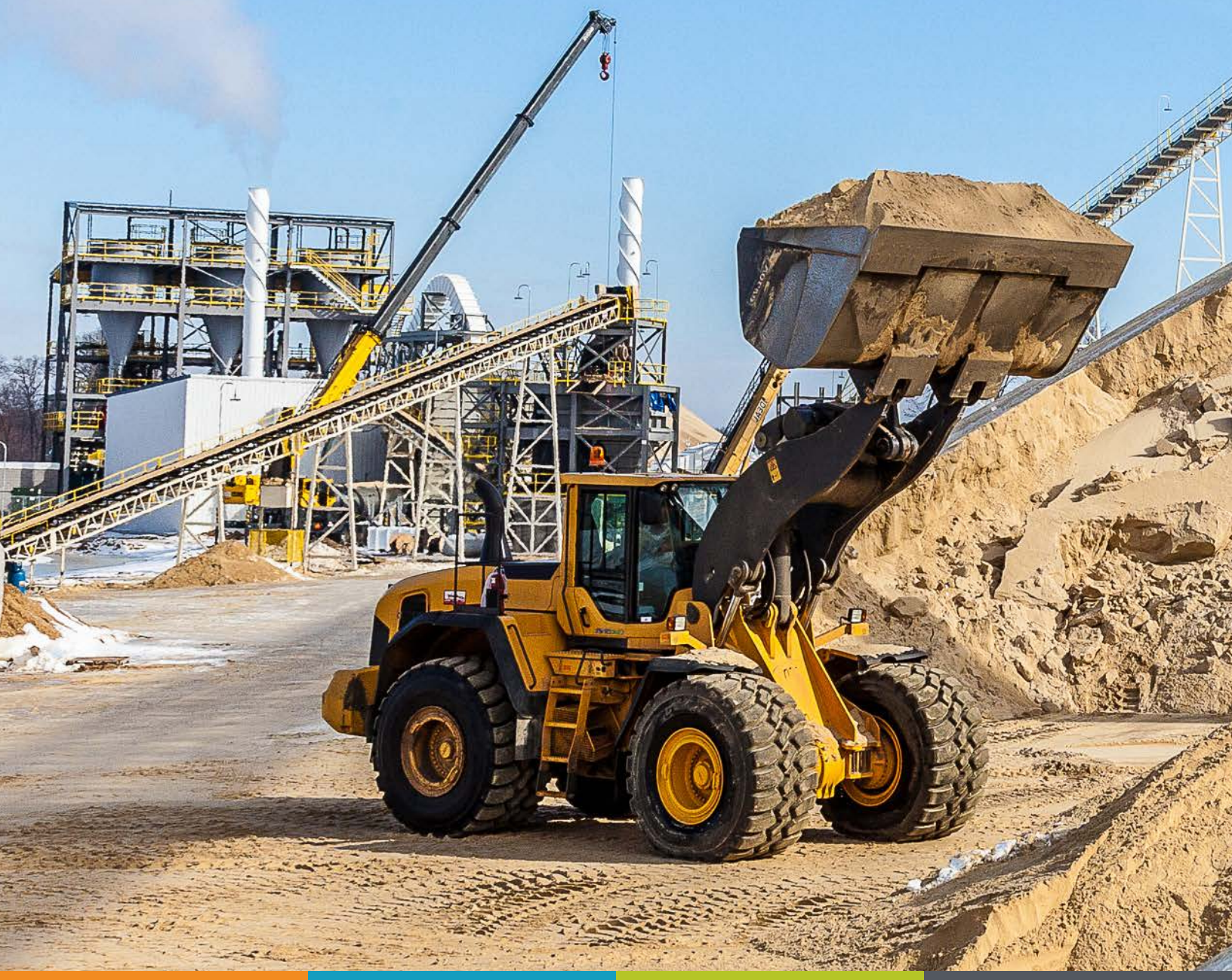




2015 LETTER TO SHAREHOLDERS





TO OUR SHAREHOLDERS

2015 proved to be an interesting and dynamic year for our company as the U.S. oil and gas industry faced a historic downturn. Our profitability declined significantly in that segment as U.S. energy companies cut production, leading to an unprecedented reduction in shale oil drilling and demand for sand based proppants. At the same time, many of our other end use markets and customers experienced strong growth. In fact, our industrial business set new records for volume, margins and profitability during the year.

10
MILLION
TONS OF SAND SOLD

50%
GROWTH IN MARKET SHARE

Weaker energy business conditions and an extremely competitive market environment in our Oil and Gas segment drove full year revenue down 27%, to \$643.0 million, compared with 2014. The weakness in our Oil and Gas segment also reduced adjusted EBITDA* to \$109.5 million, off 56% sequentially from the previous year.

While our overall financial results in 2015 were not as strong as last year, it's important to view them within a broader context. Average rig count in 2015 was down nearly 50 percent and frac sand demand was down an estimated 40 percent. In face of those headwinds, our Oil and Gas volumes were only off 10% year-over-year and we grew market share by approximately 50 percent. For the company overall, we sold 10.0 million tons of sand in 2015 versus 10.9 million tons in 2014.

In spite of the turmoil caused by lower oil prices, U.S. Silica became a safer, stronger and more competitive company in 2015. I am particularly proud of the fact that we maintained our focus on core values and delivered best-ever safety and environmental performance during a challenging year.

*For a definition of adjusted EBITDA and a reconciliation to GAAP, please see page 53 of our Form 10-K.

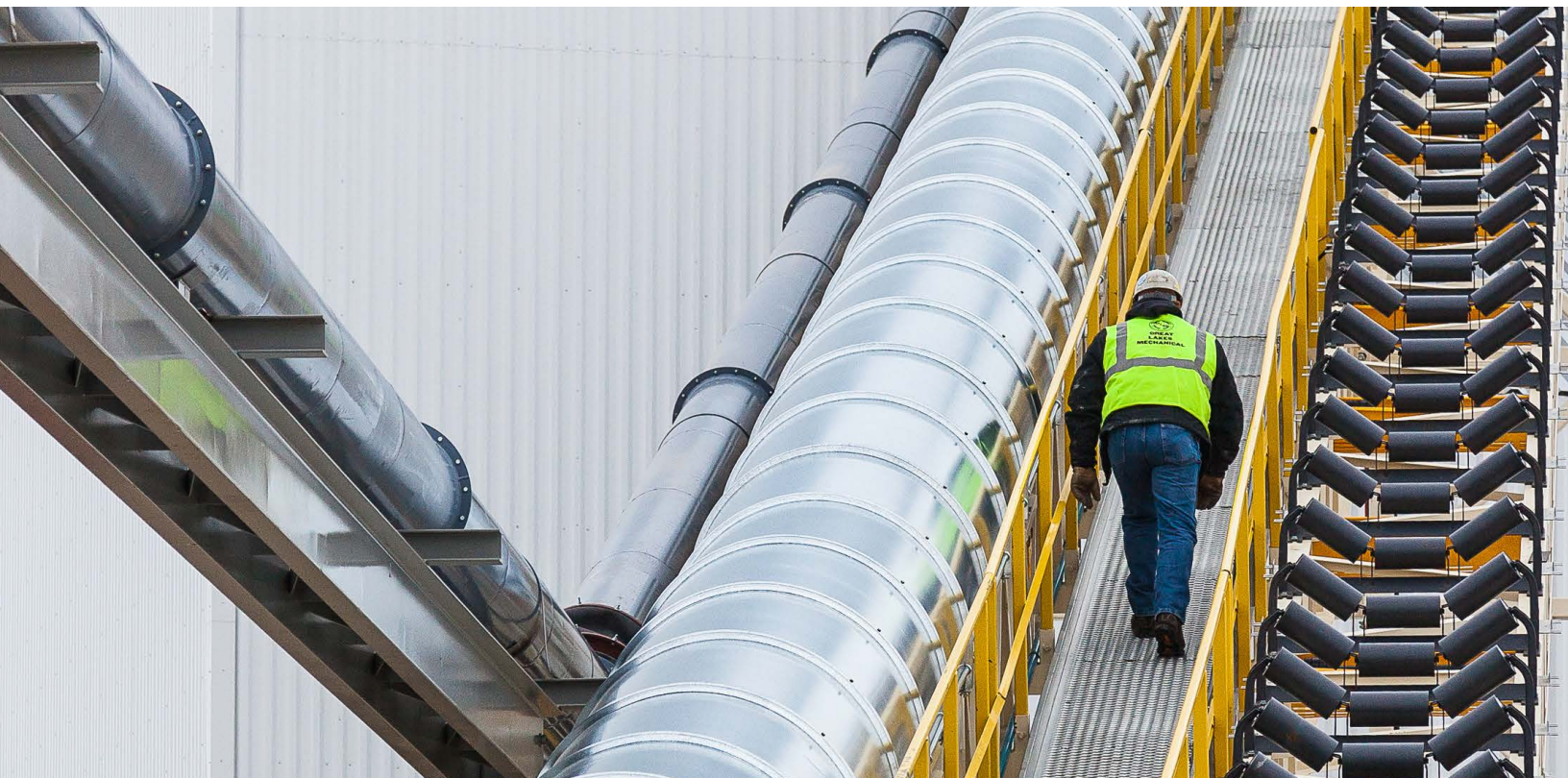
POSITIONED FOR SUCCESS THROUGHOUT BUSINESS CYCLES

U.S. Silica has a time-tested business model that is built for success through both commodity and economic cycles. Low-cost production, a robust logistics network, scale and efficiency, backed by our best-in-class balance sheet, provide our Company with many strong, sustainable competitive advantages.

Throughout the year, we worked closely with customers to provide the tremendous service and flexibility needed to manage their business in real time. During both the “boom years” in the oil patch and continuing into these more difficult times, we have worked hard to build the kind of logistics system that positions us well in any market condition, enabling us to outperform our peers, take market share and cost-effectively and efficiently serve our customers. For example, in 2015, we shipped a record 147 unit trains—100-car, mile-long trains that travel express from our sand mining plants to sand terminals or “transloads” in the various shale basins close to the well sites. We also eliminated more than \$40 million in costs from our Company through aggressive actions designed to optimize shipping, reduce overheads and improve operational efficiencies.

\$40 MILLION

ELIMINATED IN COSTS



REAPING THE BENEFITS OF A DIVERSIFIED ENTERPRISE

**\$70.1
MILLION**

**RECORD CONTRIBUTION
MARGIN FROM ISP**

15%

**INCREASE IN ISP
CONTRIBUTION MARGIN**

Unlike many of our competitors, we serve diversified end markets beyond oil and gas, including building products and paint used in residential housing, glass used in office buildings and cars and trucks, various recreational markets such as volleyball courts, golf courses and even your child or grandchild's sandbox!

We've aligned our business with a who's who of blue chip customers in both our Industrial & Specialty Products (ISP) business and in Oil and Gas. In ISP, the relationships we have with each of our top five customers spans over 50 years. In Oil and Gas, we have focused on selling more to the industry leaders who are likely to emerge even stronger from this downturn. One of our top priorities for 2016 is to constantly improve our customer's experience and continue to be the easiest industrial silica sand company to do business with.

This strong customer base, and our segment and industry diversification paid off in 2015. Our ISP business had an excellent year, achieving a record contribution margin* of \$70.1 million, up 15 percent year-over-year. Strategic price increases and the launch of several new, higher-margin products contributed to ISP earnings growth in 2015.

*For a definition of contribution margin see page 52 on our Form 10-K.

BUILDING A FORTRESS BALANCE SHEET

We ended the year with a strong cash position, generating positive operating cash flow of \$61.5 million in 2015, which exceeded our full-year 2015 capital spending of \$53.6 million. We had nearly \$300 million in cash and in cash and cash equivalents and short-term investments, and the lowest debt-to-equity ratio among our public peers. At the same time we were able to return \$42.1 million directly to our shareholders in 2015 via stock buybacks and dividends.

In March of 2016, we completed a successful equity offering of 10 million shares of our common stock, raising approximately \$185 million and providing us with additional financial strength and flexibility to pursue accretive M&A activity. As a result, our balance sheet is the strongest among our public peers. With ample liquidity and financial flexibility, we believe that we are well-positioned to successfully navigate this current environment, strengthen our market position, and ultimately capitalize on high return business opportunities.

POSITIONED FOR FUTURE GROWTH & OPPORTUNITIES

Looking ahead, we expect that oil prices are likely to remain lower for longer, and that we will continue to contend with reduced drilling/completion activity levels, an extremely competitive marketplace and decreased industry demand for raw sand proppants. I believe U.S. Silica is in the best position amongst our public peers to be successful in this evolving energy market. We have exactly what it takes to win: a resilient business model, unmatched financial strength and flexibility, the right strategy executed by the best team in our industry. In 2016 we expect to focus on three key areas: cash, customers and consolidation.

CASH

We plan to use our cash wisely. We'll limit capital expenditures, giving priority to critical maintenance projects and cost improvement initiatives, and continue to aggressively take out costs.

CUSTOMERS

We expect to be an even faster, more efficient company to do business with in 2016. At the same time, we are working hard internally to simplify how we function as an organization by eliminating unnecessary and cumbersome processes and procedures and improving response times to customers.

CONSOLIDATION

With our recently completed equity offering and other cash reserves, we are in a strong position to manage the current downturn and to pursue accretive M&A. Scale matters increasingly in our industry and I believe U.S. Silica is well positioned to drive consolidation in the raw sand proppant space.

In closing, on behalf of our board of directors and management team, I want to thank our employees, whose creativity, hard work and customer dedication have made our 2015 achievements possible. Our strong connection with customers continues to be a key asset in an increasingly competitive marketplace. I feel privileged to work for this great Company with such a talented and dedicated team of people.



Sincerely,

A handwritten signature in black ink that reads "Bryan A. Shinn". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

President & Chief Executive Officer

April 25, 2016

THE PREMIER SILICA SAND PROVIDER FOR TODAY & TOMORROW



CORPORATE HEADQUARTERS

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