UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

Amendment No. 1 to 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 22, 2016

U.S. Silica Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-35416 **(Commission File Number)**	**26-3718801** **(IRS Employer Identification No.)**
8490 Progress Drive, Suite 300, Frederick, MD **(Address of principal executive offices)**	**21701** **(Zip Code)**

Registrant's telephone number, including area code: (301) 682-0600

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))

Explanatory Note

On August 22, 2016, U.S. Silica Holdings, Inc., a Delaware corporation ("U.S. Silica" or the "Company"), and U.S. Silica Company, a Delaware corporation and a wholly-owned subsidiary of the Company (the "Purchaser"), completed the purchase of all of the outstanding units of membership interest (the "Acquisition" or the "Unit Purchase") of Sandbox Enterprises, LLC, a Texas limited liability company ("Sandbox"), pursuant to the terms of the previously announced Membership Unit Purchase Agreement, by and among the Company, the Purchaser, Sandbox, each of the owners of membership units of Sandbox (the "Sellers") and Sandy Creek Capital, LLC, as representative of the Sellers (the "Purchase Agreement"). The Form 8-K filed August 24, 2016 (the "Initial 8-K") omitted the financial statements of the business acquired and the pro forma combined financial information as permitted by Item 9.01(a)(4) and Item 9.01(b)(2) of Form 8-K. This amendment to the Initial 8-K is being filed to provide the financial statements and pro forma financial information required by Item 9.01 of Form 8-K. The Initial 8-K otherwise remains the same and the Items therein, including Item 9.01, are hereby incorporated by reference into this Current Report on Form 8-K/A.

The consideration paid by the Purchaser to the Sellers at the closing of the Unit Purchase consisted of $70,480,000 of net cash, subject to customary post-closing adjustment and 4,195,180 shares of common stock of the Company. A portion of the cash consideration has been deposited into escrow to support the post-closing purchase price adjustment and the Sellers' indemnification obligations.

Item 9.01 Financial Statements and Exhibits.

(a)(1) Audited financial statements of business acquired

The audited financial statements of Sandbox Enterprises, LLC as of and for the year ended December 31, 2015, including the notes thereto, are filed herewith as Exhibit 99.1.

(a)(2) Unaudited financial statements of business acquired

The unaudited financial statements of Sandbox Enterprises, LLC as of and for the six months ended June 30, 2016, including the notes thereto, are filed herewith as Exhibit 99.2.

(b) Pro forma financial information

The unaudited pro forma condensed consolidated financial statements of U.S. Silica Holdings, Inc. as of June 30, 2016, and for the year ended December 31, 2015 and for the six months ended June 30, 2016, including the notes thereto, are filed herewith as Exhibit 99.3.

(d) Exhibits

Exhibit No.	Description
23.1*	Consent of Independent Auditors –BKD, LLP, consent of independent registered public accounting firm of Sandbox Enterprises, LLC
99.1*	The audited financial statements of Sandbox Enterprises, LLC as of and for the year ended December 31, 2015, including the notes thereto.
99.2*	The unaudited financial statements of Sandbox Enterprises, LLC as of and for the six months ended June 30, 2016, including the notes thereto.
99.3*	The unaudited pro forma condensed consolidated financial statements of U.S. Silica Holdings, Inc. as of and for the six months ended June 30, 2016, and for the year ended December 31, 2015, including the notes thereto,

* filed herewith

SIGNATURES

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.

Date: September 30, 2016

U.S. SILICA HOLDINGS, INC.

/s/ Christine C. Marshall

Christine C. Marshall
Senior Vice President, Chief Legal Officer and Corporate Secretary

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements of U.S. Silica Holdings, Inc. on Form S-3 (File Nos. 333-210238 and 333-213870) and Form S-8 (File Nos. 333-179480 and 333-204062) of our report dated March 3, 2016, on our audit of the consolidated financial statements of Sandbox Enterprises, LLC and subsidiaries as of December 31, 2015, and for the year then ended, which report is included in this Current Report on Form 8-K/A.

/s/ BKD, LLP
Houston, Texas
September 30, 2016

Independent Auditor's Report

Board of Directors and Members
Sandbox Enterprises, LLC
Houston, Texas

We have audited the accompanying consolidated financial statements of Sandbox Enterprises, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementing and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are fee from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sandbox Enterprises, LLC and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BKD, LLP
March 3, 2016

Sandbox Enterprises, LLC
Consolidated Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash	$ 595,098	$ 434,097
Accounts receivable	8,025,809	5,009,466
Accounts receivable, other	35,536	37,886
Prepaid expenses and other	2,959,126	3,543,164
Total current assets	11,615,569	9,024,613
Property and Equipment, At Cost		
Trucks and trailers	17,994,945	6,130,532
Warehouse and plant equipment	16,203,589	7,166,553
Office and computer equipment	897,271	50,237
Leasehold improvements	195,562	—
	35,291,367	13,347,322
Less accumulated depreciation and amortization	(5,344,847)	(1,285,895)
	29,946,520	12,061,427
Other Assets		
Deferred financing costs	117,861	11,979
Intellectual property, net of amortization; 2015 - $171,802, 2014 - $71,841	2,069,631	836,782
Total assets	$43,749,581	$21,934,801
Liabilities and Members' Equity		
Current Liabilities		
Current maturities of long-term debt	$ 300,000	$ 900,000
Accounts payable	3,371,726	2,643,034
Related-party payables	1,337	698,666
Accrued expenses	1,080,227	1,941,658
Current portion of deferred revenue	1,651,463	678,604
Total current liabilities	6,404,753	6,861,962
Long-term Debt	600,000	900,000
Line of Credit	1,300,000	1,750,000
Subordinated Debt	8,705,189	—
Note Payable to Related Party	—	1,631,253
Customer Deposits	—	1,150,000
Deferred Revenue	5,390,095	1,472,141
Total liabilities	22,400,037	13,765,356
Members' Equity	21,349,544	8,169,445
Total liabilities and members' equity	$43,749,581	$21,934,801

See Notes to Consolidated Financial Statements

Sandbox Enterprises, LLC
Consolidated Statements of Income
Years Ended December 31, 2015 and 2014

	2015	2014
Net Sales	$69,518,915	$18,617,659
Costs of Operations	42,511,646	13,002,034
Gross Income	27,007,269	5,615,625
Selling, General and Administrative Expenses	8,782,469	2,475,675
Operating Income	18,224,800	3,139,950
Other Income (Expense)		
Interest expense	(1,870,273)	(291,678)
Gain (loss) on sale of equipment	44,258	(65,377)
	(1,826,015)	(357,055)
Income Before Provision for State Income Taxes	16,398,785	2,782,895
Provision for State Income Taxes	93,686	23,192
Net Income	$16,305,099	$ 2,759,703

See Notes to Consolidated Financial Statements

Sandbox Enterprises, LLC
Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2015 and 2014

Balance (Deficit), January 1, 2014	$ (1,499,583)
Members' contributions	6,905,625
Net income	2,763,403
Balance, December 31, 2014	8,169,445
Paid-in capital, warrants issued	1,875,000
Members' distributions	(5,000,000)
Net income	16,305,099
Balance, December 31, 2015	$21,349,544

See Notes to Consolidated Financial Statements

Sandbox Enterprises, LLC
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Operating Activities		
Net income	$ 16,305,099	$ 2,763,403
Items not requiring (providing) cash:		
Depreciation and amortization	4,502,476	1,113,256
(Gain) loss on sale of equipment	(44,258)	65,377
Amortization of subordinated debt discount	580,189	—
Amortization of deferred financing costs	53,545	—
Changes in:		
Accounts receivable and other receivables	(3,013,993)	(4,515,395)
Prepaid expenses and other	(44,756)	(3,483,534)
Accounts payable and accrued expenses	336,629	1,190,020
Related-party payables	(697,329)	315,681
Deferred revenue	3,740,813	3,085,745
Net cash provided by operating activities	21,718,415	534,553
Investing Activities		
Proceeds from sale of property and equipment	450,600	36,400
Purchase of property and equipment	(22,693,951)	(8,470,836)
Purchase of intellectual property	(1,332,810)	(413,853)
Net cash used in investing activities	(23,576,161)	(8,848,289)
Financing Activities		
Principal payments on long-term debt	(900,000)	(900,000)
Net borrowings (repayments) on line of credit	(450,000)	1,750,000
(Payments to) borrowings from related party	(1,631,253)	771,545
Proceeds from issuance of subordinated debt	10,000,000	—
Members (distributions) contributions	(5,000,000)	6,905,625
Net cash provided by financing activities	2,018,747	8,527,170
Increase in Cash	161,001	213,434
Cash, Beginning of Year	434,097	220,663
Cash, End of Year	$ 595,098	$ 434,097
Supplemental Cash Flows Information		
Interest paid	$ 1,875,934	$ 291,678
Income taxes paid	29,947	—
Property and equipment purchased through accounts payable	—	1,947,434

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Sandbox Enterprises, LLC (Sandbox Enterprises) was formed on July 31, 2013, as a limited liability company under State of Texas, by purchasing Sandbox Holdings, LLC, a Texas limited liability company, which was a sole member of, and owns all of the membership interests in, Sandbox Logistics, LLC and Sandbox Transportation, LLC. Under the terms of the LLC Operating Agreement, the period of duration of the Company is perpetual. Sandbox Enterprises is a holding company for Sandbox Logistics, LLC and Sandbox Transportation, LLC that earn revenues predominately from providing transportation services to companies in the oil and gas industry. Sandbox Logistics, LLC and Sandbox Transportation, LLC have operations in Houston, and Midland/Odessa, Texas, Morgantown, West Virginia, western North Dakota, northeast of Denver, Colorado, and south of San Antonio, Texas, where its major customers are located. Sandbox Enterprises extends unsecured credit to its customers.

There are two classes of Membership Interests consisting of Class A and B Units. The Class A Membership Interests share proportionately in their respective share of earnings or loss of the Company. Class B Membership Interests only share in the earnings or loss of the Company after a certain book value of the Company has been met.

Principles of Consolidation

The consolidated financial statements include the accounts of Sandbox Enterprises, LLC; Sandbox Logistics, LLC; Sandbox Transportation, LLC; Sandbox Leasing, LLC; and Oren Technologies, LLC (collectively, “the Company”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

At December 31, 2015, the Company’s cash accounts exceeded federally insured limits by approximately $421,000.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts receivable past due more than 60 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Management determined that no allowance was necessary at December 31, 2015 and 2014.

Property and Equipment

Property and equipment acquisitions are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Trucks and trailers	5-10 years
Warehouse and plant equipment	5-10 years
Office and computer equipment	5-7 years
Leasehold improvements	5-7 years

Intellectual Property

Intellectual property is considered an intangible asset with a finite life and is being amortized on the straight-line basis over 15 years. The asset is periodically evaluated as to the recoverability of their carrying values.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2015 and 2014.

Income Taxes

As a limited liability company, the Company is not a taxpaying entity for federal income tax purposes. Accordingly, the Company’s taxable income or loss is allocated to its members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the accompanying consolidated financial statements.

The Company files income tax returns in the U.S. Federal jurisdiction and franchise tax returns in the State of Texas. The Company is subject to U.S. Federal, state and local income tax examinations by tax authorities for all years since 2013.

Revenue Recognition

Revenue from the sale of the Company's services is recognized as services are completed and products are delivered.

The Company received prepayments during 2015 and 2014 from five customers representing the prepayment of equipment set rental charges and license fees for terms of four to five years. All customer prepayments are recorded as deferred revenue which is recognized as revenues over time as the term of the service period is completed. As of December 31, 2015, the Company had a net deferred revenue balance of $7,041,558, which will be recognized as revenue as follows:

2016	$1,651,463
2017	1,626,632
2018	1,626,632
2019	1,551,414
2020	585,417

Note 2: Line of Credit

The Company has a $5,000,000 revolving line of credit (line) expiring in 2017. At December 31, 2015 and 2014, there was $1,300,000 and $1,750,000, respectively, borrowed against this line. The line is collateralized by substantially all of the Company's assets and, until January 2015, guaranteed by certain officers of the Company. Interest varies with the bank's prime rate, which was 3.75 percent and 3.5 percent on December 31, 2015 and 2014, respectively, and is payable monthly.

In connection with these loans, the Company is required, among other things, to maintain certain financial conditions, including:

- Fixed charge coverage ratio of not less than 1.25 to 1.00
- Debt-to-tangible net worth ratio of not more than 3.5 to 1.00

Note 3: Long-term Debt

	2015	2014
Note payable, bank (A)	$900,000	$1,200,000
Note payable, bank (B)	—	600,000
	900,000	1,800,000
Less current maturities	300,000	900,000
	$600,000	$ 900,000

(A) Due January 1, 2019; payable $25,000 monthly, including principal and interest at 4.00 percent, until January 1, 2019, at which time remaining unpaid principal is due; secured by all assets of the Company and, until January 2015, guaranteed by certain officers of the Company.

(B) Due January 1, 2016; payable $50,000 monthly, including principal and interest at 4.00 percent, until January 1, 2016, at which time remaining unpaid principal is due; secured by all assets of the Company and, until January 2015, guaranteed by certain officers of the Company.

Aggregate annual maturities of long-term debt are:

2016	$300,000
2017	300,000
2018	300,000
	$900,000

Note 4: Subordinated Debt

In February 2015, the Company sold $10 million of subordinated secured notes with warrants to a group of individual investors in private placement. The notes have an interest rate of 12 percent which can be paid with cash or in kind during 2015. No principal payments are due until March 31, 2016, when minimum principal payments of $1 million per quarter plus accrued interest are due quarterly, with escalated amounts potentially due based on the Company's financial performance. The notes included warrants for 2.5 percent of the Company's outstanding unit ownership at an initial exercise price of $0.01 per Class A Unit and $0.00 per Class B Unit and could escalate up to 4.5 percent of the Company's ownership if certain financial performance thresholds are not exceeded. The officers of the Company were also released from their personal guarantees of the Company's commercial bank debt obligations by the bank with the closing of sale of these subordinated notes.

Total proceeds received of $10 million were allocated $1,875,000 to the warrants and $8,125,000 to the notes based on their relative fair values at the time of issuance. The relative fair value of the warrants of $1,875,000 at the time of issuance was recorded as paid-in capital and reduced the carrying value of the notes as a debt discount. The discount on the notes is being amortized to interest expense over the terms of the notes. For the year ended December 31, 2015, debt discount amortization of approximately $580,000 was recorded. At December 31, 2015, the unamortized discount on the notes is approximately $1,295,000.

The Company paid all interest currently during 2015 for these subordinated secured notes. Additionally, the warrant agreement's financial performance threshold was exceeded by the 2015 actual results and no additional warrants are required to be issued pursuant to this agreement.

Note 5: Operating Lease

The Company has noncancellable operating leases for tractors, heavy equipment, and office and field locations that expire in various months through 2019.

Future minimum lease payments at December 31, 2015, were:

2016	$4,175,962
2017	3,489,492
2018	938,845
2019	249,664
	$8,853,963

Note 6: Related-party Transactions

The Company has a credit agreement with an affiliate sharing common owners, which expired on December 31, 2014. The Company amended the agreement on January 1, 2015, to extend the maturity date to December 31, 2017 with and interest rate of 15 percent. At December 31, 2015 and 2014, the Company owed the affiliate $0 and $1,631,253, respectively. This amount is shown as a long-term note payable to related party in the accompanying consolidated balance sheets.

At December 31, 2015 and 2014, advances from affiliates sharing common owners for operating expenses totaled approximately $0 and $190,000, respectively. These amounts are included in accounts payable in the accompanying consolidated balance sheets.

At December 31, 2015 and 2014, advances from affiliates sharing common owners for operating expenses including commissions, fuel and overhead, totaled approximately $0 and $699,000, respectively. These amounts are presented as related-party payables in the accompanying consolidated balance sheets.

At December 31, 2015 and 2014, the Company owed an affiliate sharing common owners for management services and rent totaling $0 and $176,000, respectively. These amounts are presented as accrued expenses in the accompanying consolidated balance sheets.

Note 7: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. The matters include those shown on the following page.

Significant Customer

The Company had sales to five customers and three customers that exceeded 95 percent and 99 percent of total sales for the years ended December 31, 2015 and 2014, respectively. Accounts receivables from three of these customers exceeded 89 percent and 99 percent of total accounts receivable at December 31, 2015 and 2014, respectively.

Significant Vendor

The Company had payables to three vendors and two vendors of approximately $1,400,000 and $1,800,000, which represents 40 percent and 68 percent of total accounts payable at December 31, 2015 and 2014, respectively.

Note 8: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor’s Report, which is the date the consolidated financial statements were available to be issued.

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EXHIBIT 99.2

Sandbox Enterprises, LLC
Consolidated Balance Sheets
June 30, 2016 and December 31, 2015
(Unaudited)

	2016	2015
Assets		
Current Assets		
Cash	$ 40,712	$ 595,098
Accounts receivable	8,993,432	8,025,809
Accounts receivable, other	33,040	35,536
Prepaid expenses and other	1,532,503	2,959,126
Total current assets	10,599,687	11,615,569
Property and Equipment, At Cost		
Trucks and trailers	20,576,611	17,994,945
Warehouse and plant equipment	17,068,251	16,203,589
Office and computer equipment	1,177,336	897,271
Leasehold improvements	195,562	195,562
	39,017,760	35,291,367
Less accumulated depreciation and amortization	(8,723,542)	(5,344,847)
	30,294,218	29,946,520
Other Assets		
Deferred financing costs	87,257	117,861
Intellectual property, net of amortization; 2016 - $260,515, 2015 - $171,802	2,784,112	2,069,631
	2,871,369	2,187,492
Total assets	$43,765,274	$43,749,581
Liabilities and Members’ Equity		
Current Liabilities		
Outstanding checks in excess of bank balance	811,155	—
Current maturities of long-term debt	300,000	300,000
Accounts payable	3,233,885	3,371,726
Related-party payables	1,347	1,337
Accrued expenses	1,791,120	1,080,227
Current portion of deferred revenue	1,626,632	1,651,463
Total current liabilities	7,764,139	6,404,753
Long-term Debt	450,000	600,000
Line of Credit	1,837,900	1,300,000
Subordinated Debt	7,028,891	8,705,189
Deferred Revenue	4,576,779	5,390,095
Total liabilities	21,657,709	22,400,037
Members’ Equity	22,107,565	21,349,544
Total liabilities and members’ equity	$43,765,274	$43,749,581

See Notes to Consolidated Financial Statements

Sandbox Enterprises, LLC
Consolidated Statements of Income
Six-month Periods Ended June 30, 2016 and 2015
(Unaudited)

	2016	2015
Net Sales	$28,089,227	$31,582,465
Costs of Operations	20,357,540	18,264,320
Gross Income	7,731,687	13,318,145
Selling, General and Administrative Expenses	5,677,744	3,441,247
Operating Income	2,053,943	9,876,898
Other Income (Expense)		
Interest expense	(964,035)	(895,625)
Gain (loss) on sale of equipment	8,028	(17,171)
Other income	1,362	738
	(954,645)	(912,058)
Income Before Provision for State Income Taxes	1,099,298	8,964,840
Provision for State Income Taxes	50	30,000
Net Income	$ 1,099,248	$ 8,934,840

See Notes to Consolidated Financial Statements

Sandbox Enterprises, LLC
Consolidated Statements of Changes in Members' Equity
Six-month Periods Ended June 30, 2016 and 2015
(Unaudited)

Balance, January 1, 2015	$ 8,169,445
Paid-in capital, warrants issued	1,875,000
Net income	8,934,840
Balance, June 30, 2015	$18,979,285
Balance, January 1, 2016	$21,349,544
Members' distributions	(341,227)
Net income	1,099,248
Balance, June 30, 2016	$22,107,565

See Notes to Consolidated Financial Statements

Sandbox Enterprises, LLC
Consolidated Statements of Cash Flows
Six-month Periods Ended June 30, 2016 and 2015
(Unaudited)

	2016	2015
Operating Activities		
Net income	$ 1,099,248	$ 8,934,840
Items not requiring (providing) cash:		
Depreciation and amortization	3,482,690	1,764,328
(Gain) loss on sale of equipment	(8,028)	17,171
Amortization of subordinated debt discount	323,702	256,486
Amortization of deferred financing costs	30,604	22,941
Changes in:		
Accounts receivable and other receivables	(965,127)	(5,831,409)
Prepaid expenses and other	1,426,623	685,609
Accounts payable and accrued expenses	573,062	1,768,170
Related-party payables	—	(690,147)
Deferred revenue	(838,147)	3,361,448
Net cash provided by operating activities	5,124,627	10,289,437
Investing Activities		
Proceeds from sale of property and equipment	12,000	24,600
Purchase of property and equipment	(3,745,648)	(12,317,432)
Purchase of intellectual property	(803,193)	(399,725)
Net cash used in investing activities	(4,536,841)	(12,692,557)
Financing Activities		
Outstanding checks in excess of bank balance	811,155	—
Principal payments on long-term debt	(150,000)	(450,000)
Net borrowings (repayments) on line of credit	537,900	(1,750,000)
Payments to related party	(2,000,000)	(1,631,253)
Proceeds from issuance of subordinated debt and warrants	—	10,000,000
Members distributions	(341,227)	—
Net cash provided by (used in) financing activities	(1,142,172)	6,168,747
Increase (Decrease) in Cash	(554,386)	3,765,627
Cash, Beginning of Period	595,098	434,097
Cash, End of Period	$ 40,712	$ 4,199,724
Supplemental Cash Flows Information		
Interest paid	$ 962,714	$ 903,358
Income taxes paid	54,883	25,000
Property and equipment purchased through accounts payable	93,550	2,176,507

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Sandbox Enterprises, LLC (Sandbox Enterprises) was formed on July 31, 2013, as a limited liability company under the State of Texas, by purchasing Sandbox Holdings, LLC, a Texas limited liability company, which was a sole member of, and owns all of the membership interests in, Sandbox Logistics, LLC and Sandbox Transportation, LLC. Under the terms of the LLC Operating Agreement, the period of duration of the Company is perpetual. Sandbox Enterprises is a holding company for Sandbox Logistics, LLC and Sandbox Transportation, LLC that earn revenues predominately from providing transportation services to companies in the oil and gas industry. Sandbox Logistics, LLC and Sandbox Transportation, LLC have operations in Houston, and Midland/Odessa, Texas, Morgantown, West Virginia, western North Dakota, northeast of Denver, Colorado, and south of San Antonio, Texas, where its major customers are located. Sandbox Enterprises extends unsecured credit to its customers.

There are two classes of Membership Interests consisting of Class A and B Units. The Class A Membership Interests share proportionately in their respective share of earnings or loss of the Company. Class B Membership Interests only share in the earnings or loss of the Company after a certain threshold value of the Company has been met. Upon satisfying the threshold value, Class B Membership Interests will share in the earnings, losses and distributions of the Company as defined in the Company Agreement.

Interim Financial Information

The unaudited condensed consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America, or GAAP, for interim financial reporting. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted. Therefore, these condensed consolidated financial statements should be read along with the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2015. The balances as of December 31, 2015, were derived from the audited consolidated financial statements. In management’s opinion, all adjustments necessary for a fair statement are reflected in the interim periods presented. Interim results for the six months ended June 30, 2016 may not be indicative of results that will be realized for the full year ending December 31, 2016.

Principles of Consolidation

The consolidated financial statements include the accounts of Sandbox Enterprises, LLC; Sandbox Logistics, LLC; Sandbox Transportation, LLC; Sandbox Leasing, LLC; and Oren Technologies, LLC (collectively, “the Company”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2016, the Company's cash accounts did not exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts receivable past due more than 60 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Management determined that no allowance was necessary at June 30, 2016 and December 31, 2015.

Property and Equipment

Property and equipment acquisitions are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Trucks and trailers	5-10 years
Warehouse and plant equipment	5-10 years
Office and computer equipment	5-7 years
Leasehold improvements	5-7 years

Intellectual Property

Intellectual property is considered an intangible asset with a finite life and is being amortized on the straight-line basis over 15 years. The asset is periodically evaluated as to the recoverability of their carrying values.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the six-month periods ended June 30, 2016 and 2015.

Income Taxes

As a limited liability company, the Company is not a taxpaying entity for federal income tax purposes. Accordingly, the Company's taxable income or loss is allocated to its members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the accompanying consolidated financial statements.

The Company files income tax returns in the U.S. Federal jurisdiction and franchise tax returns in the State of Texas. The Company is subject to U.S. Federal, state and local income tax examinations by tax authorities for all years since 2013.

Revenue Recognition

Revenue from the sale of the Company's services is recognized as services are completed and products are delivered.

The Company received prepayments during 2015 and 2014 from five customers representing the prepayment of equipment set rental charges and license fees for terms of four to five years. All customer prepayments are recorded as deferred revenue, which is recognized as revenues over time as the term of the service period is completed. As of June 30, 2016, the Company had a net deferred revenue balance of $6,203,411, which will be recognized as revenue as follows:

2017	$1,626,632
2018	1,626,632
2019	1,626,632
2020	$1,323,515

Note 2: Line of Credit

The Company has a $5,000,000 revolving line of credit (line) expiring in 2017. At June 30, 2016 and December 31, 2015, there was $1,837,900 and $1,300,000, respectively, borrowed against this line. The line is collateralized by substantially all of the Company's assets. Interest varies with the bank's prime rate, which was 3.75 percent on June 30, 2016 and December 31, 2015, and is payable monthly.

In connection with these loans, the Company is required, among other things, to maintain certain financial conditions, including:

- Fixed charge coverage ratio of not less than 1.25 to 1.00
- Debt-to-tangible net worth ratio of not more than 3.50 to 1.00

Note 3: Long-term Debt

	2016	2015
Note payable, bank (A)	$750,000	$900,000
Less current maturities	300,000	300,000
	$450,000	$600,000

(A) Due January 1, 2019; payable $25,000 monthly, including principal and interest at 4.00 percent, until January 1, 2019, at which time remaining unpaid principal is due; secured by all assets of the Company.

Aggregate annual maturities of long-term debt are:

Year Ending June 30	Amount
2017	$300,000
2018	300,000
2019	150,000
	$750,000

Note 4: Subordinated Debt

In February 2015, the Company sold $10,000,000 of subordinated secured notes with warrants to a group of individual investors in private placement. The notes have an interest rate of 12 percent, which can be paid with cash or in kind during 2015. Principal payments are due beginning March 31, 2016, when minimum principal payments of $1,000,000 per quarter plus accrued interest are due quarterly, with escalated amounts potentially due based on the Company's financial performance. The notes included warrants for 2.5 percent of the Company's outstanding unit ownership at an initial exercise price of $0.01 per Class A Unit and $0.00 per Class B Unit and could escalate up to 4.5 percent of the Company's ownership if certain financial performance thresholds are not exceeded. The officers of the Company were also released from their personal guarantees of the Company's commercial bank debt obligations by the bank with the closing of sale of these subordinated notes.

Total proceeds received of $10,000,000 were allocated $1,875,000 to the warrants and $8,125,000 to the notes based on their relative fair values at the time of issuance. The relative fair value of the warrants of $1,875,000 at the time of issuance was recorded as paid-in capital and reduced the carrying value of the notes as a debt discount. The discount on the notes is being amortized to interest expense over the terms of the notes. For the six-month periods ended June 30, 2016 and 2015, debt discount amortization of approximately $324,000 and $256,000, respectively, was recorded. At June 30, 2016 and December 31, 2015, the unamortized discount on the notes is approximately $970,000 and $1,295,000, respectively.

The Company paid all interest currently due during 2016 and 2015 for these subordinated secured notes. Additionally, the warrant agreement's financial performance threshold was exceeded by the 2015 actual results and no additional warrants are required to be issued pursuant to this agreement.

Note 5: Operating Lease

The Company has noncancellable operating leases for tractors, heavy equipment, and office and field locations that expire in various months through 2020.

Future minimum lease payments at June 30, were:

2017	$4,700,455
2018	2,870,800
2019	951,694
2020	58,004
	$8,580,953

Note 6: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

Significant Customer

The Company had sales to three customers and five customers that exceeded 76 percent and 99 percent of total sales for the six-month periods ended June 30, 2016 and 2015, respectively. Accounts receivables from three of these customers exceeded 87 percent and 89 percent of total accounts receivable at June 30, 2016 and December 31, 2015, respectively.

Significant Vendor

The Company had payables to two vendors totaling approximately $580,000 and $1,400,000, which represents 28 percent and 40 percent of total accounts payable at June 30, 2016 and December 31, 2015, respectively.

Note 7: Subsequent Events

On August 1, 2016, the Company entered into a purchase and sale agreement by which U.S. Silica will acquire all of the outstanding membership units of the Company. The consideration includes 4,200,000 shares of U.S. Silica common stock and approximately $75,000,000 in cash and liabilities assumed, subject to customary adjustments at closing. The transaction is expected to close in August 2016, subject to receiving regulatory approvals.

Subsequent events have been evaluated through August 19, 2016, which is the date the consolidated financial statements were available to be issued.

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Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

On August 22, 2016, U.S. Silica Holdings, Inc., a Delaware corporation (“U.S. Silica” or the “Company”), and U.S. Silica Company, a Delaware corporation and a wholly-owned subsidiary of the Company (the “Purchaser”), completed the purchase of all of the outstanding units of membership interest (the “Acquisition” or the “Unit Purchase”) of Sandbox Enterprises, LLC, a Texas limited liability company (“Sandbox”), pursuant to the terms of the previously announced Membership Unit Purchase Agreement, by and among the Company, the Purchaser, Sandbox, each of the owners of membership units of Sandbox (the “Sellers”) and Sandy Creek Capital, LLC, as representative of the Sellers (the “Purchase Agreement”).

The consideration paid by the Purchaser to the Sellers at the closing of the Unit Purchase consisted of $70,480,000 of net cash, subject to customary post-closing adjustment and 4,195,180 shares of common stock of the Company. A portion of the cash consideration has been deposited into escrow to support the post-closing purchase price adjustment and the Sellers’ indemnification obligations.

The unaudited pro forma condensed combined financial statements have been prepared using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, “Business Combinations”, with the Company treated as the legal and accounting acquirer. The following tables set forth unaudited pro forma combined financial data as of June 30, 2016, for the six months ended June 30, 2016, and for the twelve months ended December 31, 2015. The unaudited pro forma condensed combined balance sheet as of June 30, 2016 gives effect to the Acquisition as if it had occurred on that date. The pro forma balance sheet data is derived from the unaudited historical financial statements of U.S. Silica and Sandbox as of June 30, 2016. The unaudited pro forma combined statement of operations for the year ended December 31, 2015, and for the six months ended June 30, 2016 have been prepared to illustrate the effects of the Acquisition, as if it had occurred on January 1, 2015. The pro forma operations data is derived from the audited financial statements of U.S. Silica for the year ended December 31, 2015, the unaudited financial statements of U.S. Silica for the six months ended June 30, 2016, the audited financial statements of Sandbox for the year ended December 31, 2015, and the unaudited financial statements of Sandbox for the six months ended June 30, 2016.

The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to events that are (i) directly attributable to the Acquisition, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined company. The unaudited pro forma combined statements of operations do not reflect any non-recurring charges directly related to the Acquisition that the combined company may have incurred upon completion of the Acquisition. Further, the tax rate used for these unaudited pro forma condensed combined financial statements is an estimated effective tax rate, which will likely vary from the actual effective rate in periods subsequent to the completion of the Acquisition.

The unaudited pro forma condensed combined financial statements have been prepared for informational purposes only and are not necessarily indicative of what the combined company’s condensed consolidated financial position or results of operations actually would have been had the Acquisition been consummated prior to June 30, 2016, nor are they necessarily indicative of our future results of operations. In addition, the unaudited pro forma combined financial statements do not purport to project the future financial position or operating results of the combined company. The fair value of Sandbox’s identifiable tangible and intangible assets acquired and liabilities assumed are based on preliminary estimates. As of the date of filing of the Current Report on Form 8-K/A to which the following unaudited pro forma combined financial statements are attached, the Company has not completed the detailed valuation work necessary to finalize the required estimated fair values of the Sandbox assets acquired and liabilities assumed and related allocation of purchase price. The purchase price allocation and related depreciation and amortization included in the unaudited pro forma combined financial statements are preliminary and have been made solely for purposes of preparing these unaudited pro forma condensed combined financial statements.

Management anticipates that the values assigned to the assets acquired and liabilities assumed will be finalized during the one-year measurement period following the date of completion of the Acquisition. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could have a material impact on the unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position. In addition, certain reclassifications have been made to Sandbox's historical financial statements to conform to the presentation used in the Company's historical financial statements. Such reclassifications had no effect on Sandbox's previously reported financial position or results of operations.

The unaudited pro forma condensed combined financial statements do not include any adjustments for the anticipated benefits from cost savings or synergies of U.S. Silica and Sandbox operating as a combined company or for liabilities resulting from integration planning, as management is in the process of making these assessments. However, liabilities ultimately may be recorded for additional costs in subsequent periods related to both companies, including severance, relocation or retention costs related to employees of both companies, as well as other costs associated with integrating and/or restructuring the companies. The ultimate recognition of such costs and liabilities would affect amounts in the unaudited pro forma combined financial statements, and such costs and liabilities could be material.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the:

- accompanying notes to the unaudited pro forma condensed combined financial statements;
- audited historical consolidated financial statements of the Company as of and for the year ended December 31, 2015, included in U.S. Silica's Annual Report on Form 10-K for the year ended December 31, 2015.
- unaudited historical consolidated financial statements of the Company as of and for the six months ended June 30, 2016, included in U.S. Silica's Quarterly Report on Form 10-Q for the six months ended June 30, 2016;
- audited historical consolidated financial statements of Sandbox as of and for the year ended December 31, 2015, included in this Form 8-K/A; and,
- unaudited historical consolidated financial statements of Sandbox as of and for the six months ended June 30, 2016, included in this Form 8-K/A.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS OF JUNE 30, 2016
(dollars in thousands)

	U.S. Silica Holdings, Inc. Historical June 30, 2016 (unaudited)	Sandbox Enterprises, LLC Historical June 30, 2016 (unaudited)	Pro Forma Adjustments	Note	Combined Company
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 454,208	$ 41	$ (70,521)	4(a)	$ 383,728
Accounts receivable, net	54,293	9,026	(2,073)	4(b)(1)	61,246
Inventories, net	67,158	—	—		67,158
Prepaid expenses and other current assets	8,899	1,533	—		10,432
Income tax deposits	1,145	—	—		1,145
Total current assets	585,703	10,600	(72,594)		523,709
Property, plant and mine development, net	555,487	30,294	784	4(b)(2)	586,565
Goodwill	68,647	—	90,223	4(b)(3)	158,870
Trade names	14,474	—	17,844	4(b)(4)	32,318
Definite lived intangibles	—	2,784	54,916	4(b)(5)	57,700
Customer relationships, net	6,205	—	46,900	4(b)(6)	53,105
Deferred income taxes, net	1,314	—	—		1,314
Other assets	17,323	87	(87)	4(b)(7)	17,323
Total assets	$ 1,249,153	$ 43,765	$ 137,986		$1,430,904
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ 48,217	$ 4,046	$ (811)	4(b)(8)	$ 51,452
Dividends payable	4,080	—	—		4,080
Accrued liabilities	11,538	1,791	(1,010)	4(b)(9)	12,319
Accrued interest	57	—	—		57
Current portion of long-term debt	3,336	300	(300)	4(b)(10)	3,336
Current portion of deferred revenue	4,622	1,627	—	4(b)(14)	6,249
Total current liabilities	71,850	7,764	(2,121)		77,493
Long-term debt, net of current maturities	486,705	450	(450)	4(b)(11)	486,705
Line of credit	—	1,838	(1,838)	4(b)(12)	—
Subordinated debt	—	7,029	(7,029)	4(b)(13)	—
Deferred revenue	67,537	4,576	(135)	4(b)(14)	71,978
Liability for pension and other post-retirement benefits	63,887	—	—		63,887
Other long-term obligations	17,828	—	—		17,828
Total liabilities	707,807	21,657	(11,573)		717,891
Stockholders' Equity:					
Preferred stock	—	—	—		—
Common stock	639	—	42	4(c)(1)	681
Members' equity	—	22,108	(22,108)	4(c)(2)	—
Additional paid-in capital	381,349	—	171,625	4(c)(3)	552,974
Retained earnings	190,964	—	—		190,964
Treasury stock, at cost	(10,850)	—	—		(10,850)
Accumulated other comprehensive loss	(20,756)	—	—		(20,756)
Total stockholders' equity	541,346	22,108	149,559		713,013
Total liabilities and stockholders' equity	$ 1,249,153	$ 43,765	$ 137,986		$1,430,904

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2016
(dollars in thousands)

	U.S. Silica Holdings, Inc. Historical June 30, 2016 (unaudited)	Sandbox Enterprises, LLC Historical June 30, 2016 (unaudited)	Reclassification Adjustments Note 1	Pro Forma Adjustments	Note	Pro Forma Combined Company
Sales	$ 239,504	$ 28,089	$ —	$ —		$267,593
Cost of goods sold (excluding depreciation, depletion and amortization)	209,458	20,357	(3,483)	—		226,332
Operating expenses						—
Selling, general and administrative	30,088	5,678	(31)	(307)	5(a)	35,428
Depreciation, depletion and amortization	29,765	—	3,514	2,489	5(b)	35,768
	59,853	5,678	3,483	2,182		71,196
Operating income	(29,807)	2,054	—	(2,182)		(29,935)
Other income (expense)						—
Interest expense	(13,290)	(964)	—	—		(14,254)
Other income, net, including interest income	2,398	9	—	—		2,407
	(10,892)	(955)	—	—		(11,847)
Income before income taxes	(40,699)	1,099	—	(2,182)		(41,782)
Income tax benefit (expense)	18,048	—	—	754	5(c)	18,802
Net income	$ (22,651)	$ 1,099	$ —	$ (1,428)		$ (22,980)
Earnings (loss) per share:						
Basic	$ (0.38)					$ (0.36)
Diluted	$ (0.38)					$ (0.36)
Weighted average shares outstanding:						
Basic	58,900			4,195	5(d)	63,095
Diluted	58,900			4,195	5(d)	63,095
Dividends declared per share	$ 0.13					$ 0.13

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015
(dollars in thousands)

	U.S. Silica Holdings, Inc. Historical December 31, 2015 (audited)	Sandbox Enterprises, LLC Historical December 31, 2015 (audited)	Reclassification Adjustments Note 1	Pro Forma Adjustments	Note	Pro Forma Combined Company
Sales	$ 642,989	$ 69,519	$ —	$ —		$712,508
Cost of goods sold (excluding depreciation, depletion and amortization)	495,066	42,512	(4,502)	—		533,076
Operating expenses						—
Selling, general and administrative	62,777	8,782	(54)	—		71,505
Depreciation, depletion and amortization	58,474	—	4,556	7,449	5(b)	70,479
	121,251	8,782	4,502	7,449		141,984
Operating income (loss)	26,672	18,225	—	(7,449)		37,448
Other income (expense)						—
Interest expense	(27,283)	(1,870)	—	—		(29,153)
Other income, net, including interest income	728	44	—	—		772
	(26,555)	(1,826)	—	—		(28,381)
Income (loss) before income taxes	117	16,399	—	(7,449)		9,067
Income tax benefit (expense)	11,751	(94)	—	(3,155)	5(c)	8,502
Net income (loss)	$ 11,868	$ 16,305	$ —	$ (10,604)		$ 17,569
Earnings (loss) per share:						
Basic	$ 0.22					$ 0.31
Diluted	$ 0.22					$ 0.30
Weighted average shares outstanding:						
Basic	53,344			4,195	5(d)	57,539
Diluted	53,601			4,195	5(d)	57,796
Dividends declared per share	$ 0.44					$ 0.44

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation

The unaudited pro forma condensed combined financial statements are prepared in accordance with Article 11 of SEC Regulation S-X. The historical financial information has been adjusted to give effect to the events that are (i) directly attributable to the Acquisition, (ii) factually supportable and (iii) with respect to the unaudited pro forma condensed combined statements of income, expected to have a continuing impact on the operating results of the combined company. The historical financial information of U.S. Silica and Sandbox is presented in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

The acquisition accounting adjustments relating to the Acquisition are preliminary and subject to change, as additional information becomes available and as additional analyses are performed. There can be no assurances that the final valuations will not result in material changes to this preliminary purchase price allocation. The unaudited pro forma condensed combined financial statements do not give effect to the potential impact of any anticipated benefits from cost savings or synergies that may result from the Acquisition or to any future integration costs. The unaudited pro forma condensed combined financial statements do not purport to project the future operating results or financial position of the combined company following the Acquisition.

Certain reclassifications have been made to Sandbox’s historical financial statements to conform to the presentation used in U.S. Silica’s historical consolidated financial statements, including depreciation, depletion and amortization, and loss on sales of assets. Such reclassifications had no effect on Sandbox’s previously reported financial position or results of operations.

2. Calculation of Purchase Price

Pursuant to the Acquisition Agreement, U.S. Silica paid $70,480,000 (net of $720,000 cash acquired) cash consideration and issued 4,195,180 shares of its common stock. The calculation of purchase price is as follows:

(in thousands, except shares and per share amount)		As of August 22, 2016
Purchase price		
Cash consideration paid for Sandbox common shares		$ 71,200
Number of U.S. Silica common shares delivered	4,195,180	
Multiplied by closing market price per share of U.S. Silica common stock on August 22, 2016	$ 40.92	
Total value of U.S. Silica common shares delivered		$ 171,667
Less, cash acquired		(720)
Total cash and stock purchase price		**$ 242,147**

3. Preliminary Estimated Purchase Price Allocation

The following table sets forth a preliminary allocation of the purchase price to Sandbox's identifiable tangible and intangible assets acquired and liabilities assumed by the Company:

Allocation of Purchase price:	*(in thousands)*
Accounts receivable, net	$ 6,953
Prepaid expenses and other	1,533
Property, plant and mine development	31,078
Identifiable intangible assets	122,444
Goodwill	90,223
Total assets acquired	252,231
Accounts payable	3,235
Accrued expenses and other current liabilities	781
Deferred revenue	6,068
Total liabilities assumed	10,084
Net assets acquired	**$ 242,147**

Property, plant and mine development

Property, plant and mine development has been adjusted to its estimated fair value as discussed further in Note 4 below. The related depreciation and depletion costs are reflected as a pro forma adjustment in the unaudited pro forma condensed combined statements of operations, as further described in Note 5(a).

Identifiable intangible assets

Preliminary identifiable intangible assets in the pro forma financial information consist of the assets shown in the table below. The amortization related to these intangible assets is reflected as a pro forma adjustment in the unaudited pro forma condensed combined statements of income, as further described in Note 5(a). The table below indicates the estimated fair value of the intangible assets and their estimated useful lives:

	Approximate Fair Value *(in thousands)*	Estimated Useful Life *(in years)*
Indefinite lived intangible assets - Trade Names	$ 17,844	Indefinite
Definite lived intangible assets - Technology and Intellectual Property	57,700	15
Definite lived intangible asset - Customer relationships	46,900	14
Total fair value of identifiable intangible assets	**$ 122,444**	

Goodwill represents the excess of the purchase price over the fair value of the underlying net assets acquired. Goodwill in this transaction is attributable to planned growth in regional sand markets and synergies expected to be achieved from the combined operations of U.S. Silica and Sandbox.

Goodwill and all intangible assets identified above are expected to be deductible for tax purposes.

4. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

Pro Forma Adjustments

(a) Represents the impact from the cash portion of the purchase price and transactions costs paid concurrent with or immediately subsequent to the closing of the Acquisition.

		(in thousands)
4(a)	Cash consideration paid for Sandbox common shares	$ (71,200)
	Less, cash and cash equivalents acquired - Fair value	720
	Cash and cash equivalents - Elimination of historical	(41)
	Net cash outflow	**$ (70,521)**

(b) Reflects the application of the acquisition method of accounting based on the estimated fair value of the tangible assets of Sandbox and the fair value of intangible assets acquired as discussed in Note 3 above.

		(in thousands)
4(b)(1)	Accounts receivable, net - Elimination of historical	$ (9,026)
	Accounts receivable, net - Fair value	6,953
	Net adjustment	**$ (2,073)**
4(b)(2)	Property, plant and mine development - Elimination of historical	$ (30,294)
	Property, plant and mine development - Fair value	31,078
	Net adjustment	$ **784**
4(b)(3)	Goodwill - Historical	$ —
	Goodwill arising from purchase acquisition	90,223
	Net adjustment	**$ 90,223**
4(b)(4)	Trade names - Elimination of historical	$ —
	Trade names - Fair value	17,844
	Net adjustment	**$ 17,844**
4(b)(5)	Definite lived intangible assets - Elimination of historical	$ (2,784)
	Identifiable intangible assets - Fair value	57,700
	Net adjustment	**$ 54,916**
4(b)(6)	Customer relationships - Elimination of historical	$ —
	Customer relationships - Fair value	46,900
	Net adjustment	**$ 46,900**

4(b)(7)	Other current assets - Elimination of historical	$ (87)
	Other current assets - Fair value	—
	Net adjustment	**$ (87)**
4(b)(8)	Accounts payable - Elimination of historical	$(4,046)
	Accounts payable - Fair value	3,235
	Net adjustment	**$ (811)**
4(b)(9)	Accrued liabilities - Elimination of historical	$(1,791)
	Accrued liabilities - Fair value	781
	Net adjustment	**$(1,010)**
4(b)(10)	Long term debt - Current portion - Not assumed and eliminated	$ (300)
	Long term debt - Current portion - Post-acquisition balance	$ —
	Net adjustment	**$ (300)**
4(b)(11)	Long term debt - Not assumed and eliminated	$ (450)
	Long term debt - Post-acquisition balance	—
	Net adjustment	**$ (450)**
4(b)(12)	Line of credit - Not assumed and eliminated	$(1,838)
	Line of credit - Post-acquisition balance	—
	Net adjustment	**$(1,838)**
4(b)(13)	Subordinated debt - Not assumed and eliminated	$(7,029)
	Subordinated debt - Post-acquisition balance	—
	Net adjustment	**$(7,029)**
4(b)(14)	Deferred revenue - Current - Elimination of historical	$(1,627)
	Deferred revenue - Long term - Elimination of historical	(4,576)
	Deferred revenue - Current - Fair value	1,627
	Deferred revenue - Long term - Fair value	4,441
	Net adjustment	**$ (135)**

(c) Reflects the following adjustments to shareholders' equity applicable to the Acquisition.

		(in thousands)
4(c)(1)	Common stock - par value - Sandbox historical	$ —
	Common stock - par value - Issued to acquire Sandbox	42
	Net adjustment	**$ 42**

		(in thousands)
4(c)(2)	Members' Equity - Post-acquisition Sandbox equity balances	$ (22,108)
	Members' Equity - Post-acquisition Sandbox equity balances	—
	Net adjustment	**$ (22,108)**

		(in thousands)
4(c)(3)	Additional paid-in capital - Pre-acquisition Sandbox	$ —
	Additional paid-in capital - Issued to acquire Sandbox	171,625
	Net adjustment	**$ 171,625**

Summary	*(in thousands)*
Common stock consideration paid - par value	$ 42
Common stock consideration paid - additional paid-in capital	171,625
Total stock consideration paid	**$ 171,667**

5. Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2015 and for the six months ended June 30, 2016 have not been adjusted for non-recurring transaction costs incurred after the date of these financial statements or any other items that are expected to have a one-time impact on the pro forma combined net income in the twelve months following the Acquisition.

Pro Forma Adjustments

(a) Represents adjustment to eliminate non-recurring transactions costs incurred by Sandbox of $169 thousand and of $138 thousand by U.S. Silica, during the six months ended June 30, 2016. There were no non-recurring transaction costs incurred by Sandbox or U.S. Silica during the year ended December 31, 2015. $2.6 million of non-recurring transactions costs were incurred by U.S. Silica after June 30, 2016 or are expected to be incurred within the next 12 months after the closing date of August 16, 2016, and will be reflected in its financial reports. They are not included in this pro forma presentation.

	Pro Forma Year Ended December 31, 2015	**Pro Forma Six Months Ended June 30, 2016**
	(in thousands)	
Non-recurring transaction costs - Sandbox - Eliminated	$ —	$ (169)
Non-recurring transaction costs - U.S. Silica - Eliminated	—	(138)
Total non-recurring transaction costs incurred and eliminated	**$** —	**$** (307)

(b) Represents adjustments to record incremental depreciation related to the fair value adjustment of property, plant and equipment, and amortization expense related to identifiable intangible assets calculated on a straight-line basis:

	Pro Forma Year Ended December 31, 2015	Pro Forma Six Months Ended June 30, 2016
	(in thousands)	
Depreciation, depletion and amortization of property, plant and mine development - Elimination of historical	$ (4,556)	$ (3,514)
Depreciation, depletion and amortization of property, plant and mine development - Fair value	12,005	6,003
Net adjustment	**$ 7,449**	**$ 2,489**

(c) Adjustments to the pro forma combined provision for income taxes reflects estimated income tax rates applicable for each tax jurisdiction. The estimated income tax rates are based on the applicable enacted statutory rate adjusted for certain permanent tax differences. The combined company's pro forma effective tax rate was (94%) for 2015 and 45% for 2016.

	Pro Forma Year Ended December 31, 2015	Pro Forma Six Months Ended June 30, 2016
	(in thousands)	
Income tax benefit (expense) - Elimination of historical	$ (11,657)	$ (18,048)
Income tax benefit (expense) - Arising from purchase acquisition	8,502	18,802
Net Adjustment	**$** (3,155)	**$** 754

(d) Pro forma adjustments of weighted average shares outstanding is comprised of the following:

	Pro Forma Year Ended December 31, 2015	Pro Forma Six Months Ended June 30, 2016
	(in thousands)	
Shares issued as part of the Merger consideration	4,195	4,195
Adjustment to weighted average shares outstanding - basic	4,195	4,195
Adjustment to weighted average shares outstanding - diluted	4,195	4,195