement was terminated in connection with our IPO.
- (5) Includes vesting of incentive equity compensation issued to our employees.
- (6) Includes net pension costs and net post-retirement costs relating to pension and other post-retirement benefit obligations during the applicable period, but in each case excluding the service costs relating to benefits earned during such period.
- (7) Reflects miscellaneous adjustments permitted under our existing credit agreements, including such items as expenses related to Sarbanes-Oxley implementation reviewing growth initiatives and potential acquisitions.